

timely request to participate an opportunity to be heard.

Participants wishing to submit a written statement for the record must submit a copy of such statement to OPIC's Corporate Secretary no later than 5 p.m., Monday, July 15, 2002. Such statements must be typewritten, double-spaced, and may not exceed twenty-five (25) pages.

Upon receipt of the required notice, OPIC will prepare an agenda for the hearing identifying speakers, setting forth the subject on which each participant will speak, and the time allotted for each presentation. The agenda will be available at the hearing.

A written summary of the hearing will be compiled, and such summary will be made available, upon written request to OPIC's Corporate Secretary, at the cost of reproduction.

*Contact Person for Information:* Information on the hearing may be obtained from Connie M. Downs at (202) 336-8438, via facsimile at (202) 218-0136, or via email at [cdown@opic.gov](mailto:cdown@opic.gov).

Dated: July 1, 2002.

**Connie M. Downs,**  
*OPIC Corporate Secretary.*

[FR Doc. 02-16822 Filed 7-1-02; 11:46 am]  
BILLING CODE 3210-01-M

## SECURITIES AND EXCHANGE COMMISSION

### Submission for OMB Review; Comment Request

Upon Written Request, Copies Available  
From: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Extension:

Rule 236—SEC File No. 270-118, OMB Control No. 3235-0095.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995(44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

Rule 236 under the Securities Act of 1933 ("Securities Act") requires issuers choosing to rely on an exemption from Securities Act registration for the issuance of fractional shares, scrip certificates or order forms, in connection with a stock dividend, stock split, reverse stock split, conversion, merger or similar transaction to furnish specified information to the Commission in writing at least ten days

prior to the offering. The information is needed to provide public notice that an issuer is relying on the exemption. Public companies are the likely respondents. An estimated ten submissions are made pursuant to Rule 236 annually, resulting in an estimated annual total burden of 15 hours.

The information is needed to establish qualification for reliance on the exemption. The information provided by Rule 236 is required to obtain or retain benefits. All information provided to the Commission is available to the public for review upon request.

General comments regarding the above information should be directed to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503; and (ii) Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington DC 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: June 24, 2002.

**Margaret H. McFarland,**  
*Deputy Secretary.*

[FR Doc. 02-16687 Filed 7-2-02; 8:45 am]  
BILLING CODE 8010-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27544]

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

June 28, 2002.

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.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by July 18, 2002 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 July 18, 2002 the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

### National Grid Group plc, et al. (70-10025)

National Grid Group plc ("National Grid"), a registered holding company, 15 Marylebone Road, London NW1 5JD, United Kingdom; National Grid's registered holding company subsidiary National Grid USA ("Grid USA") 01582; Grid USA's exempt holding company subsidiary, New England Power Company ("NEP"), both located at 25 Research Drive, Westborough, MA; and Vermont Yankee Nuclear Power Corporation ("Vermont Yankee"), an electric public utility subsidiary company of NEP, 185 Old Ferry Road, Brattleboro, VT 05703 (together, "Applicants"), have filed a declaration under sections 6(a), 7, and 12(d) of the Act and rules 44, 53, and 54 under the Act.

Vermont Yankee is a single purpose electric utility which operates a 540 MW nuclear powered electric generating plant ("Plant") located in Vernon, Vermont. Vermont Yankee is owned by New England Power Company, a subsidiary of each of National Grid USA and National Grid Group plc, both registered holding companies, owns 23.89% of the outstanding common stock of Vermont Yankee.<sup>1</sup> Vermont Yankee's output is currently shared by the eight utility companies which own Vermont Yankee ("Sponsoring Utilities").<sup>2</sup> The Sponsoring Utilities

<sup>1</sup> Connecticut Power & Light Company ("CP&L"), Western Massachusetts Electric Company ("WME"), and Public Service Company of New Hampshire ("PSC"), all public utility subsidiaries of Northeast Utilities ("Northeast"), a registered holding company, own an aggregate of 16.99% of the outstanding common stock of Vermont Yankee. Central Maine Power Company ("Central Maine"), an indirect electric utility subsidiary of Energy East Corporation ("Energy East"), a registered holding company, also owns 4.25% of the outstanding common stock of Vermont Yankee. Northeast and Energy East have filed applications S.E.C. File Nos. 70-10033 and 70-10070, respectively, regarding the sale of Vermont Yankee's assets and the Commission is issuing a notice of those filings simultaneously with the issuance of this notice.

<sup>2</sup> The eight Sponsoring Utilities are: Central Vermont Public Service Corporation, New England Power Company, Green Mountain Power

and Vermont Yankee currently operate under cost-of-service power contracts approved by the Federal Energy Regulatory Commission ("FERC") and additional power contracts.

