

complete statements of the proposed transactions(s) summarized below. The application(s) and/or declarations(s) and any amendments is/are available for public inspection through the Commission's Branch of Public Reference.

Interested persons wishing to comment or request a hearing on the applications(s) and/or declaration(s) should submit their views in writing by December 27, 1999, to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549-0609, 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 should identify specifically the issues of facts or law that are disputed. A person who so requests will be notified if any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After December 27, 1999, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

#### **Carolina Power & Light Company (70-9559)**

CP&L Holdings, Inc. ("Holdings"), 411 Fayetteville Street, Raleigh, North Carolina 27601-1748, a North Carolina corporation not currently subject to the Act and a subsidiary of Carolina Power & Light Company ("CP&L"), an exempt electric public utility holding company under section 3(a)(2) of the Act, has filed an application under sections 9(a)(2) and 10 of the Act.

In summary, Holdings proposes to acquire all of the issued and outstanding shares of common stock of CP&L and, through the acquisition, CP&L's gas utility subsidiary company, North Carolina Natural Gas Corporation ("NCNG"), and CP&L's direct and indirect nonutility subsidiary companies ("Reorganization"). Following the proposed Reorganization, Holdings will be a public utility holding company and intends to claim an exemption from all provisions of the Act except section 9(a)(2) under section 3(a)(1) in accordance with rule 2 of the Act.

CP&L is an electric public utility company operating in North Carolina and northeastern South Carolina. It is primarily engaged in the business of generating, purchasing, transmitting and distributing electricity to approximately 1.2 million customers. CP&L is subject to regulation by the North Carolina Utilities Commission ("NCUC") and the South Carolina Public Service Commission regarding retail electric

rates, securities issuances, affiliate transactions, and other matters.

CP&L's sole utility subsidiary, NCNG, is a gas utility company operating in North Carolina. It engages in the transportation and distribution of natural gas to approximately 178,000 customers. NCNG is subject to regulation by the NCUC regarding rates, securities issuances, affiliate transactions, and other matters.

CP&L has eight wholly owned nonutility subsidiaries and holds partial interests in subsidiaries that invest in affordable housing projects, renovate historic buildings and provide venture capital for the development and commercialization of electric utility technologies. The eight wholly owned nonutility subsidiaries and their primary businesses are: (1) Cape Fear Energy Corporation, which markets gas and provides energy management services; (2) Capitan Corporation holds title to certain land and water rights; (3) CaroFinancial holds various passive investments for CP&L; (4) CaroFund, Inc. indirectly invests in affordable housing projects; (5) NCNG Energy Corporation holds certain energy-related investments and sells natural gas to resellers; (6) Interpath Communications, Inc. provides internet-based services and markets fiber optics capacity; (7) Monroe Power Company is an "exempt wholesale generator," as defined in section 32 of the Act; and (8) Strategic Resources Solutions Corporation designs, develops, installs and provides facilities and energy management software systems and other services.

For the year ended December 31, 1998, CP&L's consolidated operating revenues, adjusted to reflect the results of operations for NCNG in 1998, were \$3.4 billion, of which \$3.1 billion (92%) were derived from electric utility operations, \$152 million (4.5%) from regulated natural gas operations, and \$122 million (3.5%) from diversified nonutility activities. At December 31, 1998, CP&L reported adjusted consolidated assets of \$8.6 billion, including net electric utility plant of \$5.8 billion and net gas utility plant of \$209 million.

The Reorganization will be accomplished through an exchange of each outstanding share of CP&L common stock for one share of Holdings common stock. As a result of the Reorganization, Holdings will own all of CP&L's common stock and CP&L will be a public utility subsidiary company of Holdings. Following the Reorganization, the common stock of NCNG and some of CP&L's existing nonutility subsidiaries may be transferred to Holdings. CP&L's board of directors

unanimously approved the Reorganization. In addition, at a special meetings of shareholders on October 20, 1999, the Reorganization was approved by the affirmative vote of both a majority of all votes entitled to be cast by holders of CP&L's \$5 Preferred Stock, Serial Preferred Stock and Common Stock, voting together as a single class, and a majority of all of the votes entitled to be cast by the holders of CP&L's Common Stock, voting as a separate class.

Holdings states that the holding company structure will enable CP&L to respond more effectively to the changes facing the energy industry today and to take advantage of the opportunities that will be available in the coming years. Among other benefits, the formation of a holding company will permit a clearer separation of CP&L's regulated and unregulated businesses, and will provide greater flexibility in establishing and financing new business initiatives. The holding company structure will also allow CP&L's management to make decisions based on the specific needs and characteristics of these nonutility businesses, such as financing requirements and capital structures, outside of the regulatory regime.

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

**Jonathan G. Katz,**  
*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 December 13, 1999.

An open meeting will be held on Wednesday, December 15, 1999 at 10:00 a.m.

The subject matters of the open meeting scheduled for Wednesday, December 15, 1999, at 10:00 a.m., will be:

(1) proposed new rules to address three issues: (a) the selective disclosure by issue of material nonpublic information; (b) whether insider trading liability requires "use" or "knowing possession" of material nonpublic information; and (c) when a family or other non-business relationship gives rise to liability under the

misappropriation theory of insider trading.

**FOR FURTHER INFORMATION CONTACT:** Richard A. Levine, Assistant General Counsel; or Sharon Zamore, Senior Counsel; or Elizabeth Nowicki, Attorney, Office of the General Counsel (202-942-0890).

