Eastern Common Stock is traded on the New York Stock Exchange, the Boston Stock Exchange and the Pacific Exchange. Based on reported closing price for Eastern Common Stock on the New York Stock Exchange and the number of shares of Colonial common stock outstanding on December 22, 1998, the Eastern Common Stock to be issued would have a market value of approximately $184 million and would constitute approximately 16.4% of Eastern's outstanding Common Stock.

Eastern requests an order granting it and all of its subsidiaries as such an exemption under section 3(a)(1) of the Act following the Transaction. Eastern states that it will continue to satisfy the requirements for exemption because it and each of its public utility subsidiaries currently are and will continue to be predominately intrastate in character and will continue to carry on their businesses substantially in Massachusetts, the state in which each is organized.

Consolidated Natural Gas Company, et al. (70–9321)

Consolidated Natural Gas Company (''CNG''), CNG Tower, 625 Liberty Avenue, Pittsburgh, Pennsylvania 15222–3199, a registered holding company, and its nonutility subsidiary, CNG International Corporation (''CNG International''), Two Fountain Square, Suite 600, 11921 Freedom Drive, Reston, Virginia 20190–5608, have filed an application-declaration under sections 6(a)(2), 7, 9(a), 10, and 12(b) of the Act and rules 45 and 54 under the Act.

CNG and CNG International or any of CNG International's direct subsidiaries request authority, through December 31, 2003, to invest up to $750 million to acquire in areas outside the United States interests in entities other than foreign utility companies (''FUCOs'') or exempt wholesale generators (''EWGs'') engaged in activities permitted under section 2(a) of the Gas Related Activities Act of 1990 (''GRAA'') and activities under section 2(b) of the GRAA and approved by order of the Commission under sections 9(a) and 10 of the Act (''Gas Related Activities''). In addition, CNG and CNG International request authority, through December 31, 2003, for CNG International and its subsidiaries to make investments in entities organized to participate in activities involving the transportation or storage of natural gas within the meaning of section 2(a) of the GRAA without any additional prior case-by-case approval of the Commission.

CNG and CNG International also propose, through December 31, 2003, to enter into guarantees and provide other credit support for obligations of CNG International or its subsidiaries. Credit support may be in the form of a guarantee of payment of a subsidiary capital contribution obligation or of a debt obligation issued by a subsidiary. Fixed income securities being guaranteed would not have a maturity in excess of 50 years, nor an effective cost of money in excess of 500 basis points over 30 year term U.S. Treasury securities. Any fees, commissions, penalties and expenses would not exceed fair, reasonable and customary fees, commissions, penalties and expenses comparable to those incurred at arms-length in similar transactions by similar companies in the relevant securities markets. The maximum aggregate limit on the credit support with respect to EWGs and FUCOs will be an amount equal to 50% of CNG's consolidated retained earnings, less the amount of guarantees and credit support previously given and outstanding on behalf of investments in EWGs and FUCOs. The maximum aggregate limit on all credit support for foreign Gas Related Activities will be $750 million at any one time outstanding.

As one source of financing for the proposed investments, CNG International proposes to issue and sell shares of its common stock, $10,000 par value per share. CNG International presently has authorized capital of 30,000 shares of its common stock, of which 21,555 shares are issued and outstanding. In order to accommodate future financings, CNG International proposes to amend its certificate of incorporation to increase its common stock equity authorization to 200,000 shares.

In order to fund the proposed investments, CNG and CNG International and its subsidiaries propose to issue and sell securities. It is anticipated that most of these financings will be intra-system financings exempt under rule 52 under the Act. To the extent an issuance and sale of securities is not exempt under rule 52, CNG and CNG International and its subsidiaries propose to issue and sell securities to finance acquisitions of entities engaged in foreign Gas Related Activities. It is stated that the pricing of these securities, and the fees and expenses for their issuance and sale, will not exceed the price, fees, and expenses of securities issued by companies of comparable credit quality. It is also stated that the terms, conditions, and features of these securities will be similar to those securities issued by companies of comparable credit quality. CNG and CNG International request that jurisdiction over the issuance and sale of these securities be reserved, pending completion of the record.

Enova Corporation (70–9471)

Enova Corporation (''Enova''), 101 Ash Street, San Diego, California 92101, a public utility holding company exempt from registration under section 3(a)(1) of the Act by rule 2, has filed an application under section 3(a)(1) of the Act for an order exempting it from all provisions of the Act, except section 9(a)(2).