On August 15, 2001, Vermont Yankee entered into a purchase and sale agreement ("PSA") with Entergy Nuclear Vermont Yankee, L.L.C. ("ENVY"), a subsidiary of Entergy, a registered holding company doing business in Texas, among other states. The PSA states that Vermont Yankee proposes to sell to ENVY substantially all of its assets, including the Plant. The PSA contemplates that ENVY will pay a purchase price of \$180 million, subject to closing adjustments, and will assume Vermont Yankee's obligation for operating and decommissioning the Plant in exchange for the transfer at the closing of the sale ("Closing") of:

1. Substantially all of the assets comprising the Plant,
2. The funds in Vermont Yankee's decommissioning trust ("Decommissioning Trust"), which had a fair market value of approximately \$299.6 million as of September 30, 2001,<sup>3</sup>
3. Vermont Yankee's rights with respect to the funds held by the State of Vermont in connection with the Texas Low-Level Radioactive Waste Disposal Compact,
4. Certain human and site assets related to the Plant,
5. The Plant's switchyards and certain transmission assets, and office property located in Brattleboro, Vermont.

After the Closing, Vermont Yankee will continue its existence as a corporation. Its operations will be limited to its obligations under the PSA. The PSA contemplates that Vermont Yankee will purchase, from ENVY, 100% of the output of the Plant, based on the Plant's current configuration and capacity during the Plant's remaining

Corporation, CP&L, Central Maine, PSC, WME, and Cambridge Electric Light Company.

<sup>3</sup> Although the PSA provides that Vermont Yankee may be required to fund fully or "top-off" the Decommissioning Trust, Applicants state that any "top-off" payment is contingent on several factors. First, if the value of the assets of the Decommissioning Trust at Closing meets or exceeds the Nuclear Regulatory Commission required minimum, no "top-off" payment will be required. Second, any "top-off" payment will be capped at \$5.4 million, which represents the difference between the amount that would have been collected by Vermont Yankee before the recent settlement in a FERC proceeding relating to secondary purchaser issues (\$16.8 million) and the amount that would be collected under that settlement (\$11.4 million). Based on an analysis of all relevant factors at the time of execution of the PSA, Vermont Yankee does not anticipate that it will have to make a "top-off" payment at the Closing, although this expectation could change based on a change in circumstances.

licensed life<sup>4</sup> under a power purchase agreement ("PPA") between Vermont Yankee and ENVY. Vermont Yankee will resell that output at wholesale to the Sponsoring Utilities under certain amendatory agreements ("Amendatory Agreements") with each of the Sponsoring Utilities that modify existing power contracts and additional power contracts (collectively, "Power Contracts") to reflect the proposed transaction. The Power Contracts also require the Sponsoring Utilities to pay Vermont Yankee's remaining unamortized net plant investment and Vermont Yankee's ongoing costs after Closing.<sup>5</sup>

In addition, the PSA contains a Security Agreement between Vermont Yankee and ENVY under which Vermont Yankee pledges its rights to the payments from the Sponsoring Utilities under the Power Contracts to ENVY, if Vermont Yankee defaults on power payments. Applicants state that the Security Agreement amounts to a pass-through to ENVY of Vermont Yankee's right to payment obligations that the Sponsoring Utilities will have under the Power Contracts. The Security Agreement provides that if Vermont Yankee fails to pay ENVY for power provided, ENVY has the right to receive the payments under the Power Contracts that the Sponsoring Utilities would otherwise pay to Vermont Yankee.

In preparation for the Closing it will be necessary for Vermont Yankee to redeem its outstanding first mortgage bonds and to repay the outstanding indebtedness under its current secured credit agreement. The cash required to satisfy these obligations will come from the cash proceeds to be paid by ENVY at the Closing.

#### Northeast Utilities, et al. (70-10033)

Northeast Utilities ("Northeast"), a registered holding company, 107 Selden Street, Berlin, CT 06037; Northeast's wholly owned direct public utility subsidiaries, The Connecticut Light and Power Company ("CP&L"), 107 Selden

<sup>4</sup> The Plant's remaining licensed life ends March 21, 2012.

<sup>5</sup> It is important for Vermont Yankee to remain in existence because the Power Contracts between Vermont Yankee and the Sponsoring Utilities are within the jurisdiction of the FERC and have been accepted by the FERC. Under the present Power Contracts, the Sponsoring Utilities may include Power Contract payments in the calculation of rates to their customers. If Vermont Yankee ceased to exist, and the Sponsoring Utilities were to enter into Power Contracts directly with ENVY, their ability to include those Power Contract payments in their rate calculations would be uncertain and a method to cover other ongoing Vermont Yankee costs, including unamortized net plant investment, and residual obligations under the PSA would be necessary.

