SECURITIES AND EXCHANGE COMMISSION

[Release No. 35–26756]

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

August 15, 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 September 8, 1997, 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.

Cinergy Corporation (70–9071)

Cinergy Corporation (''Cinergy''), a registered holding company, 139 East Fourth Street, Cincinnati, Ohio 45202, has filed a declaration under sections 6(a), 7, 12(b), 32 and 33 and rules 45 and 53 under the Act.

Cinergy proposes to issue and sell from time to time through December 31, 2002, upon the terms and conditions described below: (1) short-term notes and commercial paper in an aggregate principal amount not to exceed, together with the then-outstanding principal amount of certain other securities issued by Cinergy as described below, $2 billion at any time outstanding; and (2) up to 30 million additional shares of Cinergy common stock, plus certain other shares of common stock authorized, but not issued, under a prior Commission order, discussed below. All Cinergy common stock authorized in this matter may be adjusted to reflect subsequent stock splits.

By orders dated January 11, 1995 and March 12, 1996 (HCAR Nos. 26215 and 26488, respectively) (''Orders''), the Commission authorized Cinergy to issue and sell from time to time through December 31, 1999 short-term notes (including in connection with letter of credit transactions) and commercial paper in an aggregate principal amount at any time outstanding not to exceed $1 billion. The Commission authorized Cinergy to apply the net proceeds to various corporate purposes including investments in exempt wholesale generators (''EWGs'') and foreign utility companies (''FUCOs''), as those terms are defined respectively in sections 32 and 33 of the Act, together with indirect investments through one or more special-purpose subsidiaries (''Project Parents'' and, together with EWGs and FUCOs, ''Exempt Entities''), provided that Cinergy's ''aggregate investment'' did not exceed 50% of Cinergy's ''consolidated retained earnings,'' each as defined in rule 53(a)(1) under the Act (''50% Investment Limitation''). At May 31, 1997 Cinergy had issued and outstanding a total of $524 million in short-term notes and commercial paper, consisting entirely of notes evidencing short-term bank loans. Cinergy proposes that the Orders be superseded by the proposed transactions effective immediately upon the date of the Commission's order in this filing.

By order dated May 30, 1997 (HCAR No. 26723) (''May Order''), the Commission, among other things, authorized Cinergy from time to time through December 31, 2002, subject to the $1 billion debt limitation prescribed in the Orders, to guarantee the debt or other obligations of various existing subsidiaries and of companies whose securities Cinergy or any of its subsidiaries acquires under rule 58 under the Act. At July 1, 1997, Cinergy had issued $5 million in guarantees under the May Order.

By order dated November 18, 1994 (HCAR No. 26159) (''November Order''), the Commission authorized Cinergy to issue and sell up to eight million shares of its common stock, $.01 par value per share (''Common Stock''), from time to time through December 31, 1995: (1) Through solicitation of proposals from underwriters or dealers; (2) through underwriters or dealers on a negotiated basis; (3) directly to a limited number of purchasers or to a single purchaser; and/or (4) through agents on a negotiated basis. Under the November Order, on December 19, 1994 Cinergy publicly issued and sold 7.089 million shares of Common Stock and contributed the net proceeds thereof to the equity capital of Cinergy's utility subsidiary, PSI Energy, Inc. By supplemental order dated February 23, 1996 (HCAR No. 26477) (''February Order''), the Commission authorized Cinergy to issue and sell the remaining shares of Common Stock (''Remaining Shares''). In addition, Cinergy was authorized to issue some or all of the Remaining Shares to Cinergy system employees, including officer employees, as awards. The February Order authorized Cinergy to apply the proceeds from the sales of the Remaining Shares to various corporate purposes including investments in EWGs and FUCOs, subject to the 50% Investment Limitation. Of the eight million shares originally authorized for issuance under the November Order, there was a balance of 867,385 Remaining Shares at July 1, 1997.

Cinergy has pending a proposal docketed in S.E.C. File No. 70–8993 (HCAR No. 26714; May 2, 1997) to issue and sell from time to time through December 31, 2002 unsecured debt securities in one or more series bearing maturities from two to 40 years (''Debentures'') in an aggregate principal amount not to exceed $400 million at any time outstanding, subject to the $1 billion debt limitation contained in the Orders. Net proceeds from the issue and sale of the Debentures would be applied to refinance short-term debt incurred by Cinergy to finance its 1996 acquisition of a 50% ownership interest in Midlands Electricity plc, a U.K. FUCO, and to refinance outstanding Debentures.