Enova is organized under the laws of the State of California. Its only public utility company subsidiary is San Diego Gas & Electric Company (''SDG&E''), a California public utility. SDG&E provides electric and natural gas service in San Diego County and surrounding areas. Enova and SDG&E are predominantly intrastate. The application states that 99% of SDG&E's utility revenues, including 100% of its retail natural gas revenues, are from utility operations within the State of California.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–7365 Filed 3–25–99; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 23746; 812–11524]

Todd Investment Advisors, Inc.; Notice of Application

March 22, 1999.

AGENCY: Securities and Exchange Commission (''SEC'').

ACTION: Notice of application for exemption under section 6(c) of the Investment Company Act of 1940 (the ''Act'') from section 15(a) of the Act.

SUMMARY OF APPLICATION: The requested order would permit the implementation, without prior shareholder approval, of a new investment sub-advisory agreement (''New Agreement'') for a period of not more than 150 days beginning on the later of the date on which the acquisition by Fort Washington Investment Advisors, Inc. (''Fort Washington'') of Todd Investment Advisors, Inc. (''Todd'') is consummated or the date on which the requested order is issued and continuing through the date the New Agreement is approved or disapproved by the shareholders (but in no event later than September 9, 1999)

(''Interim Period''). The order would also permit payment of all fees earned under the New Agreement during the Interim Period following shareholder approval.

FILING DATES: The application was filed on February 26, 1999. Applicant has agreed to file an amendment during the notice period, the substance of which is reflected in the notice.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on April 12, 1999, and should be accompanied by proof of service on applicant in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549–0609. Applicant, 3160 National City Tower, Louisville, Kentucky 40202.

FOR FURTHER INFORMATION CONTACT: Bruce R. MacNeil, Staff Attorney, at (202) 942–0634, or Nadya B. Roytblat, Assistant Director, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch, 450 Fifth Street, N.W., Washington, D.C. 20549–0102 (tel. no. (202) 942–8090).

Applicant's Representations

1. Todd is an investment adviser registered under the Investment Advisers Act of 1940 (''Advisers Act'') and is a wholly-owned subsidiary of Stifel Financial Corp. (''Stifel''). Todd serves as investment sub-adviser to American Fidelity Dual Strategy Fund, Inc. (''Fund'') and other institutional and individual clients. The Fund is an open-end management investment company registered under the Act. American Fidelity Assurance Company, an investment adviser registered under the Advisers Act, serves as the Fund's investment adviser (''Adviser''). Todd manages the assets of the Fund pursuant to an investment sub-advisory contract between Todd and the Adviser (''Existing Agreement'').

2. Fort Washington is an investment adviser registered under the Advisers Act, and is a wholly-owned subsidiary of The Western and Southern Life Insurance Company (''Western Southern''). On January 27, 1999, Fort Washington and Stifel entered into an agreement pursuant to which Stifel will sell all of Todd's outstanding voting securities to Fort Washington (the ''Transaction''). As a result of the consummation of the Transaction, Todd will become a wholly-owned subsidiary of Fort Washington. The Transaction is expected to be consummated on or about April 12, 1999 (the ''Closing Date''). Todd states that the Transaction will result in an assignment, and thus automatic termination, of the Existing Agreement.

3. Todd requests an exemption to permit (i) the implementation during the Interim Period, prior to obtaining shareholder approval, of the New Agreement between the Adviser and Todd, and (ii) Todd to receive from the Fund, upon approval of the Fund's shareholders, any and all fees payable under the New Agreement during the Interim Period. The requested exemption would cover the Interim Period of not more than 150 days beginning on the later of the Closing Date or the date the requested order is issued [1] and continuing through the date the New Agreement is approved or disapproved by the shareholders of the Fund (but in no event later than September 9, 1999). The New Agreement will contain terms and conditions identical to those of the Existing Agreement, except for the effective and termination dates.

4. On February 24, 1999 the Fund's Board of Directors (''Board'') met to consider and evaluate the New Agreement and to determine whether the terms of the New Agreement are in the best interests of the Fund and its shareholder. The Board, including a majority of the directors who are not ''interested persons'' within the meaning of section 2(a)(19) of the Act (''Independent Directors''), voted to approve the New Agreement and to recommend that the Fund's shareholders approve the New Agreement. Proxy materials for the shareholder meetings are expected to be mailed on or about April 5, 1999, and the shareholder meeting is scheduled to be held on or about June 14, 1999.

