

The application states that no State commission and no Federal commission, other than this Commission, has jurisdiction over the proposed transactions.

Notice is further given that any interested person may, not later than May 25, 1977, request in writing that a hearing be held on such matter, stating the nature of his interest, the reasons for such request, and the issues of fact or law raised by the filing which he desires to controvert; or he may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, Washington, D.C. 20549. A copy of such request should be served personally or by mail upon the applicant at the above-stated address, and proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. At any time after said date, the application, as filed or as it may be amended, may be granted as provided in Rule 23 of the general rules and regulations promulgated under the Act, or the Commission may grant exemption from such rules as provided in Rules 20(a) and 100 thereof or take such other action as it may deem appropriate. Persons who request a hearing or advice as to whether a hearing is ordered will receive any notices and orders issued in this matter, including the date of the hearing (if ordered) and any postponements thereof.

For the Commission, by the Division of Corporate Regulation, pursuant to delegated authority.

GEORGE A. FITZSIMMONS,
Secretary.

[FR Doc.77-13382 Filed 5-10-77; 8:45 am]

[Release No. 2006; 70-6004]

CONSOLIDATED NATURAL GAS CO.

Proposed Issuance and Sale of \$75,000,000 Principal Amount of Debentures at Competitive Bidding

APRIL 28, 1977.

Notice is hereby given that Consolidated Natural Gas Company ("Consolidated"), 30 Rockefeller Plaza, New York, New York 10020, a registered holding company, has filed a declaration with this Commission pursuant to the Public Utility Holding Company Act of 1935 ("Act"), designating sections 6(a) and 7 of the Act and Rule 50 promulgated thereunder as applicable to the following proposed transaction. All interested persons are referred to the declaration, which is summarized below, for a complete statement of the proposed transaction.

Consolidated proposes to issue and sell, subject to the competitive bidding requirements of Rule 50, \$75,000,000 principal amount of ---% Debentures Due June 1, 1997. The interest rate (which will be a multiple of $\frac{1}{8}$ of 1 percent) and the price, exclusive of accrued interest (which will be not less than 99 percent or more than 102 percent of the principal amount thereof) will be

determined by competitive bidding. The debentures will be issued as a new series under a Seventh Supplemental Indenture, dated as of June 1, 1977, to the Indenture between Consolidated and Manufacturers Hanover Trust Company, New York, New York, as Trustee, dated as of May 1, 1971. The Indenture includes a prohibition until June 1, 1982, against redeeming the issue with or in anticipation of funds borrowed at a lower effective interest cost. The debentures will be subject to an annual sinking fund of \$4,700,000 commencing June 1, 1982, which will leave \$4,500,000 principal amount thereof to be redeemed at maturity. The proceeds of the sale of the debentures will be used to finance, in part, the 1977 capital expenditures of Consolidated's subsidiary companies, estimated at \$236,400,000, of which about 79 percent will be applied to gas supply projects.

It is stated that the fees and expenses to be incurred in connection with the proposed transaction are estimated at \$154,000, including \$30,000 service charges of the system service company at cost and accountants' fees and expenses of \$14,500. The fees and expenses of counsel for the underwriters are to be paid by the successful bidders, and the amount thereof will be supplied by amendment.

It is further stated that no State commission and no Federal commission, other than this Commission, has jurisdiction over the proposed transaction.

Notice is further given that any interested person may, not later than May 25, 1977, request in writing that a hearing be held on such matter, stating the nature of his interest, the reasons for such request, and the issues of fact or law raised by said declaration which he desires to controvert; or he may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, Washington, D.C. 20549. A copy of such request should be served personally or by mail upon the declarant at the above-stated address, and proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. At any time after said date, the declaration, as filed or as it may be amended, may be permitted to become effective as provided in Rule 23 of the general rules and regulations promulgated under the Act, or the Commission may grant exemption from such rules as provided in Rules 20(a) and 100 thereof or take such other action as it may deem appropriate. Persons who request a hearing or advice as to whether a hearing is ordered will receive any notices and orders issued in this matter, including the date of the hearing (if ordered) and any postponements thereof.

For the Commission, by the Division of Corporate Regulation, pursuant to delegated authority.

GEORGE A. FITZSIMMONS,
Secretary.

[FR Doc.77-13394 Filed 5-10-77; 8:45 am]

[Release No. 9735; 811-2051]

FUND A PARTNERSHIP

Filing of Application of the Act for an Order Declaring That Company Has Ceased To Be an Investment Company

APRIL 26, 1977.

Notice is hereby given that Fund A Partnership (Applicant"), c/o Arthur Andersen & Co., 1345 Avenue of the Americas, New York, New York 10019, a non-diversified open-end investment company organized as a general partnership under the laws of New York and registered under the Investment Company Act of 1940 ("Act"), filed an application on March 4, 1977, for an order of the Commission declaring that Applicant has ceased to be an investment company as defined in the Act. All interested persons are referred to the application on file with the Commission for a statement of the representations contained therein, which are summarized below.

The application states that, pursuant to a resolution adopted by the Management Committee of the Applicant on September 29, 1976, in accordance with its Partnership Agreement dated as of March 16, 1970, the Applicant was dissolved and liquidated on December 16, 1976; that checks representing the liquidating shares of the partners of the Applicant were mailed to said partners on December 16, 1976; that the existence of Applicant has ceased; and that Applicant has no assets and no partners.

Section 8(f) of the Act provides, in part, that when the Commission, upon application, finds that a registered investment company has ceased to be an investment company, it shall so declare by order and, on the effectiveness of such order, the registration of such company shall cease to be in effect.

