

or (3) report of the matching program to OMB and to Congress.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43617; File No. 4-436]

Notice of Order Exempting American Express Travel Related Services Company, Inc., From Broker-Dealer Registration

November 24, 2000.

On July 24, 2000, the Commission issued an order (Exemptive Order) pursuant to section 15(a) of the Securities Exchange Act of 1934 exempting American Express Travel Related Services Company, Inc. (TRS) from broker-dealer registration. That same day, TRS's request for confidential treatment was granted in a separate order (Confidential Treatment Order) until the earlier of (a) 120 days from the date of the issuance of the Exemptive Order; or (b) the date that any information contained in the application by TRS for exemption or the Exemptive Order was made publicly available by TRS. The Exemptive Order is attached as Exhibit A. The Confidential Treatment Order is attached as Exhibit B.

Margaret H. McFarland,

Deputy Secretary.

Exhibit A

Securities and Exchange Commission

[FILE NO. 4-436]

July 24, 2000.

Order Exempting American Express Travel Related Services Company, Inc., From Broker-Dealer Registration

I. Background

American Express Travel Related Services Company, Inc. (TRS), a wholly owned subsidiary of American Express Company, has requested an exemption, pursuant to section 15(a)(2) of the Securities Exchange Act of 1934 (the Act), from the broker-dealer registration requirement of section 15(a)(1) of the Act.

TRS offers individual customers (Cardmembers) a variety of products and services, including charge cards such as the American Express® Card, the American Express® Gold Card, and the American Express Platinum Card® (collectively, Charge Cards). TRS states that Charge Cards are primarily designed as a method of payment or a bill paying mechanism and not as a means of financing purchases of goods or services.

TRS proposes to establish and operate a processing arrangement (Arrangement or Program) for its Cardmembers who invest or who wish to invest in mutual funds and variable products¹ distributed by three of TRS's affiliates that are registered broker-dealers.² Under the Program, individual Cardmembers may appoint TRS as a processing agent to collect and promptly remit to the appropriate registered broker-dealer their voluntary, periodic payments for mutual fund shares or variable products.

A Cardmember must open a brokerage account with one of the registered broker-dealers in order to participate in the Program,³ and a Cardmember must advise the broker-dealer of the amount he or she intends to invest on a monthly basis, the specific mutual funds or variable products that he or she would like to purchase, and the allocation of investment amounts to each investment. The Cardmember may increase, decrease, or suspend investment contributions under the Arrangement at his or her discretion.

Cardmembers participating in the Program will send a single check to a TRS payment processing center in Chicago, Illinois (Processing Center) to cover both regular Charge Card purchases and the purchase of mutual fund shares or variable products. TRS will promptly forward the designated part of the payment to the appropriate broker-dealer. With respect to mutual fund shares, the Cardmembers will receive the price that is computed by the registered broker-dealer after receipt of the order.

The registered broker-dealers will be responsible for all securities-related activities, questions and services, including: opening accounts, entering orders, executing transactions, setting up and maintaining customer files, and distributing order confirmations and statements after each payment is processed. The registered broker-dealers will also have the exclusive responsibility for marketing and distributing information about the availability of TRS's services to Cardmembers. The registered broker-dealers will disclose to Cardmembers that they, and not TRS, are offering the mutual funds or variable products, and that the intended investment amount is not covered by the Securities Investor Protection Corporation while it is in the possession of TRS. TRS, its employees, and its other unregistered affiliates will not market the availability of the Program or the underlying products and services offered by the registered broker-dealers.

Moreover, TRS represents that its Processing Center has elaborate security and internal control safeguards. TRS has adopted

¹ Variable products include variable annuities and life insurance products.

² These broker-dealers are American Express Services Corporation (AESC), which is a wholly owned subsidiary of TRS, the American Express Financial Advisors Inc. and IDS Life Insurance Company, both indirect wholly-owned subsidiaries of American Express Company, (collectively, the registered broker-dealers).

