

contractowners' objectives and expectations.

(b) The costs of the Substitution will be borne by the Applicants and will not be borne by contractowners. No charges will be assessed to effect the Substitution.

(c) The Substitution will, in all cases, be at net asset values of the respective shares without the imposition of any transfer or similar charge and with no change in the amount of any contractowner's account value.

(d) The proposed Substitution will not cause fees and charges under the Contracts currently being paid by contractowners to be greater after the proposed Substitution than before the proposed Substitution.

(e) The contractowners have been given notice of the Substitution and will have an opportunity to reallocate contract values among other available Funds without the imposition of any transfer charge or limitation, nor will any such transfers from the date of the initial notice through a date 30 days following the Substitution count against the number of free transfers permitted in a year.

(f) Within five days after the Substitution, Phoenix will send to contractowners written Notice that the Substitution has occurred, identifying the Fund that was substituted and disclosing the Substitute Fund.

(g) The Substitution will in no way alter the insurance benefits to contractowners or the contractual obligations of Phoenix.

(h) The Substitution will in no way alter the tax benefits to contractowners. Counsel for Phoenix has advised that the Substitution will not give rise to any tax consequences to the contractowners.

5. Section 17(a)(1) of the Act prohibits any affiliated person, or an affiliate of an affiliated person, of a registered investment company from selling any security or other property to such registered investment company. Section 17(a)(2) of the Act prohibits any affiliated person from purchasing any security or other property from such registered investment company.

6. Applicants anticipate that the Substitution will be effected by redeeming shares of the Current Fund in-kind and then using those assets to purchase shares of the Substitute Fund. This redemption and purchase in-kind involves the purchase of property from the Current Fund by the separate account, an affiliated person of that Fund, and the sale of property to the Substitute Fund by the separate account, which may be considered an affiliate of the Substitute Fund.

7. Similarly, where two investment divisions holding shares of the same Substitute Fund are combined into a single investment division, the transfer of assets could be said to involve purchase and sale transactions between the investment divisions by an affiliated person.

8. Applicants request an order pursuant to Section 17(b) of the Act exempting the in-kind redemption and purchase and the merger of certain investment divisions from the provisions of Section 17(a). Section 17(b) of the Act provides that the Commission shall grant an order exempting a proposed transaction from Section 17(a) if evidence establishes that: (a) the terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned; (b) the proposed transaction is consistent with the policy of each registered investment company; and (c) the proposed transaction is consistent with the general purposes of the Act.

9. Applicants represent that the terms of the in-kind redemption and purchase are reasonable and fair and do not involve overreaching on the part of any person concerned and that the interests of contractowners will not be diluted. The in-kind redemption and purchase will be done at values consistent with the objectives and policies of both the Current and Substitute Funds. The asset transfers will be reviewed to assure that the assets meet the objectives and policies of the Substitute Fund and that they are valued under the appropriate valuation procedures of the Current and Substitute Funds. In-kind redemption and purchase will reduce the brokerage costs that would otherwise be incurred in connection with the Substitution.

10. Applicants represent that the merger of the investment divisions is intended to reduce administrative costs and thereby benefit contractowners with assets in those investment divisions. The purchase and sale transactions will be effected based on the net asset value of the shares held in the investment divisions and the value of the units of the investment division involved. Therefore, there will be no change in value to any contractowner.

Conclusion

For the reasons summarized above, Applicants assert that the requested orders meet the standards set forth in Sections 26(b) and 17(b), respectively, and should, therefore, be granted.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-17715 Filed 7-2-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-26891]

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

June 26, 1998.

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 under the Act. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transactions(s) summarized below. The application(s) and/or declaration(s) and any amendments 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 July 21, 1998, 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 should 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 July 21, 1998, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

New England Electric System (70-9167)

New England Electric System ("NEES"), 25 Research Drive, Westborough, Massachusetts 01582, a registered holding company, has filed a post-effective amendment to its declaration under sections 6(a) and 7 of the Act and rule 54 under the Act.

By order dated March 25, 1998 (HCAR No. 26849) ("March Order"), the Commission authorized NEES to issue, no later than December 31, 2002, up to one million shares of its common stock to be used to acquire the stock or assets

of one or more "energy-related companies," as defined in rule 58 under the Act. The March Order authorized NEES to make the acquisitions directly or indirectly through a nonutility subsidiary of NEES.

NEES now proposes to increase its authorization under the March Order to issue an additional one million shares of its common stock, no later than December 31, 2002, totalling two million shares of its common stock available to be used to acquire the stock or assets of one or more "energy-related companies," as defined in rule 58 under the Act.

Central and South West Corporation, et al. (70-9119)

Central and South West Corporation ("CSW"), a registered holding company, and Central and South West Services, Inc., a service company subsidiary of CSW ("Services" and, together with CSW, "Applicants"), both at 1616 Woodall Rodgers Freeway, P.O. Box 660164, Dallas, Texas 75266, have filed an application-declaration under sections 6(a), 7, 9(a), 10, 11 and 12(b) of the Act, and rules 45 and 54 under the Act.