Notice is further given that any interested person may, not later than May 20, 1977, at 5:30 p.m., submit to the Commission in writing a request for a hearing on this matter accompanied by a statement as to the nature of his interest, the reason for such request, and the issues of fact or law proposed to be controverted, or he may request that he be notified if the Commission shall order a hearing thereon. Any such communication should be addressed: Secretary, Securities and Exchange Commission, Washington, D.C. 20549. A copy of such request shall be served personally or by mail upon Applicant at the address stated above. Proof of such service (by affidavit or, in the case of an attorney-at-law, by certificate) shall be filed contemporaneously with the request. As provided by Rule 0-5 of the Rules and Regulations promulgated under the Act, an order disposing of the matter will be issued as of course following said date unless the Commission thereafter orders a hearing upon request or upon the Commission's own motion. Persons who request a hearing, or advice as to whether a hearing is ordered, will receive any notices and orders issued in this matter, including the

date of the hearing (if ordered) and any postponements thereof.

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

GEORGE A. FITZSIMMONS,
Secretary.

[FR Doc.77-13395 Filed 5-10-77;8:45 am]

[File No. 7-4939]

GULF RESOURCES & CHEMICAL CORP.

Application for Unlisted Trading Privileges and of Opportunity for Hearing

APRIL 22, 1977.

In the Matter of an application of Philadelphia Stock Exchange, for unlisted trading privileges in a certain security, Securities Exchange Act of 1934.

The above named national securities exchange has filed an application with the Securities and Exchange Commission pursuant to section 12(f)(1)(B) of the Securities Exchange Act of 1934 and Rule 12f-1 thereunder, for unlisted trading privileges in the security of the company as set forth below, which security is listed and registered on one or more other national securities exchanges:

Gulf Resources & Chemical Corp., Common Stock, 10¢ Par Value, File No. 7-4939.

Upon receipt of a request, on or before May 6, 1977 from any interested person, the Commission will determine whether the application with respect to the company named shall be set down for hearing. Any such request should state briefly the title of the security in which that person is interested, the nature of the interest of the person making the request, and the position he proposes to take at the hearing, if ordered. In addition, any interested person may submit his views or any additional facts bearing on the said application by means of a letter addressed to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549 not later than the date specified. If no request for a hearing with respect to the particular application is made, such application will be determined by order of the Commission on the basis of the facts stated therein and other information contained in the official files of the Commission pertaining thereto.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

GEORGE A. FITZSIMMONS,
Secretary.

[FR Doc.77-13400 Filed 5-10-77;8:45 am]

[File No. 7-4938]

HOUSTON INDUSTRIES INC.

Application for Unlisted Trading Privileges and of Opportunity for Hearing

APRIL 22, 1977.

In the matter of an application of Philadelphia Stock Exchange, for unlisted trading privileges in a certain security, Securities Exchange Act of 1934.

The above named national securities exchange has filed an application with the Securities and Exchange Commission pursuant to section 12(f)(1)(B) of the Securities Exchange Act of 1934 and Rule 12f-1 thereunder, for unlisted trading privileges in the security of the company as set forth below, which security is listed and registered on one or more other national securities exchanges:

Houston Industries Inc., Common Stock, No Par Value, File No. 7-4938.

Upon receipt of a request, on or before May 6, 1977 from any interested person, the Commission will determine whether the application with respect to the company named shall be set down for hearing. Any such request should state briefly the title of the security in which that person is interested, the nature of the interest of the person making the request, and the position he proposes to take at the hearing, if ordered. In addition, any interested person may submit his views or any additional facts bearing on the said application by means of a letter addressed to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549 not later than the date specified. If no request for a hearing with respect to the particular application is made, such application will be determined by order of the Commission on the basis of the facts stated therein and other information contained in the official files of the Commission pertaining thereto.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

GEORGE A. FITZSIMMONS,
Secretary.

[FR Doc.77-13401 Filed 5-10-77;8:45 am]

[File No. 7-4941]

HOUSTON INDUSTRIES INC.

Application for Unlisted Trading Privileges and of Opportunity for Hearing

MAY 3, 1977.

In the matter of applications of the Cincinnati Stock Exchange, for unlisted trading privileges in a certain security, Securities Exchange Act of 1934.

The above named national securities exchange has filed an application with the Securities and Exchange Commission pursuant to section 12(f)(1)(B) of the Securities Exchange Act of 1934 and Rule 12f-1 thereunder, for unlisted trading privileges in the security of the company as set forth below, which security is listed and registered on one or more other national securities exchanges:

Houston Industries, Inc., No Par Common, File No. 7-4941.

Upon receipt of a request, on or before May 19, 1977 from any interested person, the Commission will determine whether the application with respect to the company named shall be set down for hearing. Any such request should state briefly the title of the security in which he is interested, the nature of the interest of the person making the request, and the

position he proposes to take at the hearing, if ordered. In addition, any interested person may submit his views or any additional facts bearing on the said application by means of a letter addressed to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549 not later than the date specified. If no one requests a hearing with respect to the particular application, such application will be determined by order of the Commission on the basis of the facts stated therein and other information contained in the official files of the Commission pertaining thereto.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

GEORGE A. FITZSIMMONS,
Secretary.

[FR Doc.77-13383 Filed 5-10-77;8:45 am]

[File No. 500-1]

I.I., INC.

Suspension of Trading

MAY 2, 1977.

It appearing to the Securities and Exchange Commission that the summary suspension of trading in the securities of I.I. Inc. being traded on a national securities exchange or otherwise is required in the public interest and for the protection of investors:

Therefore, pursuant to section 12(k) of the Securities Exchange Act of 1934, trading in such securities on a national securities exchange or otherwise is suspended, for the period from 12:00 noon (EDT) on May 2, 1977 through May 11, 1977.

