wholly owned subsidiary company of Central and South West Corporation, a registered holding company, have filed an application-declaration under sections 6(a), 7, 9(a), 10 and 12(d) of the Act and rule 44 thereunder.

Applicants propose, through December 31, 1999, to: (i) incur obligations in connection with the proposed issuance by Red River Authority of Texas (''Red River'') of up to $113.3 million aggregate principal amount of pollution control revenue bonds (''New Bonds'') in one or more series; (ii) obtain credit enhancement for the New Bonds, with could include bond insurance, a letter of credit or a liquidity facility;[1] (iii) issue first mortgage bonds (''First Mortgage Bonds'') as security for the payment of the New Bonds; (iv) deviate from the Commission's Statement of Policy Regarding First Mortgage Bonds (''Statement of Policy'');[2] and (v) use hedging products to manage interest rate risk or lower their interest rate costs.

Of the total aggregate principal amount of New Bonds to be issued, (i) up to $63.3 million aggregate principal amount may be pollution control revenue refunding bonds (''Refunding Bonds''), and (ii) up to $50 million aggregate principal amount may be new money revenue bonds (''New Money Bonds''). The issuance of New Money Bonds may be combined with the issuance of Refunding Bonds.

The Refunding Bonds will be used to reacquire all or a portion of $63.3 million of outstanding 7⅞ Pollution Control Revenue Bonds Series 1984 issued by Red River (''Old Bonds'').[3] The New Bonds will be used to reimburse the Applicants' treasuries for any expenditures made that qualify for tax-exempt financing or for current solid waste expenditures.

Applicants and Red River entered into an installment sale agreement (''Sale Agreement'') to provide for the issuance of the Old Bonds. The proceeds from the Old Bonds were used to acquire, construct and improve certain air and water pollution control and solid waste disposal facilities at the Oklaunion Electric Generating Plant, located near Vernon, Texas, in which CPL, PSO and WTU own 7.8%, 15.6% and 54.7% undivided interests, respectively. In connection with the issuance of the New Bonds, Applicants will (i) amend or supplement the Sale Agreement, (ii) enter into an agreement with substantially the same terms as the Sale Agreement and/or (iii) enter into a new installment sale agreement.

The New Bonds will bear interest at a fixed or floating rate, may or may not be secured with First Mortgage Bonds and will mature in not more than forty years. The interest rate, redemption provisions and other terms and conditions applicable to the New Bonds will be determined by negotiations between the Applicants and one or more investment banking firms or other entities that will purchase or underwrite the New Bonds (''Purchasers''). It is anticipated that: (i) the New Bonds will be redeemable at any time in whole at the option of the Applicants at the principal amount thereof plus accrued interest, upon the occurrence of various extraordinary events specified in the Amended Sale Agreement; (ii) the New Bonds will be subject to optional redemption in whole or in part at times and with premiums to be determined by negotiations between the Applicants and the Purchasers; and (iii) the New Bonds will be subject to special mandatory redemption, in whole or in part, at the principal amount thereof plus accrued interest, in the event the interest on the New Bonds becomes subject to federal income tax.

Pursuant to the Sale Agreement, Applicants transferred the Facilities to Red River, which financed the acquisitions and related costs thereof with the proceeds of the Old Bonds. The Sale Agreement contains commitments by the Applicants to pay to Red River at specified times amounts sufficient to enable Red River to pay debt service on the Old Bonds, including principal, interest and redemption premium, if any.

Applicants also request authority to issue First Mortgage Bonds as security for the payment of the New Bonds, at its option, depending upon market conditions at the time of issuance of the New Bonds. The First Mortgage Bonds will be held by the Trustee solely for the benefit of the holders of the New Bonds and will not be transferable except to a successor Trustee. The First Mortgage Bonds will be issued in the exact amounts and have substantially the same terms as the New Bonds.

Applicants also state that the First Mortgage Bonds and the New Bonds may include: (i) up to a 15 year optional redemption limitation; (ii) an omission of sinking fund provisions; and (iii) a limitation on dividends to a percentage of net income available for dividends on common stock if the Applicant's common stock equity is not maintained at a certain percentage of total capitalization. Applicants request that the Commission authorize these deviations from the Statement of Policy.

The proceeds of the offering of the New Bonds will be used to: (i) redeem the Old Bonds pursuant to the terms of the Indenture; and (ii) reimburse the Applicant's treasuries for any expenditures made that qualify for tax-exempt financing or to provide for current solid waste expenditures. The proceeds of any offering may also be used to reimburse the Applicants' treasuries for Old Bonds previously acquired.