³ This Arrangement will be available only for Charge Card customers and not for customers of TRS's revolving credit card products. TRS will not be extending credit to Cardmembers in the Program.

a number of safeguards and procedures to ensure the adequate protection of Cardmembers' funds designated for remittance to the respective broker-dealers, including: (i) automation of the payment processing procedures; (ii) electronic surveillance and human supervision of all sensitive areas of the processing center at all times; (iii) background checks of all personnel in special processing areas to assure that such persons are not statutorily disqualified as that term is defined under the securities laws; and (iv) accessibility to TRS's books and records for the Commission and other appropriate regulatory authorities. TRS notes that not a single check has been stolen in the Processing Center's seventeen years of operation.

In addition, to guarantee the safety of investors' funds from the time of receipt by TRS until remittance to the registered broker-dealers, TRS will obtain a surety bond from an unaffiliated insurance company with a Best rating of A or better. The bond will be increased as necessary so that it equals or exceeds the amount of the funds TRS collects and remits to the registered broker-dealers under this proposal at all times.

TRS will not receive a referral fee from the registered broker-dealers nor will it receive any compensation that is based upon the total dollar amount invested by a Cardmember. Instead, TRS will charge the registered broker-dealers a fee designed to offset the expenses it incurs for providing this service.

TRS represents that its Cardmembers have used a similar processing arrangement to purchase fixed annuity products offered by AESC and that over the past ten years, \$1.65 billion in payments for fixed annuity products have been processed without a single investor complaint. TRS indicates that its Cardmembers have requested this service for several years because it would give them an additional choice in how they can invest and gain access to the securities markets. TRS represents that approximately twenty percent of persons who call AESC's service representatives to inquire about investment-related issues also make unsolicited requests to invest in connection with paying the balance due on their Charge Cards. Moreover, according to TRS, in a survey of Cardmembers making fixed annuity payments through the Charge Cards, approximately 63% identified ease of payment and convenience as key reasons for using this payment method.

II. Discussion

Section 3(a)(4) of the Act defines a "broker" as "any person engaged in the business of effecting transactions in securities for the account of others." An entity meets this definition if it participates in a meaningful way in any of the key phases of a securities transaction. One factor used to determine if an entity's participation is meaningful is whether it controls investors' funds. TRS proposes to collect and remit funds to the broker-dealers as agent for its Cardmembers. In other words, TRS will control Cardmembers' funds from the time of receipt until time of remittance to the broker-dealers. The Commission believes that this

proposed activity encompasses a level of control sufficient to constitute "effecting transactions in securities." Because TRS would conduct this activity on an ongoing basis, the Commission would deem TRS to be "in the business." Therefore, TRS's proposal would require TRS to register as a broker-dealer with the Commission.

Section 15(a)(2) of the Act authorizes the Commission to exempt any broker or dealer or class of brokers or dealers, either conditionally or unconditionally, from the registration requirements of section 15(a)(1) of the Act, if the Commission deems the exemption consistent with the public interest and the protection of investors. The Commission believes that granting TRS's request for exemption meets this standard.

The Commission finds that granting this exemptive order is consistent with the protection of investors. The registered broker-dealers will have exclusive responsibility for opening accounts, entering orders, executing transactions, transferring investment monies to the appropriate mutual fund companies, and distributing transaction confirmations and account statements. TRS employees and unregistered affiliates will be strictly prohibited from recommending, endorsing, responding to questions about, or engaging in any negotiations involving brokerage accounts or related securities-transactions. TRS will guarantee the safety of investors' funds by obtaining a surety bond, automating the processing procedures, and surveilling all sensitive areas at all times. Moreover, TRS will provide accessibility to its books and records for the Commission and other appropriate regulatory authorities.

The Commission also finds that the requested exemption is consistent with the public interest. The Arrangement will allow many investors to invest through a payment process with which they are already familiar. TRS states that its proposal is in direct response to requests from Cardmembers for this type of service.

It Is Therefore Ordered, pursuant to section 15(a)(2) of the Act, that the application by TRS for exemption from the registration requirements of Section 15(a)(1) of the Act be, and hereby is, granted effective forthwith. This exemption is conditioned on the representations made by TRS, as outlined above, and on TRS not engaging in the business of buying and selling securities other than as described herein.