By the Commission.

GEORGE A. FITZSIMMONS,
Secretary.

[FR Doc.77-13387 Filed 5-10-77;8:45 am]

[Release No. 34-13470]

IMPLEMENTATION OF AN INVESTOR DISPUTE RESOLUTION SYSTEM

The Securities and Exchange Commission today announced that it would consider proposals, generated by a conference sponsored by securities industry self-regulatory organizations, on the implementation of a nationwide investor dispute resolution system prior to taking direct action in this area. The Commission anticipates that all such proposals will be submitted by November 15, 1977. It is expected that the proposed conference will include representatives of self-regulatory organizations, their members, and members of the public. According to testimony from industry representatives, the purpose of this conference is to consider how the securities industry can respond to the Commission's concern that there be more effective, efficient, and economical dispute resolution procedures available to individual investors, including a uniform arbitration code and procedures, a simplified system for the resolution of disputes involving small dollar amounts,

and other means of simplifying the mechanisms for resolution of customer disputes with brokers and dealers.

The Commission has been informed that the conference will commence in the near future and will comprise several meetings in a number of geographic locations in order to encourage and allow for a broad base of participation, especially from members of the public. It is the view of the Commission that the implementation of a uniform investor dispute resolution procedure is an appropriate step toward the development of a national market system,¹ and that the organization of such a conference by the self-regulatory agencies is a proper exercise of self-regulatory authority as embodied in the Securities Exchange Act of 1934.²

The Commission has deferred further direct action in this area on the assumption that participants in the conference will include investors or representatives of investors, that the product of the conference will be one which implements a simplified nationwide system for the resolution of customer disputes along the lines enunciated in Securities Exchange Act Release No. 34-12974 (November 15, 1976),³ and that the proposed system will be in the public interest. If any of these assumptions prove to be erroneous, the Commission may deem it necessary to take rulemaking or other action as deemed appropriate to implement a nationwide investor dispute resolution system.

I. BACKGROUND

In May of 1976, the Commission established the Office of Consumer Affairs ("the Office"). Its mandate was to explore alternative methods for the resolution of disputes between individual investors and brokers and dealers, including the establishment of a single nationwide system for investor dispute resolution. Such a nationwide system would be readily accessible to investors in a number of cities around the country and would be administered by knowledgeable and impartial individuals.

In June of 1976⁴ the Commission invited public comment on the feasibility of a nationwide investor dispute resolution system available through self-regulatory organizations, and on July 15, 1976 held the first of two public forums to receive views of interested parties on such a system. Participants in that forum included representatives of the securities industry, professional arbitrators and investors. There was agreement among all commentators and witnesses that the securities industry has an obligation to respond to investor complaints, and that disputes should be resolved as quickly as possible. In general, commentators agreed that the securities industry and the self-regulatory organizations should be responsible for improving dispute resolution programs, since govern-

ment intervention could be costly and unproductive. Commentators gave varied opinions on such issues as whether or not counsel should be permitted at arbitration proceedings, what is an appropriate dollar ceiling on claims which could be resolved through such a system, the proper qualifications for arbitrators, how expenses should be borne, and the role of the Commission.

Following the first public forum, the Office conducted an extensive study of the nature of investor complaints and the methods for resolving them. The Office reported its findings to the Commission in October of 1976, together with recommendations for a three-part plan to improve the resolution of investor complaints.

II. DISCUSSION

In summary, the Office found that investors with large claims apparently consider litigation to be a feasible method of seeking redress, but litigation may be burdensome and complex and is not cost effective for investors with relatively small claims (for example, under \$5,000), in that attorney's fees and other costs may well exceed the amount of the claim. Although some investors take advantage of the arbitration facilities maintained by self-regulatory organizations, the fees imposed for use of such arbitration facilities vary widely, as do the procedures for invoking these facilities, and the travel expense to the site of the arbitration may be substantial. Also, investors often doubt the impartiality of officials associated with self-regulatory organizations and, therefore, hesitate to use the arbitration facilities. Finally, in many cases an investor without counsel is unable to understand the complexities of the proceeding or to represent and advance adequately his or her case.

Based on these findings, the Office recommended, and the Commission subsequently approved in principle, the following program:

1. Brokerage firms with public customers should be required to institute in-house complaint processing systems which would insure review of complaints by senior management and would require periodic reporting to the Commission and the self-regulatory organizations for enforcement and regulatory purposes. These in-house systems should be well publicized and explained to investors, either through pamphlets or notices included with periodic statements. The investor should be informed of possible alternatives if the matter is not satisfactorily resolved at the level of the brokerage firm;

2. A uniform code of arbitration should be drafted for use by the organizations currently offering arbitration facilities. The code should provide for non-binding informal mediation as a condition precedent to formal arbitration. A simplified arbitration format should be designed for disputes of less than \$5,000. Arbitration should be available in locations convenient to both parties, if possible. Panels including persons not engaged in the securities business should be authorized

in order to minimize the potential and appearance of bias. A uniform fee schedule should be adopted;

3. Self-regulatory organization rules should be amended to require that member firms submit to arbitration at the instance of an investor or another firm that has been called to arbitration by an investor, at the arbitration facilities of any self-regulatory organization. Customer agreements to arbitrate, at the instance of a firm, in margin agreements or elsewhere, should be prohibited; and

4. A network of "small claims adjusters" should be designated to settle claims of less than \$1,000. The "adjusters" should be employees of a new administrative entity, the Securities Investor Service Bureau (the "SISB") which would also serve as a clearinghouse and data base for customer complaints.

