(2) *State commission action*. That if the transaction is proposed to be carried out in whole or in part pursuant to the express authorization of any State commission, such transaction shall be carried out in accordance with such authorization, and if the same be modified, revoked or otherwise terminated, the effectiveness of the declaration or order granting the application shall be, without further order or the taking of any action by the Commission, revoked and terminated.

(3) *Reservation of jurisdiction*. That the Commission reserves jurisdiction:

(i) To pass upon the terms and conditions of any document which the declaration or application states is to be submitted to the Commission after the effective date of such declaration or application, and to pass upon any modification of the terms and conditions of any document previously submitted to the Commission. Any such document or modification shall, unless otherwise directed by the Commission, be submitted to the Commission, by amendment to the declaration or application, prior to the execution or use thereof.

(ii) To pass upon any matter which the declaration of application proposes shall be subject to future consideration by the Commission. No action shall be taken with respect to any such matter except upon order of the Commission.

(iii) To entertain, at the request of declarant or applicant, such further proceedings and take such further action as may be appropriate regarding any step which may be taken to consummate the proposed transaction.

[Rule U, 6 FR 2015, Apr. 19, 1941, as amended at 6 FR 5950, Nov. 25, 1941]

§ 250.25 Answers.

In any proceeding instituted by the Commission, the Commission may direct that any party respondent shall file an answer to the allegations contained in the order of the Commission initiating such proceeding, or in any statement of facts filed in such proceeding. Unless otherwise directed by the Commission, such answer shall conform to the requirements for answers to pleadings specified in the Federal Rules of Civil Procedure. The Commission recognizes the right of any person directed to file any such answer to set forth therein appropriate reservations of constitutional or other legal rights.

§ 250.26 Financial statement and recordkeeping requirements for registered holding companies and subsidiaries.

(a) Every registered holding company and every subsidiary company thereof:

(1) Shall conform to the requirements of Regulation S–X as to form and content of financial statements; and

(2) Shall make and keep current accounts, books and other records of all of its transactions in sufficient detail to permit examination, audit and verification of the financial statements, schedules and reports it is required to file with the Commission or which it issues to stockholders. Such accounts, books and other records shall be maintained in appropriate form and in sufficient detail to provide all of the information with respect to the business of the company specified by such Commission filing requirements as are in effect when the transactions recorded occur.

(b) Every registered holding company shall identify in its Form U5S the chart of accounts used by it and by each subsidiary company.

(1) The initial identification shall be made in the Form U5S, or a supplement thereto, filed in the year in which the use of such accounts is to begin, or in the year 1975 for charts of accounts already in use or proposed to be used in that year. Subsequent Forms U5S need merely state that no change in the accounts used has occurred, if that is the fact.

(2) A copy of each chart of accounts shall be annexed as an exhibit to the filing in which it is identified, except that it is unnecessary to file a copy of an official chart of accounts which any company subject to this rule is required to use by the Federal Energy Regulatory Commission, a state commission or by § 250.27 or § 250.93 under the Act. A company electing to use a chart of accounts promulgated by the Federal Energy Regulatory Commission also need not file a copy thereof.

(3) An amendment to Form U5S shall be filed as to any modification of such

chart of accounts, except a modification made to an official chart of accounts by the commission which promulgated it. The amendment shall describe the nature, purpose and effect of the proposed modification and the date it is to be placed in effect. It shall be filed at least 30 days prior to its effective date. Unless the Commission directs otherwise, the chart of accounts, as so modified, shall be used thereafter.

(c) Every registered holding company and every subsidiary company thereof shall hereafter follow the equity method of accounting for investments in any subsidiary company.

(1) Each investment shall be recorded at its carrying value heretofore established and the actual cost of investments hereafter made. Each investment shall be periodically adjusted for the proportionate share of earnings or losses or capital changes of the subsidiary company since its acquisition, crediting any dividends received from such subsidiary company.

(2) Every company subject to this rule shall maintain a subaccount to its retained earnings account which shall be periodically debited or credited with its proportionate share of undistributed retained earnings of subsidiary companies.

(3) No company subject to this rule shall declare or pay any dividends or reacquire any of its own securities from or on the basis of any balances recorded in the subaccount referred to in paragraph (c)(2) of this section, except pursuant to a declaration under section 12(c) of the Act.

(d) No registered holding company which is not a public utility company shall dispose, without authorization from the Commission, of any accounts, books, or other records, except pursuant to 17 CFR part 257.

(e) This rule shall not modify or revoke any order of the Commission heretofore entered as to the accounting by any company subject to this rule including any continuing provision as to amortization or other disposition of any item governed thereby.

(f) Nothing in this rule shall relieve any company subject thereto from compliance with the requirements as to recordkeeping and retention that may be prescribed by any other regulatory agency.

(g) Any references in other rules, forms or releases under the Act to the uniform system of accounts shall be hereafter deemed to refer to this rule.

[40 FR 22129, May 21, 1975, as amended at 49 FR 27309, July 3, 1984; 59 FR 21927, Apr. 28, 1994]

§ 250.27 Classification of accounts prescribed for utility companies not already subject thereto.

(a) Every registered holding company and subsidiary thereof, which is a public utility company and which is not required by either the Federal Energy Regulatory Commission or a State commission to conform to a classification of accounts, shall keep its accounts, insofar as it is an electric utility company, in the manner currently prescribed for similar companies by the Federal Energy Regulatory Commission or, and insofar as it is a gas utility company, in the manner currently recommended by the National Association of Railroad and Utilities Commissioners, except any company whose public utility activities are so limited that the application to it of such system of accounts is clearly inappropriate. A company claiming that its activities are thus limited, shall apply to the Commission for written instructions to that effect.

(b) All references, in the systems of accounts made applicable by paragraph (a) of this section, to the authority prescribing the same and to orders and instructions by, and reports to, said authority, shall be deemed to refer to the Securities and Exchange Commission as the ''Commission'' thereby designated.

[Rule U, 6 FR 2015, Apr. 19, 1941, as amended at 8 FR 15814, Nov. 23, 1943; 59 FR 21927, Apr. 28, 1994]

§ 250.28 Inconsistent financial statements.

Except as otherwise authorized or required by the Commission by rule, regulation, order, statement of administrative policy, or otherwise, no registered holding company or subsidiary company thereof shall distribute to its security holders, or publish, financial statements which are inconsistent with