The Applicants request authority through December 31, 2003 to permit: (a) Services to engage in the business of marketing, selling, leasing and renting to consumers certain electric bicycles, electric tricycles, electric skateboards and electric scooters ("Electric Vehicles" or "EVs"), as well as retrofit kits to convert traditional bicycles to electric bicycles (collectively, "EV Sales & Leasing"); (b) Services to provide financing to, or guarantee borrowings by, creditworthy commercial and non-commercial customers other than individuals in connection with their purchase or lease of EVs ("EV Customer Financing") utilizing funds available to Services through its participation in the CSW money pool; and (c) Services to use borrowings from the CSW money pool to fund the management, operation and administrative costs of the EV Business and to finance the EV Business by making loans and providing guarantees and other credit support to commercial and institutional customers, and CSW to provide guarantees and other credit support on behalf of Services, up to an aggregate amount outstanding at any time of \$25 million ("EV Business Financing", and together with EV Sales & Leasing and EV Customer Financing, "EV Business").

Services proposes to provide EV Sales & Leasing activities to sporting equipment stores, bicycle shops, non-commercial entities including universities and government

organizations and, on a smaller scale, to individuals via the Internet. In connection with EV Sales & Leasing, Services proposes to provide the EV Customer Financing to support the purchase of Electric Vehicles and to encourage public utilization of Electric Vehicles for transportation. The Applicants will obtain funds to finance the EV Business through the CSW money pool, as authorized by the Commission under prior orders. EV Business Financing would be conducted through use of the CSW money pool, as authorized by Commission orders dated March 31, 1993, September 28, 1993, March 18, 1994, June 15, 1994, February 1, 1995, March 21, 1995, March 28, 1997 and April 3, 1998 (HCAR Nos. 25777, 25897, 26007, 26066, 26226, 26254, 26697 and 26854, respectively).

EV Customer Financing provided by Services may take the form of guarantees, capital leases, operating leases or promissory notes with terms of one to five years, with pricing to be competitive with that readily available in the market for similar financial instruments. Loans made by Services directly or, with respect to which Services, or CSW on behalf of Services, is providing a guarantee, will have an average annual interest rate not to exceed prime plus 7%. These loans may be unsecured or secured by a lien or other security interest in the Electric Vehicle or other real or personal property other than utility assets. Services will obtain funding through its participation in the CSW money pool system. In some instances, the Applicants expect that Services may place the EV Customer Financing with third party lenders and leasing companies.

By increasing the availability of Electric Vehicles through sales and financing efforts, the Applicants hope to advance new electro-technologies and the use of electricity as an alternative source of fuel for vehicles. The Applicants also anticipate that the marketing and sale of new technologies associated with the Electric Vehicles will increase customer awareness of other potential uses of electricity, resulting in an increase in overall demand for electric service, both within the states in CSW's service areas and in surrounding regions. CSW has four operating company subsidiaries—Public Service Company of Oklahoma, Southwestern Electric Power Company, West Texas Utilities and Central Power & Light Company ("Operating Companies")—which service portions of Texas, Oklahoma, Louisiana and Arkansas ("Service Areas"). The Applicants expect that promotion of a

new market for Electric Vehicles will spur demand for electricity and help the Operating Companies make a successful transition from a regulated industry to a competitive one. EV Sales & Leasing activities are also expected to enhance CSW's name recognition and customer loyalty.

The Applicants propose to engage in the EV Business both within the Service Areas of the CSW Operating Companies and in all other areas of the United States. During the twelve-month period beginning on the first day of January in the year following the date the Applicants commence the EV Business under approval of the Commission, and for each subsequent calendar year, total revenues of Services derived from the EV Business in the states comprising the Service Areas will exceed total revenues of Services derived from the EV Business in all other states.

The Applicants will treat its EV Business as a separate cost an revenue center for accounting purposes. CSW proposes to provide EV Business Financing to Services in an aggregate amount outstanding at any time of up to \$25 million. These funds would be designated for specific use by Services in support of the EV Business. CSW further proposes to guarantee or to act as surety on bonds, indebtedness and performance and other obligations undertaken by Services in connection with its EV Business. Guarantees or arrangements may be made from time to time through December 31, 2002, and will expire or terminate no later than December 31, 2003. The total amount of all loans and guarantees for which authorization is sought will not exceed \$25 million at any time outstanding.

The Applicants state that Services currently has an insufficient staff to engage in the EV Business and will hire outside individuals or firms to conduct the EV Business activities. Hiring will be done on a contract basis, and the additional personnel will be deemed independent contractors of Services. These independent contractors will be paid by Applicants through commissions only and will receive no salary or employee benefits from Applicants. Through the date of the filing of the application-declaration, Applicants have executed one agreement with a manufacturer or certain Electric Vehicles which gives Applicants the right to market, sell, lease and rent these vehicles in several states.