In approving, in principle, the recommendations set forth above, the Commission invited further public comment before taking action.⁵ After a substantial number of written comments had been received, a second public forum was held on February 9 and 10, 1977.

The views expressed at the second public forum generally favored an industry sponsored dispute resolution system. Most of the witnesses opposed the creation of a separate administrative entity, such as the SISB, and in lieu thereof they advocated modification of arbitration facilities that are currently in place to form a more streamlined system for settlement of small claims. Some witnesses also opposed a requirement that brokers and dealers file periodic reports of complaints received. A number of commentators acknowledged, however, that investor complaints are useful in monitoring the financial condition and sales practice activities of brokers and dealers. In this connection, it appears that there is no substantial opposition to a requirement that the number of complaints received by a broker or dealer be reported to a self-regulatory organization or to the Commission on an existing reporting form. Commentators agreed that a uniform arbitration code is a worthwhile endeavor and would be beneficial, although some opposed informal mediation as an intermediate step prior to formal arbitration.

The New York Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. proposed that a conference be held or that a task force be created of industry representatives and members of the public for the purpose of considering whether and how to develop a single system for the resolution of investor disputes. Many other commentators also supported this proposal. The Commission believes that this industry initiative in this area is an appropriate exercise of self-regulation, and that under these circumstances the Commission should consider the results or recommendations of the conference before taking further direct action.

¹ 15 U.S.C. 78k-1.

² 15 U.S.C. 78f, 78o-3, 78s.

³ 41 FR 50880 (November 18, 1976).

⁵ Securities Exchange Act Release No. 34-12974 (November 15, 1976); 41 FR 50880 (November 18, 1976).

III. CONCLUSION

The Commission anticipates that the conference will propose a system which includes the following elements as a basic framework and others as agreed upon: (a) A uniform arbitration code for small claims, to be adopted by all of the self-regulatory organizations, through appropriate rule changes filed with the Commission under Section 19(b) of the Securities Exchange Act of 1934, as amended, and Rule 19b-4 (17 CFR 240.19b-4) (hereinafter "§ 240.19b-4") thereunder; (b) a definition of the scope and type complaint susceptible to resolution through the system; (c) a standard fee schedule; (d) designation of sites for arbitration; (e) a plan for coordinating the availability and resources of the system; and (f) other steps to facilitate the resolution of complaints of individual investors.

The Commission will continue during the pendency of this conference to consider the implementation of other recommendations of the Office of Consumer Affairs so as to expedite the establishment of an integrated nationwide system for complaint processing and resolution of investor disputes. In addition, the record will remain open for comments from interested persons on these matters. Comments should be addressed in triplicate to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549.

Although the Commission does have extensive authority over the self-regulatory organizations, their rules and procedures,⁶ it is of the view that it would not be useful at this time to interpose itself in this area since the industry has manifested its intention to take affirmative action. Hence, the Commission wishes to await the results of the proposed conference with the expectation that such results will reflect the goals and attributes set forth in Securities Exchange Act Release No. 34-12974.⁷

The Commission has carefully considered all of the comments received and the testimony of witnesses who appeared at both public forums, on its proposal for a nationwide investor dispute resolution system, and has determined that it would consider proposals generated from the conference prior to taking any further direct action in this area assuming that such conference takes place as proposed, and those proposals are published no later than November 15, 1977.

By the Commission.

GEORGE A. FITZSIMMONS,
Secretary.

APRIL 26, 1977.

[FR Doc. 77-13379 Filed 5-10-77; 8:45 am]

⁶ Senate Comm. on Banking, Housing, and Urban Affairs, Report on S. 249, S. Rep. No. 75, 94th Cong. 2nd Sess. 23-28 (1975).

⁷ Footnote 3 supra.

[Release No. 9739; 812-4116]

INSURED MUNICIPALS—INCOME TRUST

Filing of Application for an Order of Act Granting Exemption From Provisions

APRIL 27, 1977.

Notice is hereby given that Insured Municipals—Income Trust ("Applicant"), c/o Van Kampen Sauerman, Inc., 208 South LaSalle Street, Chicago, Illinois 60604, a unit investment trust registered under the Investment Company Act of 1940 ("Act"), filed an application on April 5, 1977, and an amendment thereto on April 15, 1977, pursuant to section 6(c) of the Act for an order of the Commission exempting Applicant from the provisions of section 22(d) of the Act to the extent necessary to permit the investment pursuant to an automatic reinvestment option ("ARO Plan") of income and capital gains distributions made to certificateholders of a predecessor series of the Applicant into units of a subsequent series of the Applicant ("Reinvestment Series") at a reduced sales charge. All interested persons are referred to the application on file with the Commission for a statement of the representations made therein, which are summarized below.

Applicant is sponsored by Van Kampen Sauerman, Inc. ("Sponsor"). It registered with the Commission as a unit investment trust on August 25, 1975. It also filed a registration statement on Form N-3B-2 pursuant to section 3(b) of the Act on October 16, 1975, and has commenced distribution of trust units pursuant to a series of registration statements under the Securities Act of 1933 which have been declared effective.

Applicant represents that the objective of each of its series (and those of its predecessor, The First National Dual Series Tax-Exempt Bond Trust) is to seek tax-exempt income and conservation of capital through investment in tax-exempt bonds. All of such bonds are obligations issued by or on behalf of states, counties, territories or municipalities of the United States and authorities or political subdivisions thereof, the interest on which, in the opinion of counsel to the various issuers of such bonds, is exempt from all Federal income taxes under existing law. A separate Indenture is entered into each time a new series of Applicant is created and the bonds to comprise its portfolio are deposited with the Trustee. Applicant states that with respect to each series the Sponsor obtains a portfolio insurance policy protecting the bonds therein against default in the payment of principal and interest. In certain series, there have been or may be a bond or bonds which have been separately insured by the issuer thereof.