5. Todd proposes to enter into an escrow arrangement with an unaffiliated financial institution. The fees earned by Todd during the Interim Period under the New Agreement would be paid into an interest-bearing escrow account. The amounts in the escrow account (including any interest earned) will be paid (i) to Todd only if shareholders of the Fund approve the New Agreement, or (ii) to the Fund if the Interim Period has ended and shareholders have not approved the New Agreement. Before any such payment is made, the Fund's Board will be notified.

Applicant's Legal Analysis

1. Section 15(a) of the Act provides, in pertinent part, that it shall be unlawful for any person to serve or act as investment adviser of a registered investment company, except pursuant to a written contract that has been approved by the vote of a majority of the outstanding voting securities of the investment company. Section 15(a) further requires that the written contract provide for automatic termination in the event of its assignment. Section 2(a)(4) of the Act defines ''assignment'' to include any direct or indirect transfer of a controlling block of the assignor's outstanding voting securities by a security holder of the assignor. Section 2(a)(9) of the Act defines ''control'' as the power to exercise a controlling influence over the management or policies of a company, and beneficial ownership of more than 25% of the voting securities of a company is presumed under section 2(a)(9) to reflect control. Todd states that the Transaction will result in an assignment of the Existing Agreement and its automatic termination.

2. Rule 15a–4 under the Act provides, in pertinent part, that if an investment advisory contract with an investment company is terminated, the adviser may continue to serve for up to 120 days under a written contract that has not been approved by the investment company's shareholders, provided that: (i) the new contract is approved by the company's board of directors (including a majority of the non-interested directors); (ii) the compensation to be paid under the new contract does not exceed the compensation which would have been paid under the contract most recently approved by company's shareholders; and (iii) neither the adviser nor any controlling person of the adviser ''directly or indirectly

[1] Todd states that if the Closing Date precedes the issuance of the requested order, it will continue to serve as investment sub-adviser after the Closing Date (and prior to the issuance of the order) in a manner consistent with its fiduciary duty to continue to provide investment sub-advisory services to the Fund even though shareholder approval of the New Agreement has not yet been secured. Todd also states that the Fund may be required to pay, with respect to the period until the receipt of the order, no more than the actual out-of-pocket costs to Todd for providing sub-advisory services.

receives money or other benefit'' in connection with the assignment. Todd states that it may not rely on rule 15a–4 because of the benefits arising to Stifel, Todd's parent, in connection with the Transaction.

3. Section 6(c) provides that the SEC may exempt any person, security, or transaction from any provision of the Act, if and to the extent that the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the Act.

4. Todd states that the requested relief satisfies this standard. Todd asserts that the structure and timing of the Transaction were determined by Fort Washington and Stifel in response to a number of factors beyond the scope of the Act and substantially unrelated to the Fund and that the parties wish to consummate the Transaction as expeditiously as possible to permit Fort Washington and Todd to take advantage of new business opportunities and to implement other business plans unrelated to the Fund.

5. Todd represents that under the New Agreement, during the Interim Period, the scope and quality of services provided to the Fund will be at least equivalent to the scope and quality of the services it previously provided. Todd states that if any material change in its personnel occurs during the Interim Period, Todd will apprise and consult with the Board to ensure that the Board, including a majority of the Independent Directors, are satisfied that the scope and quality of the sub-advisory services provided to the Fund will not be diminished. Todd also states that the compensation payable to it under the New Agreement will be no greater than the compensation that would have been paid to Todd under the Existing Agreement.

Applicant's Conditions

Todd agrees as conditions to the issuance of the exemptive order requested by the application that:

1. The New Agreement that is in effect during the Interim Period will have the same terms and conditions as the Existing Agreement with the exception of its effective and termination dates.

2. Fees payable to Todd by the Fund during the Interim Period will be maintained in an interest bearing escrow account with an unaffiliated financial institution. The amount in the escrow account, including any interest earned, will be paid to (i) Todd only if the shareholders of the Fund approve the New Agreement by the end of the Interim Period; or (ii) the Fund if the shareholders of the Fund do not approve the New Agreement by the end of the Interim Period. Before any such payment is made, the Fund's Board will be notified.