It Is Further Ordered, pursuant to section 36 of the Act, that TRS shall be exempt, with respect only to the services relating to the Arrangement described above, from the reporting and other requirements specifically imposed by the Act and the rules and regulations thereunder, on a broker or a dealer that is not registered with the Commission.⁴

By the Commission.

Jonathan G. Katz,
Secretary.

⁴ TRS remains subject to all other applicable provisions of the federal securities laws, including without limitation Section 10(b) of the Act and Rule 10b-5 thereunder.

Exhibit B

Securities and Exchange Commission

[FILE NO. 4-436]

July 24, 2000

Order Granting Confidential Treatment for the Exemption of American Express Travel Related Services Company, Inc., From Broker-Dealer Registration

The Commission has issued an order (Exemptive Order) pursuant to section 15(a) of the Securities Exchange Act of 1934 exempting American Express Travel Related Services Company, Inc. (TRS) from broker-dealer registration. The Exemptive Order is attached as Exhibit A.

In a letter dated May 31, 2000, TRS requested confidential treatment pursuant to Rule 81(b) of the Commission's Regulation Concerning Information and Requests,⁵ for 120 days from the issuance of any written response by the staff. TRS represents that their request for an exemption and the Commission's response to such request includes sensitive, proprietary, and confidential information, which is not available to the public from any other source.

The Division of Market Regulation has determined that the request for confidential treatment is reasonable and appropriate. Therefore, the request for confidential treatment has been granted until the earlier of (a) 120 days from the date of issuance of the Exemptive Order; or (b) the date that any information contained in the application by TRS for exemption or the Exemptive Order is made publicly available by TRS.

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

Jonathan G. Katz,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27281]

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

November 22, 2000.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated under the Act. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendment(s) is/are available for public inspection through the Commission's Branch of Public Reference.

⁵ 17 CFR 200.81(b).

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by December 18, 2000, to the Secretary, Securities and Exchange Commission, Washington, DC 20549-0609, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in the case of an attorney at law, by certificate) should be filed with the request. Any request for hearing should identify specifically the issues of facts or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After December 18, 2000, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Northeast Utilities, et al. (70-9755)

Northeast Utilities ("NU"), 174 Brush Hill Avenue, West Springfield, Massachusetts 01090-0010, a registered holding company, its service company subsidiary, Northeast Utilities Service Company ("Service"), P.O. Box 270, Hartford, Connecticut 06141-0270, and its public utility subsidiary companies, Western Massachusetts Electric Company ("WMECO"), 174 Brush Hill Avenue, West Springfield, Massachusetts, 01090-0010; The Connecticut Light and Power Company ("CL&P"), Northeast Nuclear Energy Company ("NNECO") and Yankee Energy System, Inc. ("YES"), all located at 107 Selden Street, Berlin, Connecticut 06037; Yankee Gas Services Company ("Yankee Gas"), 599 Research Parkway, Meriden, Connecticut 06450; Holyoke Water Power Company ("HWP"), Canal Street, Holyoke, Massachusetts 01040; and Public Street Company of New Hampshire ("PSNH") and North Atlantic Energy Corporation ("NAEC"), both located at 1000 Elm Street, Manchester, New Hampshire 03015; (together, "Applicants") have filed an application-declaration under sections 6(a), 7, 9(a), 10, 12(b), 13, 32 and 33 of the Act and rules 43, 45, 52, 90 and 91 under the Act.

By order dated December 28, 1994 (HCAR No. 26207) and Supplemental Orders dated November 20, 1996 (HCAR 26612), February 11, 1997 (HCAR 26665), March 25, 1997 (HCAR 26692), May 29, 1997 (HCAR 26721), January 16, 1998 (HCAR 26816), May 13, 1999 (HCAR 27022), November 17, 1999 (HCAR 27103) and November 13, 2000 (HCAR No. 27275) (collectively, the "Prior Orders"), the Commission authorized through December 31, 2000 ("Authorization Period"), among other