Applicant proposes to offer the right to participate in the ARO Plan to certificate holders of record in each of its series who have selected the semi-annual plan of distribution. Applicant states that its

certificate holders will be able to join the ARO Plan at any time by delivering to the Applicant's Trustee an Authorization Form. Likewise, a participant may withdraw at any time upon written notice to the Trustee. To assist in withdrawals, the Trustee intends to establish a toll free telephone number. However, if notification of withdrawal has not been given to the Trustee prior to a particular semi-annual distribution date, the participant will be deemed to have elected to participate in the ARO Plan with respect to that particular distribution, and his withdrawal will become effective for the next succeeding distribution. Each participant will have his interest and principal distributions reinvested on the corresponding distribution date in the appropriate Reinvestment Series of the Applicant. Applicant represents that it intends to see to it that each Reinvestment Series will be declared effective by the Commission in sufficient time to allow distribution to Plan participants of final prospectuses relating to such Reinvestment Series. As presently contemplated, it is intended that each Reinvestment Series will become effective on or about each semi-annual record date for determining who is eligible to receive distributions on the related Distribution Date. Applicant states that if a Reinvestment Series has not been declared effective in such sufficient time, the ARO Plan will be suspended with respect to that series and recommenced with the next succeeding series. In such a case, a participant would receive his normal cash distribution. Applicant represents that no fractional units will be purchased under the ARO Plan and any excess cash from each distribution not utilized to purchase full units will be distributed to the respective Plan participants.

In order that distributions may be reinvested on the next succeeding Distribution Date, the Authorization Form must be received by the Trustee no later than the 15th day of the month preceding such Distribution Date. Any Authorization Form received after such date will result in the commencement of reinvestment on the second Distribution Date thereafter. Once delivered to the Trustee, an Authorization Form will, except in the following instance, constitute a valid election to participate in the Plan for each subsequent distribution as long as the certificateholder continues to participate in the Plan. If there should be a material change in the policies of the Applicant which adversely affect certificateholders or ARO Plan participants, the authorization will be voided and participants will be provided both a notice of the policy change and a new Authorization Form which must be returned to the Trustee before the certificateholder will again be able to participate in the Plan.

Unless a certificate holder notifies the Trustee in writing to the contrary, any certificateholder who has acquired units through the ARO Plan will be deemed

to have elected the semi-annual plan of distribution and to participate in the ARO Plan with respect to distributions made in connection with units so purchased under the ARO Plan. A certificateholder may withdraw from the ARO Plan with respect to distributions related to units purchased under the ARO Plan, and remain in the Plan with respect to units acquired other than through the Plan. All such distributions made with respect to units purchased under the Plan will be accumulated with distributions generated from the units of the series of the Applicant used to purchase such additional ARO Plan units, but no distributions generated from units of other series of the Applicant will be accumulated with the foregoing distributions for ARO Plan purchases. Thus, if a person owns units in more than one series of the Applicant (which are not the result of purchases under the ARO Plan), distributions with respect thereto will not be aggregated for purchases under the ARO Plan. Any funds not utilized to purchase full units in the Reinvestment Series will be automatically distributed by the Trustee on the Distribution Date. Confirmations of sales relating to units purchased under the ARO Plan and certificates relating thereto will be provided in the normal course of business. Both the Sponsor and the Trustee reserve the right to suspend, modify or terminate the Plan at any time. All participants will receive notice of any such suspension, modification or termination.

Units of each existing series of the Applicant have been offered at a public offering price of approximately \$1,050 per unit plus accrued interest. However, it is the Sponsor's intention to increase the authorized number of units in future series of the Applicant (including each Reinvestment Series) so that units will be offered at a price of approximately \$105 per unit plus accrued interest. It is, however, also the Sponsor's intention to require purchase of at least 10 units during the primary distribution of units (As opposed to secondary transactions in which there will be no minimum) by all investors except those purchasing units under the ARO Plan (in which there is no minimum). The purpose of this change is to insure that the current minimum purchase is retained for purchases in the primary distribution but at the same time to permit maximum use of distributions for the purchase of additional units through the reinvestment program.

Applicant proposes to offer Reinvestment Series units under the ARO Plan at a price reflecting a sales charge of 3½ percent of the underlying net asset value of the bonds in such series rather than the customary 4½ percent sales charge which applies to all primary and secondary sales of units in the various series of Applicant (including primary and secondary sales of Reinvestment Series units other than through the ARO Plan).

Section 22(d) of the Act provides, in pertinent part, that no registered investment company shall sell any redeemable

security issued by it except to or through a principal underwriter for distribution or at a current public offering price described in the prospectus, and, if such class of security is being currently offered to the public by or through an underwriter, no principal underwriter of such security and no dealer shall sell any such security to any person, except a dealer, a principal underwriter or the issuer, except at a current public offering price described in the prospectus. Rule 22d-1 permits certain variations in sales load, none of which it is alleged are applicable to the proposed ARO Plan.