3. The Fund will convene a meeting of the shareholders to vote on approval of the New Agreement on or before the 150th day following the termination of the Existing Agreement (but in no event later than September 9, 1999).

4. Todd, Stifel, Fort Washington and Western Southern will bear the costs of preparing and filing this application and the costs relating to the solicitation of shareholder approval of the Fund's shareholders necessitated by the Transaction.

5. Todd will take all appropriate actions to ensure that the scope and quality of the sub-advisory services provided to the Fund during the Interim Period will be at least equivalent, in the judgment of the Board, including a majority of the Independent Directors, to the scope and quality of service previously provided. If any material change in Todd's personnel occurs during the Interim Period, Todd will apprise and consult with the Board to ensure that the Board, including a majority of the Independent Directors, are satisfied that the scope and quality of the sub-advisory services provided to the Fund will not be diminished.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–7439 Filed 3–25–99; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–41195; File No. SR–NASD–98–26]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval to Amendment No. 6 to a Proposed Rule Change by the National Association of Securities Dealers, Inc. To Institute, on a Pilot Basis, New Primary Nasdaq Market Maker Standards for Nasdaq National Market Securities

March 19, 1999.

I. Introduction

On March 19, 1998, the National Association of Securities Dealers, Inc. (''NASD'' or ''Association''), through its wholly-owned subsidiary, The Nasdaq Stock Market, Inc. (''Nasdaq''), submitted to the Securities and Exchange Commission (''SEC'' or ''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Exchange Act'')[1] and Rule 19b–4 thereunder,[2] a proposed rule change to: (a) implement, on a pilot basis, new Primary Nasdaq Market Maker (''PMM'') standards for all Nasdaq National Market (''NMM'') securities; (b) extend the NASD's Short Sale Rule pilot until November 1, 1998; and (c) extend the suspension of existing PMM standards until May 1, 1998. On March 30, 1998, the Commission issued notice of the filing and approved, on an accelerated basis, the portions of the filing extending the NASD's Short Sale Rule pilot and the suspension of existing PMM standards.[3] The Short Sale Rule pilot and the suspension of existing PMM standards was subsequently extended until March 31, 1999.[4]

On March 19, 1999, Nasdaq proposed to (1) continue to suspend the current PMM standards until June 30, 1999, and (2) extend the NASD's Short Sale Rule pilot (including extending the amendment to the definition of ''legal'' short sale) until June 30, 1999.[5]

Background

Presently, NASD Rule 4612 provides that a member registered as a NASD market maker pursuant to NASD Rule 4611 may be deemed a PMM if that member meets certain threshold standards. The implementation of the SEC Order Handling Rules and what some perceive as a concurrent move toward a more order-driven, rather than a quote-driven, market raised questions about the continue relevance of those PMM standards. As a result, such standards were suspended beginning in early 1997.[6] Currently, all market makers are designated as PMMs.

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[1] 14 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Exchange Act Release No. 39819 (March 30, 1998) 63 FR 16841 (April 6, 1998).

[4] *See* Exchange Act Release No. 40485 (September 25, 1998) 63 FR 52780 (October 1, 1998).

[5] *See* letter from Robert E. Aber, Senior Vice President and General Counsel, Nasdaq, to Richard Strasser, Assistant Director, Division of Market Regulation, SEC, dated March 19, 1999.

[6] *See* Exchange Act Release No. 38294 (February 14, 1997) 62 FR 8289 (February 24, 1997) (approving temporary suspension of PMM standards); Exchange Act Release No. 39198 (October 3, 1997) 62 FR 53365 (October 14, 1997) (extending suspension through April 1, 1998); Exchange Act Release No. 39819 (March 30, 1998) 63 FR 16841 (April 6, 1998) (extending suspension through May 1, 1998); Exchange Act Release No. 39936 (April 30, 1998) 63 FR 25253 (May 7, 1998) (extending suspension through July 1, 1998); Exchange Act Release No. 40140 (June 26, 1998) 63 FR 36464 (July 6, 1998) (extending suspension through October 1, 1998); Exchange Act Release No. 40485 (September 23, 1998) 63 FR 52780 (October 1, 1998) (extending suspension through March 31, 1999).