

Products Fund held in its separate accounts for which it has not received timely voting instructions from contract owners, as well as shares it owns, in the same proportion as those shares for which it has received voting instructions. Participating Insurance Companies will be responsible for assuring that each of their separate accounts investing in an Insurance Products Fund calculates voting privileges in a manner consistent with all other Participating Insurance Companies. The obligation to vote an Insurance Products Fund's shares and calculate voting privileges in a manner consistent with all other separate accounts investing in the Insurance Products Fund will be a contractual obligation of all Participating Insurance Companies under the agreements governing participation in the Insurance Products Fund. Each Plan will vote as required by applicable law and governing Plan documents.

7. All reports of potential or existing conflicts received by a Board, and all Board action with regard to (a) determining the existence of a conflict, (b) notifying Participants of a conflict, and (c) determining whether any proposed action adequately remedies a conflict, will be properly recorded in the minutes of the meetings of the appropriate Board or other appropriate records. Such minutes or other records shall be made available to the Commission upon request.

8. Each Insurance Products Fund will notify all Participating Insurance Companies that separate account prospectus disclosure regarding potential risks of mixed and shared funding may be appropriate. Each Insurance Products Fund shall disclose in its prospectus that: (a) Its shares may be offered to insurance company separate accounts that fund both variable annuity and variable life insurance contracts, and to Qualified Plans; (b) differences in tax treatment or other considerations may cause the interests of various Variable Contract owners participating in the Insurance Products Fund and the interests of Qualified Plans investing in the Insurance Products Fund to conflict; and (c) the Board will monitor the Insurance Products Fund for any material conflicts and determine what action, if any, should be taken.

9. Each Insurance Products Fund will comply with all provisions of the 1940 Act requiring voting by shareholders (for these purposes, the persons having a voting interest in the shares of the Insurance Products Funds). In particular, each such Insurance Products Fund either will provide for

annual shareholder meetings (except insofar as the Commission may interpret Section 16 of the 1940 Act not to require such meetings) or comply with Section 16(c) of the 1940 Act (although more of the Insurance Products Funds shall be one of the trusts described in Section 16(c) of the 1940 Act), as well as with Section 16(a) of the 1940 Act and, if and when applicable, Section 16(b) of the 1940 Act. Further, each Insurance Products Fund will act in accordance with the Commission's interpretation of the requirements of Section 16(a) with respect to periodic elections of Board members and with whatever rules the Commission may promulgate with respect thereto.

10. If and to the extent that Rule 6e-2 or Rule 6e-3(T) under the 1940 Act is amended, or Rule 6e-3 under the 1940 Act is adopted, to provide exemptive relief from any provision of the 1940 Act, or the rules promulgated thereunder, with respect to mixed or shared funding, on terms and conditions materially different from any exemptions granted in the order requested in the application, then the Insurance Products Funds and/or the Participants, as appropriate, shall take such steps as may be necessary to comply with Rule 6e-2 or Rule 6e-3(T), as amended, or proposed Rule 6e-3 as adopted, to the extent such Rules are applicable.

11. The Participants, at least annually, shall submit to each Board such reports, materials or data as each Board may reasonably request so that such Boards may fully carry out the obligations imposed upon them by the conditions stated in the application. Such reports, materials and data shall be submitted more frequently if deemed appropriate by the Boards. The obligations of the Participants to provide these reports, materials and data upon reasonable request of a Board shall be a contractual obligation of all Participants under the agreements governing their participation in the Insurance Products Funds.

12. If a Qualified Plan or Plan participant shareholder should become an owner of 10% or more of the assets of an Insurance Products Fund, such Plan will execute a participation agreement with such fund which includes the conditions set forth herein to the extent applicable. A Qualified Plan or Plan participant will execute an application containing an acknowledgment of this condition upon such Plan's initial purchase of the share of any Insurance Products Fund.

#### Conclusion

For the reasons summarized above, Applicants assert that the requested

exemptions are appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-26790]

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

December 4, 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 December 29, 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.

#### Consolidated Natural Gas Co., et al. (70-8981)

Consolidated Natural Gas Company ("CNG"), CNG Tower, 625 Liberty Avenue, Pittsburgh, Pennsylvania 15222-3199, a registered holding company, its wholly-owned nonutility subsidiary company, CNG Energy

Services Corporation ("Energy Services"), One Park Ridge Center, P.O. Box 15746, Pittsburgh, Pennsylvania 15244-0746, and CNG Power Company ("Power"), One Park Ridge Center, P.O. Box 15746, Pittsburgh, Pennsylvania 15244-0746, a nonutility subsidiary company of Energy Services, have filed an application-declaration under sections 6(a), 7, 12(b), 13 and 32 of the Act and rules 45, 53, 54, 83, 87, 90 and 91 under the Act.