In support of its request, Applicant asserts that applying a sales charge, of less than the customary 4½ percent charge in the case of ARO Plan purchases is both beneficial to ARO Plan participants, and also warranted in light of the related cost savings. Applicant states that approximately 3½ percent of the customary 4½ percent sales charge is attributable to brokerage efforts to make the initial customer solicitation, to ascertain the customer's financial requirements and to counsel him on the Applicant's specific product. Applicant represents that each Reinvestment Series will be substantially similar to the series of the Applicant into which the ARO Plan participant originally purchased with the exception of the make-up of the bond portfolio and certain portfolio related information. Consequently, the support for that portion of the sales charge attributable to counselling the participant on the Applicant's product is reduced, as is the selling effect relating to initial solicitations. It is the Applicant's belief that cost savings related thereto should be passed on to ARO Plan participants.

However, with respect to any particular Reinvestment Series, Applicant believes a participant may seek professional advice, and, thus, a reduced sales charge for such financial services is warranted. It is the Applicant's belief that a charge of 1½ percent of the net asset value of the underlying bonds in each Reinvestment Series (or assuming a net asset value of approximately \$100 per unit, a sales charge of \$1.50 per unit) is a reasonable and justifiable expense to be allocated to the soliciting broker for his professional assistance in connection with each Reinvestment Series.

Applicant further asserts that implementation and continuation of the ARO Plan will create special out-of-pocket costs which should properly be borne by the Plan participants. It is the Sponsor's belief that the special out-of-pocket expenses related to the Plan (including such items as (a) maintaining Trustee records on participants, (b) mailing, shipping and miscellaneous delivery charges, (c) maintaining a toll free telephone number with knowledgeable operators, and (d) separate printing charges) will amount to \$1 per unit (assuming the above net asset value, 1 percent of such value). Finally, prior experience indicates that the normal out-of-pocket costs for establishing each series of the Applicant approximate 1 percent of the under-

lying asset value of the Applicant's portfolio. Applicant represents that all such costs will be covered in the proposed 3½ percent sales charge. Thus, Applicant concludes that the proposed 3½ percent sales charge for ARO Plan purchases not only passes through certain cost savings to ARO Plan participants but also charges such persons for reasonable expenses related to the creation of the ARO Plan, and for fees relating to periodic, professional, financial advice.

Section 6(c) of the Act provides, in pertinent part, that the Commission may, upon application, conditionally or unconditionally, exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions from any provision of the Act or of any rule or regulation under the Act, if and to the extent such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purpose fairly intended by the policy and provisions of the Act.

Notice is further given that any interested person may, not later than May 23, 1977, at 5:30 p.m. submit to the Commission in writing a request for a hearing on the application accompanied by a statement as to the nature of his interest, the reasons for such request, and the issues, if any, of fact or law proposed to be controverted, or he may request that he be notified if the Commission shall order a hearing thereon. Any such communication should be addressed: Secretary, Securities and Exchange Commission, Washington, D.C. 20549. A copy of such request shall be served personally or by mail upon Applicant at the address stated above. Proof of such service (by affidavit, or in the case of an attorney-at-law by certificate) shall be filed contemporaneously with the request. As provided by Rule O-5 of the rules and regulations promulgated under the Act, an order disposing of the application herein will be issued as of course following said date unless the Commission thereafter orders a hearing, upon request or upon the Commission's own motion. Persons who request a hearing, or advice as to whether a hearing is ordered, will receive any notices and orders issued in this matter, including the date of the hearing (if ordered) and any postponements thereof.

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

GEORGE A. FITZSIMMONS,
Secretary.

[FR Doc. 77-13396 Filed 5-10-77; 8:45 am]

[File No. 81-253]

ITEL COMPUTER DIMENSIONS, INC.
Application and Opportunity for Hearing
APRIL 21, 1977.

Notice is hereby given that ITEL Computer Dimensions, Inc. ("Applicant") (formerly known as Computer Dimensions, Inc.) has filed an application pursuant to section 12(h) of the Securities Exchange Act of 1934, as amended ("1934

Act") for exemption from filing a Form 10-K required by section 15(d) of that Act.

Section 15(d) provides that each issuer who has filed a registration statement which has become effective pursuant to the Securities Act of 1933, as amended, shall file with the Commission, in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors, such supplementary and periodic information, documents, and reports as may be required pursuant to section 13 of the 1934 Act in respect of a security registered pursuant to section 12 of the 1934 Act.

Section 12(h) empowers the Commission to exempt, in whole or in part, any issuer or class of issuers from the provisions of section 15(d) if the Commission finds, by reason of the number of public investors, amount of trading interest in the securities, the nature and extent of the activities of the issuer, or otherwise, that such exemption is not inconsistent with the public interest or the protection of investors.

The Application states, in part:

1. Applicant is a Delaware corporation subject to the reporting provisions of section 15(d) of the 1934 Act.

2. On December 14, 1976, Applicant became a wholly-owned Delaware subsidiary of ITEL Corporation. The common stock of ITEL Corporation is listed in the New York Stock Exchange and registered pursuant to Section 12(b) of the 1934 Act.

In the absence of an exemption, the Applicant would be required to file a report on Form 10-K for its fiscal year ending December 31, 1976.

The Applicant states that no useful purpose would be served in filing said report because ITEL Corporation now owns all of the Applicant's outstanding stock and its common stock is no longer publicly traded.

For a more detailed statement of the information presented, all persons are referred to said application which is on file in the office of the Commission at 500 North Capitol Street NW., Washington, D.C. 20549.

Notice is further given that any interested person not later than May 16, 1977, may submit to the Commission in writing his views on any substantial facts bearing on the application or the desirability of a hearing thereon. Any such communication or request should be addressed: Secretary, Securities and Exchange Commission, 500 North Capitol Street NW., Washington, D.C. 20549, and should state briefly the nature of the interest of the person submitting such information or requesting the hearing, the reason for such request, and the issues of fact and law raised by the application which he desires to controvert.