Cinergy also has pending a proposal docketed in S.E.C. File No. 70–9011 (HCAR No. 26698; March 28, 1997 (''100% Application'') under which Cinergy seeks to apply the net proceeds of certain financing transactions consisting of those authorized in the May Order, the February Order and the Orders (to be superseded, as to the February Order and the Orders upon issuance of the Commission's order in the instant matter) to investments in Exempt Entities, provided that Cinergy's ''aggregate investment'' will not exceed 100% of Cinergy's ''consolidated retained earnings.''

Regarding the short-term notes, Cinergy proposes to make short-term borrowings from banks or other lending institutions from time to time through December 31, 2002, provided that the aggregate principal amount of such borrowings, together with the aggregate amount of any outstanding commercial paper, short-term notes in connection with letter of credit transactions, guarantees pursuant to the May Order and Debentures issued or sold by

Cinergy, will not exceed $2 billion at any time outstanding (''Debt Cap'').

The borrowings will be evidenced by: (1) Transactional promissory notes to be dated the date of the borrowings and maturing in not more than one year; (2) grid promissory notes evidencing all outstanding borrowings, dated as of the date of the first borrowing, with each borrowing maturing in not more than one year. Any note may or may not be prepayable, in whole or in part, with or without a premium in the event of prepayment. The amount of any premium payable by Cinergy would not exceed an amount equivalent to the present value of the stated interest payable on the note in the event the note had not been prepaid, plus accrued interest to the date of prepayment. Borrowings will be priced at the lender's prevailing rate offered to corporate borrowers of similar credit quality, which will not exceed the greater of: (1) The London Interbank Offered Rate plus 200 basis points; or (2) a negotiated rate which would not exceed the lender's prime rate plus 200 basis points. Cinergy may pay commitment fees based upon the unused portion of a lender's commitment. The fees would not exceed the amount determined by multiplying the unused portion of the lender's commitment by 3/4 of 1%.

In addition to the borrowings, Cinergy requests authority to issue short-term notes, with maturities of no more than one year, in connection with letter of credit transactions providing credit support for Cinergy subsidiary companies other than Exempt Entities. In such a transaction, Cinergy expects to issue an unsecured demand promissory note to the letter of credit bank evidencing Cinergy's reimbursement obligation for drawings under the letter of credit. Each letter of credit would have a stated expiration date not later than one year from the date of issuance. Cinergy would be required to repay on demand amounts drawn under the letter of credit. Interest on unreimbursed amounts would accrue at an annual rate not to exceed the prime rate offered by the letter of credit bank plus 400 basis points. Cinergy may also be required to pay fees aggregating not more than 1% of the face amount of the letter of credit.

Cinergy proposes from time to time through December 31, 2002 to issue and sell commercial paper to one or more dealers, or directly to financial institutions if the resulting cost of money is equal to or less than that available from dealer-placed commercial paper, in an aggregate principal amount, which, together with the aggregate amount of any outstanding short-term notes, guarantees pursuant to the May Order and Debentures issued or sold by Cinergy, will not exceed the Debt Cap.

Cinergy proposes to issue and sell the commercial paper at market rates with varying maturities not to exceed 270 days. The commercial paper will be in the form of book-entry unsecured promissory notes with varying denominations of not less than $25,000 each. Any associated fees will not exceed 1/10 of 1% multiplied by the principal amount of the commercial paper. In commercial paper sales effected on a discount basis, there will be no commission or fee. However, the purchasing dealer will re-offer the commercial paper at a rate less than the rate to Cinergy. The discount rate to dealers will not exceed the maximum discount rate per annum prevailing at the date of issuance for commercial paper of comparable quality and the same maturity. The purchasing dealer will re-offer the commercial paper in such a manner as not to constitute a public offering within the meaning of the Securities Act of 1993.