CNG proposes that Power become the vehicle for CNG investments in exempt wholesale generators ("EWGs") in the U.S. Investments in EWGs would be made with internally generated funds. CNG proposes that intermediate companies be formed to make EWG investments ("Intermediate Companies"). The Intermediate Companies will be special-purpose subsidiaries that may acquire interests in other corporations, joint ventures, partnerships, and other investment entities created to invest in EWGs.

CNG, Energy Services, Power and its subsidiary companies, including the Intermediate Companies, seek Commission authorization to enter into guarantee arrangements, to obtain letters of credit, and otherwise to provide credit support through December 31, 2002 with respect to EWG investments. The maximum aggregate limit on all such credit support would be \$150 million.

Energy Services and its affiliates propose to perform services or construction for, or sell goods to, EWGs in which Power has acquired an interest. Services, construction and goods may be market-priced if the EWGs provide no services, construction or goods to CNG utility companies in the U.S.

Energy Services and its affiliates also propose to contract with CNG companies to provide those services, construction and goods to EWGs. Services, construction and goods obtained from U.S. CNG utility companies would be cost-priced but services, construction and goods from CNG non-utility subsidiary companies would be cost-priced or market-priced—provided that services, construction and goods from CNG non-utility subsidiary companies "substantially" involved in the provision of services, construction or goods to U.S. CNG utility companies would be cost-priced.

Energy Services has authorized capital of 4,000 shares of common stock, \$1.00 par value per share ("Common Stock"). CNG proposes to change the par value of each share of Common Stock from \$1.00 to \$10,000 and increase the authorized shares to 50,000

shares. CNG states that the issuance of addition Common Stock for \$10,000 per share will allow Energy Services to consummate additional equity financing for the proposed transitions and for other authorized or exempt transactions.

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

**Margaret H. McFarland,**  
Deputy Secretary.

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BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39389; File No. SR-CBOE-97-60]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to Transaction Fees for Options on the Standard & Poor's 100 Stock Index

December 3, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 20, 1997, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") 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 by the CBOE. 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 CBOE proposes to modify the Exchange transaction fees applicable to transactions in options on the Standard & Poor's 100 Stock Index ("OEX").

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

In its filing with the Commission, the CBOE 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 CBOE has prepared summaries, set forth in

sections A, B and C below, of the most significant aspects of such statements.

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

##### 1. Purpose

The Exchange recently filed with the Commission a proposed rule change<sup>3</sup> in which the Exchange informed the Commission that Standard & Poor's ("S&P") intended to reduce the value of its S&P 100 Stock Index ("Index") to one-half of its present value by doubling the divisor used in calculating the Index.<sup>4</sup> In connection with the "split" of the OEX, the Exchange has evaluated the appropriateness of the current fee schedule and has determined to reduce the transaction fees applicable to transactions in OEX. The current and proposed transaction fees absent any reduction or rebate<sup>5</sup> are: (1) For customer trades for options with a premium less than \$1—current: \$0.20 per contract side; proposed: \$0.15 per contract side; (2) for customer trades of options with a premium equal to or greater than \$1—current: \$0.40 per contract side; proposed: \$0.30 per contract side; (3) for member firm proprietary trades—current: \$0.10 per contract side; proposal: \$0.06 per contract side; and (4) for market-maker trades—current: \$.06 per contract side; proposed: \$.05 per contract side. The foregoing fee changes are being implemented by the Exchange pursuant to CBOE Rule 2.22. The Exchange will distribute a circular to its members to notify them of these fee changes.

The Exchange is adopting this fee reduction for transactions in OEX options in order to promote trading in these options after the split in OEX. The Exchange believes that the reduction in the fees may encourage more participation in the trading of these options.

<sup>3</sup> The Commission approved the proposed rule change on November 19, 1997. See Securities Exchange Act Release No. 39338, 62 FR 63209 (November 26, 1997) (order approving File No. SR-CBOE-97-48).

<sup>4</sup> According to the Exchange, the value of the Index was reduced by one-half effective November 24, 1997. Telephone conversation between Timothy Thompson, Senior Attorney, CBOE, and Deborah Flynn, Division of Market Regulation, Commission, on December 2, 1997.

<sup>5</sup> The fees may actually be less than these amounts pursuant to the Exchange's Prospective Fee Reduction Schedule, the Customer Large Trade Discount Program, and rebate programs that have been filed with the Commission as part of the Exchange's fee schedule.

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

<sup>2</sup> 17 CFR 240.19b-4.