Borrowings from Southern will have maturities not to exceed ten years and will accrue interest at a rate equal to the average effective interest cost of Southern's outstanding obligations for borrowed money on the first day of each month, or if no obligations are outstanding at the time, at a rate equal to the weekly average of the thirty-day certificate of deposit rate (secondary market) as reported in the Federal Reserve statistical release H.15 (519) for the next to the last complete business week of the preceding calendar month. However, this rate will not exceed the prime rate in effect at a nationally recognized bank to be designated by Southern. Loans obtained from lenders other than Southern will have maturities not to exceed ten years and will accrue interest at a rate not to exceed the prime rate plus 2% for variable rate loans and the prime rate at the time of borrowing plus 3% for fixed rate loans. Such loans may be secured or unsecured and may be guaranteed by Southern.

Southern proposes through March 31, 1998, to make up to \$5 million in open account advances to Southern Nuclear from time to time, which, at the option of Southern, may be converted into capital contributions or additional shares of common stock of Southern Nuclear. To the extent any such advances are converted to equity, the borrowing authority sought herein shall be reduced by the amount of the advances so converted, so that the total capitalization of Southern Nuclear does not exceed \$11.6 million (including its present common equity of \$1.6 million). The rate of return on Southern Nuclear's common equity capital will not exceed the average of the most recent rates of return allowed by the Alabama Public Service Commission and the Georgia Public Service Commission.

Southern Nuclear states that the funds will be used by Southern Nuclear in connection with its working capital needs, including the purchase of equipment and office furniture, leasehold improvements and loans to employees for purposes such as residential energy programs, purchases of computers and employee transfer expenses.

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

Margaret H. McFarland,

Deputy Secretary.

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Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 to Proposed Rule Change by Chicago Stock Exchange, Incorporated Relating to Reporting and Disclosure Requirements

February 17, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on February 8, 1995, the Chicago Stock Exchange, Inc. ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change, and on February 16, 1995, filed Amendment No. 1 to the proposed rule change, 1 as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. 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 CHX, pursuant to Rule 19b-4 of the Securities Exchange Act of 1934 ("Act"), proposes to (1) amend Article VI, Rule 5 and add an interpretation thereto to require that members and member organizations maintain written procedures to ensure compliance with the securities laws (and SEC regulations promulgated thereunder) and the Rules of Exchange; (2) amend Article XI Rule 4 to provide the Exchange with the authority to require that a member or member organization have an accounting firm audit its books and to clarify that all members and member organizations are required to comply with the disclosure requirements of Rule 17a-5; and (3) add Article XI, Rule 9 to require that floor brokers who do not clear their own trades procure a letter of guarantee prior to trading.

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 self-regulatory organization 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 placed specified in Item IV below. The self-regulatory organization 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 CHX has two purposes for amending Article VI, Rule 5 to require that members and member organizations maintain written supervisory procedures: (1) Requiring written procedures allows the CHX to more easily verify the existence of procedures; and (2) such a requirement facilitates the CHX's verification of the content of the procedures. The visibility of such written procedures will remind members and member organizations of their obligations to comply with the securities laws, SEC rules, and the Exchange's rules, thus enhancing compliance.

The CHX's purpose for adding Article XI, Rule 4(c) thereto is to clarify that all CHX members and member organizations are required to file monthly and quarterly Focus Reports with the CHX in accordance with SEC Rule 17a–5 unless the member or member organization is exempt.

The CHX's purpose for adding Article XI, Rule 9 is to enhance the safety and soundness of the clearing system by ensuring that Floor Brokers have sufficient financial resources to stand behind their trades. As a result, fewer disruptions due to the financial distress of a floor broker are likely to occur. The reliability of the clearing system is thus augmented.

2. Statutory Basis

The proposed rule changes are consistent with Sections 6(b)(1) and 6(b)(5) of the Act in that the proposed rule changes will aid the Exchange in enforcing compliance by its members and member organizations with the securities laws and the Exchange's rules as well as aiding in preventing fraudulent or manipulative acts in the clearing of trades.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

¹ Amendment No. 1 made non-substantive, clarifying changes to the proposal. *See* Letter from Jay O. Wright, Esq., Foley & Lardner, to Elisa Metzger, Senior Counsel, SEC, dated February 14, 1995.