In connection with the proposed issuance and sale of short-term notes to banks and other lending institutions and sales of commercial paper, Cinergy proposes to mitigate interest rate risk through the use of various interest rate management instruments commonly used in today's capital markets, such as interest rate swaps, caps, collars, floors, options, forwards, futures and similar products designed to manage and minimize interest costs. Cinergy expects to enter into these agreements with counterparties that are highly rated financial institutions. The transactions will be for fixed periods and stated notional amounts. Fees, commissions and annual margins in connection with any interest rate management agreements will not exceed 100 basis points in respect of the principal or notional amount of the related short-term notes/commercial paper or interest rate management agreement. In addition, with respect to options, Cinergy may pay an option fee which would not exceed 10% of the principal amount of the short-term note or commercial paper covered by the option.

Finally, Cinergy proposes to issue and sell from time to time through December 31, 2002: (1) Up to 30 million additional shares of Common Stock and (2) the Remaining Shares (collectively, including any adjustments pursuant to subsequent stock splits, the ''Additional Shares''). At May 31, 1997, Cinergy had a total of 600 million shares of Common Stock authorized for issuance, of which 157,679,129 were issued and outstanding. Cinergy proposes to issue and sell the Additional Shares from time to time employing any one or more of the following modes: (1) Through solicitations of proposals from underwriters or dealers; (2) through negotiated transactions with underwriters or dealers; (3) directly to a limited number of purchasers or to a single purchaser; and (4) through agents. The price applicable to Additional Shares sold in any such transaction will be based on several factors, including in particular the current market price of the Common Stock and capital market conditions in general at the time. Total fees and expenses incurred by Cinergy in connection with the issuance and sale of the Additional Shares will not exceed 5% of the total proceeds from the sale of the Additional Shares. In addition, Cinergy requests authority to issue up to 250,000 of the Additional Shares to Cinergy system employees, including officers, in gift or award transactions from time to time through December 31, 2002.

Cinergy proposes to apply net proceeds from the issue and sale of the short-term notes, commercial paper and Additional Shares to investments in other Cinergy system companies, to exempt acquisitions of securities of energy-related companies pursuant to rule 58, to repay, repurchase or refinance outstanding securities of Cinergy, to make loans to participating companies in the Cinergy system money pool, to investments in Exempt Entities, subject to the 50% Investment Limitation pending receipt of the authorization requested in the 100% Application, and to other lawful corporate purposes.

American Electric Power Company, Inc., et al. (70–9077)

American Electric Power Company, Inc. (''AEP''), a registered holding company, and AEP Resources, Inc. (''Resources''), its wholly owned nonutility subsidiary company, each of 1 Riverside Plaza, Columbus, Ohio 43215, have filed a declaration under section 12(c) of the Act and rules 46 and 54 under the Act.

By order dated December 22, 1994 (HCAR No. 26200), AEP was authorized through December 31, 2000, among other things, to form direct and indirect special purpose subsidiaries (''Project Parents'') to acquire and own or operate ''exempt wholesale generators'' and ''foreign utility companies'' (''FUCOs''), as defined in sections 32 and 33 of the Act, respectively.

Applicants propose that their Project Parents declare and pay dividends to

their parent companies from time to time through December 31, 2002 out of capital or earned surplus to the extent permitted under applicable corporate law. AEP and Resources request this authorization on behalf of: (i) Certain existing Project Parents formed in connection with AEP's 1997 acquisition of a 50% ownership interest in Yorkshire Electricity Group plc, a U.K. regional electricity company and a FUCO (''Yorkshire'');[1] (ii) those Project Parents formed in connection with AEP's 1996 acquisition of a 70% ownership interest in Nanyang General Light Electric Co., Ltd. (''Nanyang''), a cooperative joint venture company formed under the laws of the People's Republic of China, established to own, construct, finance and operate a coal-fired electric generating station in Nanyang, Henan Province, China; and (iii) other existing and all future Project Parents formed after the date of the issuance of an order authorizing this proposal (collectively, ''Applicable Project Parents''). Resources states that it would pay any such dividend only to the extent that the dividend is based upon: (i) A corresponding dividend or dividends our of capital or unearned surplus from an Applicable Project Parent that is a direct subsidiary of Resources or (ii) otherwise is based upon Resources' direct or indirect ownership of an Exempt Project.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–22292 Filed 8–21–97; 8:45 am]

BILLING CODE 8010–01–M

[1] Namely, Yorkshire Power Group Limited (''Yorkshire Power Group''), a U.K. company in which Resources and a subsidiary of Public Service Company of Colorado have respective 50% ownership interests, and Yorkshire Holdings plc, the actual owner of Yorkshire and a wholly owned subsidiary of Yorkshire Power Group.

