aggregate,[4] and for Unitil Service to provide URI with facilities, personnel and services necessary for its energy Marketing and Energy Management Services activities.[5]

Applicants state that URI must obtain authorization from the Federal Energy Regulatory Commission (''FERC'') before engaging in wholesale electric power marketing activities and from the appropriate state authorities before engaging in retail electric power marketing activities. Applicants state that URI will not enter into any electric power purchase or sale contracts that are not within federal or state regulatory purview and that its activities in developing wholesale and retail electric power markets will, therefore, be subject to appropriate limitations, conditions and controls.[6] Applicants state that URI's gas and energy commodity marketing activities and its Energy Management Services activities will also be undertaken in accordance with all applicable federal and state laws.

New England Electric System (70–8803)

New England Electric System (''NEES''), a registered holding company, located at 25 Research Drive, Westborough, Massachusetts 01582, has filed an application-declaration under sections 6(a), 7, 9(a), 10, 12(b) and 13(b) of the Act and rule 45 thereunder.[7]

NEES proposes to form one or more direct or indirect new subsidiaries (''Marketing Companies'') in Massachusetts, Rhode Island, New Hampshire, New York, New Jersey, Pennsylvania, Maryland and Delaware to engage in the business of wholesale and retail marketing of electricity.[8] Marketing Companies in Massachusetts, Rhode Island and New Hampshire that elect to provide Standard Offer Service may provide such services only to customers of affiliated Retail Companies. In addition, NEES proposes to establish Marketing Companies in each of these three states, as well as the other states noted above, that will market electricity to retail and wholesale customers of affiliated Retail Companies that do not choose Standard Offer Service and to customers of nonaffiliated electric utilities (''General Marketing Companies'').[9]

The Marketing Companies also propose to provide a broad range of energy and related services to customers, including but not limited to audits, power quality, fuel supply, repair, maintenance, construction, design, engineering and consulting.

Initially, the Marketing Companies are expected to have only a few employees, primarily sales staff. Technical and support staff needed for a particular project could be assigned for the duration of that project from NEES, NEP and/or the Retail Companies. No more than 1% of the employees of NEES, NEP and/or the Retail Companies will render, directly or indirectly, services to the Marketing Companies at any one time. All costs associated with such staff (including compensation, overheads and benefits) would be fully reimbursed by the Marketing Company to which they were assigned in accordance with rules 90 and 91. Reimbursements for these costs will be on a thirty-day cycle in accordance with service contracts to be entered.

NEES proposes initially to finance the Marketing Companies by purchasing 1,000 shares of their capital stock, for a total purchase price of $1,000. Subsequently, NEES intends to make capital contributions and/or loans to the Marketing Companies from time to time through December 31, 1999, provided that such contributions and/or loans for all Marketing Companies will not exceed $15 million. Any loans will be in the form of noninterest bearing subordinated notes payable in twenty years or less from the date of issue. The Marketing Company may prepay any or all of the outstanding notes without premium or penalty. NEES shall only make such loans provided: (a) There shall be in full force and effect appropriate orders of all regulatory authorities having jurisdiction; (b) the making of such loan shall not contravene any provision of law or any provisions of the certificate of incorporation or by-laws or any binding agreement of the Marketing Company; (c) and the making of such loan shall not contravene any provision of law or any provision of the Agreement and Declaration of Trust of NEES. To the extent that these loans require state commission approval, rule 52 of the Act may apply.

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

Margaret H. McFarland,

Deputy Secretary.

FR Doc. 96–6090 Filed 3–13–96; 8:45 am]

BILLING CODE 8010–01–M

[4] Applicants state that URI may, from time to time, need Unitil to indemnify third parties, to guarantee performance of its obligations or payment of its debts and/or to act as surety for its activities. The need for such guarantee authority grows out of customary market practice pursuant to which energy marketing companies, which often are not highly capitalized, demonstrate their financial credibility to customers. Applicants state that the usual method for establishing the financial credibility of the marketing company is by the parent (such as Unitil) standing behind its subsidiary through guarantees, thus allowing the subsidiary to compete effectively in increasingly deregulated markets.