(2) adoption of new rules and amendments to its current rules to improve disclosure relating to the functioning of corporate audit committees and to enhance the reliability and credibility of financial statements of public companies.

**FOR FURTHER INFORMATION CONTACT:** Meridith Mitchell, Senior Counselor, Office of the General Counsel (202-942-0900), W. Scott Bayless, Associate Chief Accountant, or Robert E. Burns, Chief Counsel, Office of the Chief Accountant (202-942-4400); or Mark Borges, Attorney-Adviser, Division of Corporate Finance (202-942-2900).

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: December 7, 1999.

**Jonathan G. Katz,**  
Secretary.

[FR Doc. 99-32171 Filed 12-8-99; 12:33 pm]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42198; File No. SR-CHX-99-17]

### Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to Voluntary Delisting Requirements

December 2, 1999.

#### I. Introduction

On September 24, 1999, the Chicago Stock Exchange, Inc. ("CHX" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act" or "Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend Article XXVIII, Rule 4 of the Exchange's rules to modify the prerequisites to voluntarily delist from the Exchange.

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

**Register** on October 20, 1999.<sup>3</sup> No comments were received on the proposal. This order approves the proposal.

#### II. Description

The CHX proposes to amend Article XXVIII, Rule 4 of its rules to modify the prerequisites to voluntary delisting from the Exchange. Specifically, the proposed rule change would delete the requirement that an issuer to delist first obtain shareholder approval, replacing the deleted provision with a provision requiring that the issuer first file with the Exchange a certified copy of its board resolution authorizing delisting.

#### III. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of Section 6 of the Act and the rules and regulations thereunder applicable to a national securities exchange. In particular, the Commission believes that the proposed rule change is consistent with and furthers the objectives of Sections 6(b)(5) and 6(b)(8) of the Act.<sup>4</sup> Section 6(b)(5) of the Act requires, among other things, that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market, and to protect investors and the public interest.<sup>5</sup> Section 6(b)(5) also requires that the rules of an exchange must not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.<sup>6</sup> In addition, Section 6(b)(8) of the Act prohibits the rules of an exchange from imposing any burden on competition not necessary or appropriate in furtherance of the purpose of the statute.<sup>7</sup>

The CHX proposes to replace the current procedures governing voluntary delisting from the Exchange by an issuer.<sup>8</sup> In place of the current shareholder approval requirement, the

<sup>3</sup> See Exchange Act Release No. 42001 (October 13, 1999), 64 FR 56553.

<sup>4</sup> 15 U.S.C. 78f(b)(5) and (8).

<sup>5</sup> 15 U.S.C. 78f(b)(5).

<sup>6</sup> *Id.*

<sup>7</sup> 15 U.S.C. 78f(b)(8). In approving this rule change, the Commission notes that it has considered the proposal's impact on efficiency, competition, and capital formation. *Id.* at 78c(f).

<sup>8</sup> In a July 21, 1999 letter, the staff requested the CHX to reexamine its voluntary delisting procedures, especially in light of the recent approval of amendments to the New York Stock Exchange's ("NYSE") Rule 500, removing a number of restrictions on voluntary delistings. See Letter to David W. Fox, chairman, CHX, from Annette L. Nazareth, Director, Division of Market Regulation, Commission, dated July 21, 1999.

Exchange would now require that the issuer file with the Exchange a certified copy of a resolution adopted by the board of directors of the issuer, authorizing the withdrawal from listing and registration. The voluntary delisting procedures proposed by the CHX represent a significant and positive change over the current delisting process. In particular, the proposed voluntary delisting rule is considerably less burdensome than the existing shareholder approval requirement.

When shareholder approval requirements were first adopted, they were typically intended to protect shareholders at a time when an issuer's decision to delist from an exchange generally resulted in the loss of a public market for a security. With the development of established securities markets and changes in the competitive environment, many of the concerns that gave rise to the adoption of restrictions on voluntary delisting were rendered obsolete.

Over the last several years, the Commission and its staff have repeatedly expressed to the stock exchanges their concerns regarding the potentially anti-competitive effects of restrictions on voluntary delistings. The Commission's regulatory concerns centered upon its belief that such restrictions created nearly insurmountable obstacles for listed companies desiring to delist their securities from an exchange, and as such, impeded competition between securities markets. The Commission believes that the CHX's proposal should help to eliminate this impediment to intermarket competition.

The Commission also notes the CHX's proposal brings its voluntary delisting procedures in line with those of the Pacific Exchange, Inc. ("PCX"), the American Stock Exchange LLC ("Amex"), and the Philadelphia Stock Exchange, Inc. ("Phlx").<sup>9</sup> The PCX, Amex and Phlx all require that an issuer submit a certified copy of a resolution adopted by the issuer's board of directors authorizing the withdrawal from listing and a statement detailing the reasons for the proposed withdrawal.<sup>10</sup> The Commission further

<sup>9</sup> See PCX Rule 3.4; Amex Rule 18; and Phlx Rule 809.

<sup>10</sup> In addition to requiring a detailed statement detailing the reasons for the proposed withdrawal, Amex retains the discretion to determine whether the reasons advanced by the issuer warrant withdrawal of the listing. In addition, Amex may require the issuer to send to all registered holders of the security at least fifteen days prior to the filing of the delisting application with the Commission a complete, clear and definite statement of the reasons and supporting facts for the withdrawal. See Amex Rule 18. PCX and Phlx also retain the

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

<sup>2</sup> 17 CFR 1240.19b-4.