Persons who request a hearing or advice as to whether a hearing is ordered will receive any notices and orders issued in this matter, including the date of the hearing (if ordered) and any postponements thereof. At any time after said date, an order granting the application

may be issued upon request or upon the Commission's own motion.

By the Commission.

GEORGE A. FITZSIMMONS,
Secretary.

[FR Doc.77-13397 Filed 5-10-77;8:45 am]

[File Nos. 7-4936-7-4937]

KUBOTA, LTD. AND OAK INDUSTRIES, INC.

Applications for Unlisted Trading Privileges and of Opportunity for Hearing

APRIL 22, 1977.

In the matter of applications of the Philadelphia Stock Exchange for unlisted trading privileges in certain securities, Securities Exchange Act of 1934.

The above-named national securities exchange has filed applications with the Securities and Exchange Commission pursuant to section 12(f)(1)(B) of the Securities Exchange Act of 1934 and Rule 12f-1 thereunder, for unlisted trading privileges in the securities of the companies as set forth below, which securities are listed and registered on one or more other national securities exchanges:

Kubota, Ltd., American Depository Receipts, 50 Yen Par Value (each American Depository Receipt represents 20 common shares), File No. 7-4936.

Oak Industries, Inc., Common Stock, \$1 Par Value, File No. 7-4937.

Upon receipt of a request, on or before May 6, 1977, from any interested person, the Commission will determine whether the application with respect to any of the companies named shall be set down for hearing. Any such request should state briefly the title of the security in which he is interested, the nature of the interest of the person making the request, and the position he proposes to take at the hearing, if ordered. In addition, any interested person may submit his views or any additional facts bearing on any of the said applications by means of a letter addressed to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549 not later than the date specified. If no one requests a hearing with respect to any particular application, such application will be determined by order of the Commission on the basis of the facts stated therein and other information contained in the official files of the Commission pertaining thereto.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

GEORGE A. FITZSIMMONS,
Secretary.

[FR Doc.77-13402 Filed 5-10-77;8:45 am]

[Release No. 13470; SR-MSE-77-5]

MIDWEST STOCK EXCHANGE, INC.

Order Approving Proposed Rule Change

APRIL 26, 1977.

On March 7, 1977, the Midwest Stock Exchange, Incorporated ("MSE"), 120

South LaSalle Street, Chicago, Illinois 60603, filed with the Commission, pursuant to section 19(b) of the Securities Exchange Act of 1934 (the "Act"), as amended by the Securities Acts Amendments of 1975, and Rule 19b-4 thereunder, copies of a proposed rule change to remove the requirement that one of the sponsors of an applicant for membership be a member.

Notice of the proposed rule change together with the terms of substance of the proposed rule change was given by publication of a Commission Release (Securities Exchange Act Release No. 13357 (March 11, 1977)) and by publication in the FEDERAL REGISTER (42 FR 15389 (March 21, 1977)).

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to national securities exchange, and in particular, the requirements of section 6 and the rules and regulations thereunder.

It is therefore ordered, Pursuant to section 19(b)(2) of the Act, that the proposed rule change filed with the Commission on March 7, 1977, be, and it hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.

GEORGE A. FITZSIMMONS,
Secretary.

[FR Doc.77-13398 Filed 5-10-77;8:45 am]

[Release No. 19998; 70-5750]

NEW ENGLAND ELECTRIC SYSTEM

Proposed Extension of Bank Borrowing and Increase in Amount Authorized

APRIL 26, 1977.

Notice is hereby given that New England Electric System ("NEES"), 20 Turnpike Road, Westborough, Massachusetts 01581, a registered holding company, has filed with this Commission post-effective amendments to its application-declaration previously filed and amended in this matter, pursuant to the Public Utility Holding Company Act of 1935 ("Act"), designating sections 6(a) and 7 of the Act and Rules 42(b)(2) and 50(a)(2) promulgated thereunder as applicable to the proposed transaction. All interested persons are referred to the application-declaration, as further amended by said post-effective amendments, which is summarized below, for a complete statement of the proposed transaction.

By order dated December 1, 1975 (HCAR No. 19272), issued in this proceeding, NEES was authorized to issue or renew notes of a maturity less than one year evidencing short-term bank borrowings provided that the aggregate principal amount of such notes outstanding at any one time should not exceed \$25,000,000. Said authorization is to terminate upon completion of NEES's next common share issue, or on May 31, 1977, whichever first occurs.

By post-effective amendments filed in this proceeding it is now proposed that (1) the borrowing authority be extended

until December 31, 1978, and (ii) the authorized amount of borrowing be increased from \$25,000,000 to \$52,500,000, subject to a reduction back to \$25,000,000 as indicated below.

NEES has outstanding \$27,500,000 principal amount of 3 1/4 percent Debentures which mature for payment on June 1, 1977. The indenture requires NEES to deposit cash for such payment with the trustee one day prior to the maturity date. NEES has negotiated a loan from John Hancock Mutual Life Insurance Company ("Hancock") in the amount of \$27,500,000, which loan is the subject of a separate proceeding (File No. 70-6002). Under the terms of the proposed loan NEES will issue a note and receive the proceeds on or before May 31, 1977. It is stated that in order to provide for the contingency that the Hancock loan is not consummated by May 31, 1977, it is necessary for NEES to have authority to issue additional short-term notes to banks in the amount of \$27,500,000.