[5] Applicants state that services would be provided by Unitil Service pursuant to its service agreement with URI and may include gas and power supply planning and contracting, marketing, sales, customer services, engineering, operations management, conservation services design and contracting and related management and professional services. Applicants note that Unitil Service currently provides similar services to other Unitil system companies and state that Unitil Service personnel have extensive knowledge of the markets for electric power and natural gas and are experienced in evaluating potential electric power and natural gas suppliers, negotiating contracts and arranging for the transmission and pooling of electric power. URI would reimburse Unitil Service at cost for the services provided in the same manner as any other Unitil affiliate company. Applicants state that the provision of these services to URI by Unitil Service will not impair Unitil Service's ability to provide services to other Unitil system companies. They also note that, if needed in the future, URI could employ its own staff to provide these services.

[6] Applicants note, for example, that FERC regulations would preclude URI from purchasing electric energy or capacity from, or selling these products to, any affiliated companies in the Unitil system unless specifically authorized by the FERC. In addition, under FERC regulations, URI would be unable to charge competitive, market based rates at wholesale unless its affiliated public utility companies have filed open access transmission tariffs acceptable to the FERC, and until URI has satisfied the FERC that it has mitigated any market power which it may have. Applicants also state that, while URI is not deemed a utility under most state laws, URI would only be able to undertake retail power marketing activities in the context of state legislative or regulatory initiatives, such as the New Hampshire Retail Wheeling Pilot Program and the Massachusetts Industry Restructuring Proceedings. Thus, Applicants say, URI's retail activities would be effectively limited to those permitted by state regulators. Applicants also note that Unitil has notified the New Hampshire Public Utility Commission and the Massachusetts Department of Public Utilities, the two state commissions with jurisdiction over the public utility subsidiaries in the Unitil system, of the plan to expand URI's business activities.

[7] NEES owns three retail electric utility companies (''Retail Companies'') serving New Hampshire, Massachusetts, and Rhode Island, as well as New England Power Company (''NEP''), which generates, purchases, transmits, and sells electric energy in wholesale quantities primarily to the Retail Companies.

[8] New Hampshire has adopted a pilot program to establish retail electric competition, under which each New Hampshire utility must allow customers representing three percent of their peak loads to have access to alternative suppliers of electricity for two years, starting on or about May 28, 1996. Massachusetts and Rhode Island also are considering programs to promote retail competition. Under a proposal developed by NEES, customers could elect to receive service under a standard offer from an affiliate of their incumbent utility (''Standard Offer Service''), the pricing of which would be approved by regulators.

[9] Under New Hampshire's pilot program, a General Marketing Company would have limited ability to contract with customers of nonaffiliated electric utilities within New Hampshire.

Agency 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 March 11, 1996.

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 matter 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 matter at the closed meeting.

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

The subject matter of the closed meeting scheduled for Wednesday, March 13, 1996, at 3:00 p.m., will be:

Institution and settlement of administrative proceedings of an enforcement nature.

Institution of injunctive action.

Commissioner Johnson, as duty officer, required that no earlier notice thereof was possible.

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: March 12, 1996.

Jonathan G. Katz,

Secretary.

[FR Doc. 96–6318 Filed 3–12–96; 3:42 pm]

BILLING CODE 8010–01–M

[Release No. 34–36947; International Series Release No. 949; File No. SR–AMEX–95–43]

Self-Regulatory Organizations; Order Approving and Notice of Filing and Order Granting Accelerated Approval of Amendment Nos. 2 and 3 to Proposed Rule Change by the American Stock Exchange, Inc. Relating to Index Fund Shares

March 8, 1996.

I. Introduction and Background

On October 26, 1995, the American Stock Exchange, Inc. (''Amex'' 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 (''Act''),[1] and Rule 19b–4 thereunder,[2] a proposed rule change to list and trade Index Fund Shares. On November 14, 1995, the Amex filed Amendment No. 1 to its proposal.[3] Notice of the proposal appeared in the Federal Register on December 6, 1995.[4] On March 6, 1996, the Amex filed Amendment No. 2 to its proposal.[5] On March 7, 1996, the Amex filed Amendment No. 3 to its proposal.[6] No comments were received on the proposed rule change set forth in the Notice. This order approves the Exchange's proposal

II. Description of the Proposal

A. Index Fund Shares

The Amex proposes to list and trade under Rules 1000A *et seq.* securities issued by an open-end management investment company (''Fund'') that seeks to provide investment results that correspond generally to the price and yield performance of a specified foreign or domestic equity market index (''Index Fund Shares'' or ''Fund Shares''). Index Fund Shares will be issued by an entity registered with the Commission as an open-end management investment company, and which may be organized as a series fund providing for the creation of separate series of securities, each with a portfolio consisting of some or all of the component securities of a specified securities index. A Fund may establish tracking tolerances which will be disclosed in the prospectus for a particular Fund or series thereof, as discussed in greater detail below.