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–38940; International Series Release No. 1097; File No. SR–Amex–97–20]

Self-Regulatory Organizations; Order Granting Approval to Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment Nos. 1, 2, and 3 to Proposed Rule Change by the American Exchange, Inc., Relating to the Listing and Trading of Indexed Term Notes

August 15, 1997.

I. Introduction

On April 30, 1997, the American Stock Exchange, Inc. (''Amex'' or ''Exchange'') submitted to the Securities and Exchange Commission (''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 approve for listing and trading under Section 107A of the Amex Company Guide market index target-term securities (''MITTS''),[3] the return of which is based in whole or in part on changes in the value of the Major 11 International Index (''the Major 11 International Index'').

The proposed rule change, together with the substance of the proposal, was published for comment in Securities Exchange Act Release No. 38665 (May 21, 1997) 62 FR 28911 (May 28, 1997). No comment letters were received in response to the proposal. The Exchange subsequently filed Amendment Nos. 1, 2, and 3 to the proposed rule change on June 11, 1997,[4] June 30, 1997,[5] and July 17, 1997,[6] respectively. This order

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

[2] 17 CFR 240.19b–4.

[3] ''MITTS'' and ''Market Index Target-Term Securities'' are service marks of Merrill Lynch & Co., Inc. (''Merrill Lynch'').

[4] Amendment No. 1 states that the Exchange's equity trading rules will apply to the trading of indexed term notes linked to the Major 11 International Index, including Rule 411, which requires members to use due diligence to learn essential facts relative to every customer and to every order or account accepted, and Rule 462, which requires the application of equity margin rules to the trading of indexed term notes. Amendment No. 1 also states that the continued listing guidelines set forth in Sections 1001 through 1003 of the Amex Company Guide will apply to the proposed indexed term notes; that the exchange will, prior to trading the proposed indexed term notes, distribute an Information Circular to members providing guidance with regard to member firm compliance responsibilities, including suitability recommendations, when handling transactions in the indexed term notes, and highlighting their special risks and characteristics; that the Exchange will maintain the Index and it will be the Exchange's responsibility to determine, if necessary, whether to replace a sub-index with a substitute or successor index or undertake to publish the sub-index if it ceases to be published. *See* letter from Claire P. McGrath, Vice-President and Special Counsel, Amex, to Ivette Lopez, Assistant Director, Market Supervision, Commission, dated June 10, 1997 (''Amendment No. 1'').

[5] Amendment No. 2 further clarifies Amendment No. 1 by stating that Section 1003(b) of the *Company Guide* in particular will apply to the proposed indexed term notes. Amendment No. 2 also states that the shares of a sub-index will remain fixed, except in the case of a significant event, such as a split in the value of the sub-index, a change in the method of calculation, or if the sub-index ceases to be published. Amendment No. 2 gives an example of what would happen to the Index calculation if a sub-index were to split in value. Also, if the sub-index ceases to be published, Amex could choose to replace it with a substitute index (another index currently being published that correlates highly with the sub-index being replaced, such as Amex's Japan Index could substitute for the Nikkei 225), a successor index (an index intended by the publisher as a replacement to the original sub-index), or undertake to publish the sub-index using the same procedures last used to calculate the sub-index prior to its discontinuance. In addition, Amendment No. 2 states that if the marketplace for the securities underlying any one of the sub-indices that constitute the Major 11 International Index is closed on any given business day, due to natural disaster or holiday observed in the foreign country, Amex will use the previous closing value in the calculation. *See* letter from Claire P. McGrath, Vice-President and Special Counsel, Derivatives Securities, Amex, to Ivette Lopez, Assistant Director, Market Regulation, Commission, dated June 27, 1997 (''Amendment No. 2'').

[6] Amendment No. 3 states that Amex intends to include a heightened suitability standard in the Information Circular it will distribute to its membership prior to the commencement of trading in Major 11 International Index Notes. The circular will state that before a member, member organization, or employee of such member organization undertakes to recommend a transaction in the security, such member or member organization should make a determination that the security is suitable for such customer and the person making the recommendation should have a reasonable basis for believing at the time of making the recommendation, that the customer has such knowledge and experience in financial matters that they may be capable of evaluating the risks and the special characteristics of the recommended transaction, including those highlighted, and is financially able to bear the risks of the

Continued