Applicants may be required to deposit the proceeds of the New Bonds with the Trustee in connection with the Redemption of the Old Bonds. Any additional funds required to pay for the redemption of Old Bonds and the costs of issuance of the New Bonds will be provided by the Applicants from internally generated funds and short-term borrowings pursuant to orders of the Commission dated March 31, 1993, September 28, 1993, March 18, 1994, June 15, 1994 and March 21, 1995 (HCAR Nos. 25777, 25897, 26007, 26066 and 26254, respectively), or subsequent orders.

Applicants propose to manage interest rate risk and/or lower their interest costs through the use of hedging products, including fixed-for-floating interest rate swaps, forward swaps (i.e., where a swap agreement is entered into but the exchange of fixed and floating payments does not begin until a future date, which is generally the call date on outstanding bonds), caps and collars and through forward transactions. Applicants also request authorization to enter into revenue (or offsetting) interest rate swap arrangements, or other contractual arrangements, in order to limit the impact of anticipated movements in interest rates or offset the effect of existing interest rate swap agreements.

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

Margaret H. McFarland,

Deputy Secretary.

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[1] Applicants anticipate that they would be required to pay a premium or fee to obtain the credit enhancement.

[2] HCAR No. 13105, as supplemented by HCAR No. 16369.

[3] The Old Bonds may not be redeemed prior to their first redemption date and thereafter may be redeemed at the then applicable redemption price plus accrued interest to the redemption date. The Old Bonds will be redeemable on September 15, 1996 at 103% of principal amount.

[Release No. 34–37288; File No. SR–Amex–96–16]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the American Stock Exchange, Inc. Relating to Amendments to Rule 170 Pertaining to Specialists' Liquidating Transactions

June 7, 1996.

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 April 30, 1996, the American Stock Exchange, Inc. (''Amex'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II 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 Amex requests permanent approval of a pilot program that amends Exchange Rule 170 to permit a specialist to effect a liquidating transaction on a zero minus tick, in the case of a ''long'' position, or zero plus tick, when covering a ''short'' position, without Floor Official approval.[3] The pilot program also amends Exchange Rule 170 to set forth the affirmative action that specialists are required to take subsequent to effecting various types of liquidating transactions.

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 places specified in Item III 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.

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

[2] 17 CFR 240.19b–4.

[3] A zero plus tick is a price equal to the last sale where the last preceding transaction at a different price was at a lower price. Conversely, a zero minus tick is a price equal to the last sale where the last preceding transaction at a different price was at a higher price.

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

1. Purpose

On July 21, 1995, the Commission approved a one-year extension of a pilot program that amends Exchange Rule 170 to permit a specialist to effect a liquidating transaction on a zero minus tick, in the case of a ''long'' position, or a zero plus tick, when covering a ''short'' position, without Floor Official approval.[4] The amendments also set forth the affirmative action that specialists are required to take subsequent to effecting various types of liquidating transactions.

During the course of the pilot program, the Exchange has monitored compliance with the requirements of the Rule, and the Amex's findings in this regard have been forwarded to the Commission under separate cover. The Exchange believes the amendments have provided specialists with flexibility in liquidating specialty stock positions in order to facilitate their ability to maintain fair and orderly markets, particularly during unusual market conditions. In addition, the specialist's concomitant obligation to participate as dealer on the opposite side of the market after a liquidating transaction has been strengthened. The Exchange is therefore proposing approval of the amendments to Exchange Rule 170.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act[5] in general and furthers the objectives of Section 6(b)(5)[6] in particular in that it is designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market, and, in general, protect investors and the public interest. The proposed rule change also is consistent with Section 11(b) of the Act[7] which allows exchanges to promulgate rules relating to specialists in order to maintain fair and orderly markets.

[4] Securities Exchange Act Release No. 36014 (July 21, 1995), 60 FR 38870. The Commission originally approved the pilot program in Securities Exchange Act Release No. 33957 (Apr. 22, 1994), 59 FR 22188 (''1994 Approval Order''). On April 21, 1995, the Commission granted a three month extension to the pilot program, ending on July 21, 1995. Securities Exchange Act Release No. 35635 (Apr. 21, 1995), 60 FR 20780.

[5] 15 U.S.C. 78f.

[6] 15 U.S.C. 78f(b)(5).

[7] 15 U.S.C. 78k(b).

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

The proposed rule change will impose no burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. § 552, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street NW., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of the Amex. All submissions should refer to File No. SR–Amex–96–16 and should be submitted by July 5, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[8]

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34–37294; File No. SR–MBSCC–96–01]

Self-Regulatory Organizations; MBS Clearing Corporation; Notice of Filing of a Proposed Rule Change To Modify Participants Fund Deposit Requirements

June 10, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on March 8, 1996, MBS Clearing

[8] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1) (1988).