Issuances of Index Fund Shares by a Fund will be made only in minimum size aggregations or multiplies thereof (''Creation Units''). The size of the applicable Creation Unit size aggregation will be set forth in the Fund's prospectus, and will vary from one series of Index Fund Shares to another, but generally will be of substantial size (*e.g.*, value in excess of $450,000 per Creation Unit). It is expected that a Fund will issue and sell Index Fund Shares through a principal underwriter (''Distributor'') on a continuous basis at the net asset value per share next determined after an order to purchase Index Fund Shares in Creation Unit size aggregations is received in proper form. Following issuance, Index Fund Shares would be traded on the Exchange like other equity securities, and Amex equity trading rules would apply to the trading of Index Fund Shares.

The Exchange expects that Creation Unit size aggregations of Index Fund Shares generally will be issued in exchange for the ''in kind'' deposit of a specified portfolio of securities (''Deposit Securities''), together with a cash payment representing, in part, the amount of dividends accrued up to the time of issuance. The Exchange anticipates that such deposits will be made primarily by institutional investors, arbitragers, and the Exchange specialist. Redemption of Index Fund Shares generally will be made ''in kind,'' with a portfolio of securities and cash exchanged for Index Fund Shares that have been tendered for redemption. Issuances or redemptions also could occur for cash under specified circumstances (*e.g.*, if it is not possible to effect delivery of securities underlying the specific series in a particular foreign country) and at other times in the discretion of the Fund.

The Amex expects that a Fund will make available on a daily basis a list of the names and the required number of shares of each of the securities to be deposited in connection with issuance of Index Fund Shares of a particular series in Creation Unit size aggregations, as well as information relating to the required cash payment representing, in part, the amount of accrued dividends.

---

[1] 15 U.S.C. 78s(b)(1) (1988).

[2] 17 CFR 240.19b–4 (1994).

[3] In Amendment No. 1, the Amex states that any broker-dealer handling transactions for customers in ''World Equity Benchmark Securities'' (or ''WEBS'') will have an obligation to deliver to such customers a prospectus regarding WEBS pursuant to the requirements of the Securities Act of 1933. Amendment No. 1 also states that prior to listing series of Index Fund Shares for indices other than those described in the present rule filing, it will make an appropriate filing pursuant to Rule 19b–4 under the Act. Letter from James F. Duffy, Executive Vice President and General Counsel, Legal and Regulatory Policy, Amex, to Michael Walinskas, Branch Chief, Office of Market Supervision (''OMS''), Division of Market Regulation (''Division''), Commission, dated November 14, 1995 (''Amendment No. 1'').

[4] Securities Exchange Act Release No. 36527, (November 29, 1995), 60 FR 62513.

[5] Amendment No. 2 provides additional information regarding the structure of Index Fund Shares, and revises the minimum number of such shares that must be outstanding prior to the commencement of trading. Amendment No.2 also includes criteria fro initial listing, a description of the dissemination of portfolio information, a provision for original and annual listing fees, a modification affecting stop and stop limit orders, a modification of minimum fractional changes, an Amendment to Amex Rule 190 (Specialist's Transactions with Public Customers), and effects a technical change to proposed Amex Rule 1000A. Letter from James F. Duffy, Executive Vice President and General Counsel, Legal & Regulatory Policy, Amex, to Michael Walinskas, Branch Chief, OMS, Division, Commission, dated March 6, 1996 (''Amendment No. 2'').

[6] Amendment No. 3 clarifies that WEBS will trade until 4:00 p.m., not 4:15 p.m. as originally proposed; revises the proposal with respect to trading halts; and provides information regarding the dissemination of net asset values (''NAVs''). Letter from James F. Duffy, Executive Vice President and General Counsel, Legal & Regulatory Policy, Amex, to Michael Walinskas, Branch Chief, OMS, Division, Commission, dated March 7, 1996 (''Amendment No. 3'').