Indiana Michigan Power Company (70-9315)

Indiana Michigan Power Company ("I&M"), One Summit Square, P.O. Box

60, Fort Wayne, Indiana 46801, an electric public utility subsidiary company of American Electric Power Company, Inc., a registered holding company, has filed an application-declaration under sections 6(a), 7, 9(a) and 10 and rule 54 under the Act.

I&M proposes to guarantee loan payments, including principal, interest and penalties, on a promissory note ("Note") from one of its industrial customers, Iron Dynamics, Inc. ("IDI"), an Indiana corporation, which is constructing a main mill substation, power distribution facilities from main mill to coal preparation facilities, coal reparation facilities and submerged arc furnace transformers and vaults ("Equipment") to be installed on IDI's property in DeKalb, Indiana, which is in I&M's service territory. The Note will evidence a loan by GE Capital Corporation ("GE Capital") or a similar lender ("Lender") to IDI in an amount up to \$6.5 million to acquire the Equipment. I&M will supply electric service to IDI's facility.

The loan will be made under a loan agreement ("Loan Agreement") which provides, among other things, that the interest rate on the Note may be variable or fixed. The variable interest rate will be equal to an index rate ("Index Rate") plus 1.75%. On the date the initial loan is made, the index Rate will be the interest rate equal to the per annum interest rate for commercial paper issued by GE Capital for the period of time closest to 90-days on such date ("CPR"), and the Index Rate will be adjusted every 90 days and be equal to the CPR in effect on the tenth day preceding the end of each 90 day period during the term of the loan. If, for any reason, GE Capital does not issue the commercial paper on the applicable date, the CPR will be equal to the rate listed for "3 Month" commercial paper under the column indicating an average rate as stated in the Federal Reserve Statistical Release H. 15 (519) for the calendar month preceding the calendar month in which the 90-day period ends. If, for any reason, the Federal Reserve Statistical Release H.15 (519) is no longer published, the CPR will be equal to the latest commercial paper rate for high grade unsecured notes of 90-day maturity sold through dealers by major corporations in multiples of \$1,000, as indicated in the "Money Rates" column of the Wall Street Journal, Eastern Edition, published on the tenth day prior to the end of each 90-day period or the first business day thereafter.

Under the terms of the Loan Agreement, IDI may elect to convert the interest rate on the Note to a fixed rate. The fixed rate will be equal to 1.75%

over the average of one, three and five-year U.S. Treasuries as published in the Wall Street Journal on the date of IDI's election to convert to a fixed rate. IDI is responsible to the Lender for any costs incurred as a result of converting to a fixed rate.

The Notes will mature in not more than 96 months and be secured by a first lien on the Equipment. There will be no consideration paid by IDI for the guarantee.

In an alternative to I&M's loan guarantee, I&M requests authority to make a direct loan to IDI and to acquire the Note on substantially the same terms as the loan from GE Capital or Lender to IDI.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-17716 Filed 7-2-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40137; File No. SR-NASD-98-43]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the National Association of Securities Dealers, Inc. to Extend the Deadline for Presently Registered Representatives to Apply for the Equity Trader, Series 55 Examination

June 26, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 12, 1998, the National Association of Securities Dealers, Inc. ("NASD" or "Association") through its wholly-owned subsidiary, NASD Regulation, Inc. ("NASDR") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the NASDR. The NASDR has designated this proposal as one constituting a stated policy, practice, or interpretation with respect to the meaning of an existing rule under Section 19(b)(3)(A)(i) of the Act,³ which renders the rule effective upon the Commission's receipt of this filing. The Commission is publishing this notice to

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(i).

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 NASDR is proposing to amend NASD Membership and Registration Rule 1032 to change the date by which registered representatives who currently trade equity securities in the Nasdaq Stock Market (Nasdaq) and/or over-the-counter must apply for Equity Trader registration. Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.

Rule 1032. Categories of Representative Registration

* * * * *

(f) Limited Representative—Equity Trader

* * * * *

Before registration as a Limited Representative—Equity Trader as defined in subparagraph (1) hereof may become effective, an applicant must:

* * * * *

(B) pass an appropriate Qualification Examination for Limited Representative—Equity Trader. Any person *who was performing any of the activities described in paragraph (f)(1) above on or prior to May 1, 1998 and who has filed an application to take this examination by [(date thirty (30) days after the effective date of this rule)] August 31, 1998* must pass the examination by [(24 months after effective date above)] *May 1, 2000*. Any person who is eligible for this extended qualification period and who fails this examination during [such] the twenty-four (24) month time period *commencing on May 1, 1998 and ending on May 1, 2000* must wait *thirty (30) days* from the date of failure to take the examination again. Any person, *other than a person who is eligible for the extended qualification period*, who files an application to take this qualification examination after [(date thirty (30) days after the effective date of this rule)] *May 1, 1998* must pass this examination before conducting such activities as described in paragraph (f)(1) above. In no event may a person who is eligible for the extended qualification period function as an Equity Trader beyond the 24-month period without having successfully passed the appropriate qualification examination.