Such additional borrowing authority would terminate if the necessary funds are obtained from Hancock prior to May 31, 1977. If it should become necessary to use the proceeds from additional borrowings to pay the Debentures at maturity, such additional borrowings would be repaid upon receipt of the proceeds from the Hancock loan, and the borrowing authority would be reduced to \$25,000,000. In the event the Hancock loan were for any reason not consummated, NEES proposes to negotiate a similar transaction with another institutional lender and use the proceeds to repay the additional borrowings, following which the borrowing authority would be reduced to \$25,000,000.

Although no formal commitments have been made, NEES expects such borrowings will be effected from among the following banks:

| Name of Bank: | Amount |
|---|------------|
| Bank of America, North America Division, New York, N.Y. | \$500,000 |
| Brown Brothers, Harriman & Co., Boston, Mass. | 500,000 |
| Continental Illinois National Bank & Trust Co., Chicago, Ill. | 10,000,000 |
| Chase Manhattan Bank, N.A., New York, N.Y. | 10,000,000 |
| Chemical Bank, New York, N.Y. | 500,000 |
| Citibank, N.A., New York, N.Y. | 10,000,000 |
| Irving Trust Company, New York, N.Y. | 10,000,000 |
| Manufacturers Hanover Trust, New York, N.Y. | 500,000 |
| Morgan Guaranty Trust Co., New York, N.Y. | 10,000,000 |
| The First National Bank of Chicago, Chicago, Ill. | 500,000 |
| Total | 52,000,000 |

The amounts that NEES may borrow from a particular bank may be increased or decreased, but at no time will the aggregate amount of short-term borrowings from all banks exceed the authorization requested.

NEES expects to have a common share issue in the latter half of 1977. It is pro-

posed that the short-term borrowing authority extend beyond the date of such common share issue to December 31, 1978. The proceeds from the sale of notes will be made available to subsidiaries, particularly (1) New England Power Company through the purchase of additional shares of its common capital stock and/or capital contributions for its construction program or to provide for other capitalizable expenditures, and (2) New England Energy Incorporated in furtherance of its exploration for, and development and production of, fuel used in the NEES System.

It is stated that no state commission and no federal commission, other than this Commission, has jurisdiction over the proposed transaction. It is further stated that there will be no fees or expenses incurred in connection with the proposed transaction.

Notice is further given that any interested person may, not later than May 20, 1977, request in writing that a hearing be held on such matter, stating the nature of his interest, the reasons for such request, and the issues of fact or law raised by said application-declaration, as further amended by said post-effective amendments, which he desires to controvert; or he may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, Washington, D.C. 20549. A copy of such request should be served personally or by mail upon the applicant-declarant at the above-stated address, and proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. At any time after said date, the application-declaration, as further amended by said post-effective amendments, or as it may be further amended, may be granted and permitted to become effective as provided in Rule 23 of the general rules and regulation promulgated under the Act, or the Commission may grant exemption from such rules as provided in Rules 20(a) and 100 thereof or take such other action as it may deem appropriate. Persons who request a hearing or advice as to whether a hearing is ordered will receive any notices and orders issued in this matter, including the date of the hearing (if ordered) and any postponement thereof.

For the Commission, by the Division of Corporate Regulation, pursuant to delegated authority.

GEORGE A. FITZSIMMONS,
Secretary.

[FR Doc. 77-13385 Filed 5-10-77; 8:45 am]

[Release No. 34-13499; File No. SR-NYSE-77-15]

NEW YORK STOCK EXCHANGE Proposed Policy Change

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, 15 U.S.C. 78s(b)(1), as amended by Pub. L. No. 94-29, 16 (June 4, 1975), notice is hereby given that on May 1, 1977, the

above-mentioned self-regulatory organization filed with the Securities and Exchange Commission a proposed rule change as follows:

TEXT OF PROPOSED POLICY CHANGE

(a) The Board of Directors of the New York Stock Exchange, Inc. (the "Exchange") proposes to amend the Exchange's policy on the form of a Single Denomination Stock Certificate (as set forth in the "NYSE Company Manual" on pp. A-227-228) as follows:

NEW LANGUAGE ITALICIZED

SINGLE DENOMINATION STOCK CERTIFICATE

A single denomination stock certificate with punch panel or without punch panel may be utilized in accordance with the following provisions:

With Punch Panel: All engraving requirements of the conventional certificate must be followed with the exception of the corner piece. The corner piece, which denotes the limitation a certificate may represent, is not required when an engraved punch panel appears on the certificate.

Without Punch Panel: The single denomination stock certificate without punch panel calls for additional and special engraving requirements and certificate imprints which must be adhered to without exception. They are as follows:

1. The share and number counters and the open throat area, used for stockholder addressing and indicating the issuance of shares in numerical and alpha numerical form, must bear fine line intaglio engraving. (The fine line intaglio engraving is spaced so as to create clearly discernible parallel lines. If these parallel lines are erased or broken, they are extremely obvious to the unaided eye and reconstruction is virtually impossible.)

2. A penetrating ink ribbon must be used in addressing certificates and imprinting the number of shares in numerical and alpha numerical form. (The penetrating ink ribbon must have the capacity of actually penetrating the fabric of the certificate.)

3. As an additional preventative to raising the number of shares represented by a certificate, a matrix (see example) must be added in the open throat area indicating the number of shares in five different positions.

Matrix Example

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*100,000*****
**100,000****
***100,000***
****100,000**
*****100,000*
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Or

The share amount may be macerated provided that the ink penetrates the fabric of the certificate and the maceration cuts the fabric similar to a check writer and is preceded and followed by a macerated character of sufficient size to protect against possible alteration (see example). Further, the maceration must be applied over the fine line intaglio en-