Street, Berlin, CT 06037, Western Massachusetts Electric Company ("WME"), 174 Brush Hill Avenue, West Springfield, MA 01090, and Public Service Company of New Hampshire ("PSC"), 1000 Elm Street, Manchester, NH 03101; and Vermont Yankee Nuclear Power Corporation ("Vermont Yankee"), an indirect electric public utility subsidiary of Northeast 185 Old Ferry Road, Brattleboro, VT 05703 (together, "Applicants"), have filed a declaration under sections 6(a), 7, and 12(d) of the Act and rules 44, 53, and 54 under the Act.

Vermont Yankee is a single purpose electric utility which operates a 540 MW nuclear powered electric generating plant ("Plant") located in Vernon, Vermont. CP&L, WME, and PSC own an aggregate of 16.99% of the outstanding common stock of Vermont Yankee.<sup>6</sup> Vermont Yankee's output is currently shared by the eight utility companies which own Vermont Yankee ("Sponsoring Utilities").<sup>7</sup> The Sponsoring Utilities and Vermont Yankee currently operate under cost-of-service power contracts approved by the Federal Energy Regulatory Commission ("FERC") and additional power contracts.

On August 15, 2001, Vermont Yankee entered into a purchase and sale agreement ("PSA") with Entergy Nuclear Vermont Yankee, L.L.C. ("ENVY"), a subsidiary of Entergy, a registered holding company doing business in Texas, among other states. The PSA states that Vermont Yankee proposes to sell to ENVY substantially all of its assets, including the Plant. The PSA contemplates that ENVY will pay a purchase price of \$180 million, subject to closing adjustments, and will assume Vermont Yankee's obligation for operating and decommissioning the Plant in exchange for the transfer at the closing of the sale ("Closing") of:

1. Substantially all of the assets comprising the Plant,

<sup>6</sup> New England Power Company, a subsidiary of each of National Grid USA and National Grid Group plc ("National Grid"), both registered holding companies, also owns 23.89% of the outstanding common stock of Vermont Yankee. Central Maine Power Company, an indirect electric utility subsidiary of Energy East Corporation ("Energy East"), a registered holding company, also owns 4.25% of the outstanding common stock of Vermont Yankee. National Grid and Energy East have filed applications, S.E.C. File Nos. 70-10025 and 70-10070, respectively, regarding the sale of Vermont Yankee's assets and the Commission is issuing a notice of those filings simultaneously with the issuance of this notice.

<sup>7</sup> The eight Sponsoring Utilities are: Central Vermont Public Service Corporation, New England Power Company, Green Mountain Power Corporation, CP&L, Central Maine Power Company, PSC, WME, and Cambridge Electric Light Company.

2. The funds in Vermont Yankee's decommissioning trust ("Decommissioning Trust"), which had a fair market value of approximately \$299.6 million as of September 30, 2001,<sup>8</sup>

3. Vermont Yankee's rights with respect to the funds held by the State of Vermont in connection with the Texas Low-Level Radioactive Waste Disposal Compact,

4. Certain human and site assets related to the Plant,

5. The Plant's switchyards and certain transmission assets, and office property located in Brattleboro, Vermont.

After the Closing, Vermont Yankee will continue its existence as a corporation. Its operations will be limited to its obligations under the PSA. The PSA contemplates that Vermont Yankee will purchase, from ENVY, 100% of the output of the Plant, based on the Plant's current configuration and capacity during the Plant's remaining licensed life<sup>9</sup> under a power purchase agreement ("PPA") between Vermont Yankee and ENVY. Vermont Yankee will resell that output at wholesale to the Sponsoring Utilities under certain amendatory agreements ("Amendatory Agreements") with each of the Sponsoring Utilities that modify existing power contracts and additional power contracts (collectively, "Power Contracts") to reflect the proposed transaction. The Power Contracts also require the Sponsoring Utilities to pay Vermont Yankee's remaining unamortized net plant investment and Vermont Yankee's ongoing costs after Closing.<sup>10</sup>

<sup>8</sup> Although the PSA provides that Vermont Yankee may be required to fund fully or "top-off" the Decommissioning Trust, Applicants state that any "top-off" payment is contingent on several factors. First, if the value of the assets of the Decommissioning Trust at Closing meets or exceeds the Nuclear Regulatory Commission required minimum, no "top-off" payment will be required. Second, any "top-off" payment will be capped at \$5.4 million, which represents the difference between the amount that would have been collected by Vermont Yankee before the recent settlement in a FERC proceeding relating to secondary purchaser issues (\$16.8 million) and the amount that would be collected under that settlement (\$11.4 million). Based on an analysis of all relevant factors at the time of execution of the PSA, Vermont Yankee does not anticipate that it will have to make a "top-off" payment at the Closing, although this expectation could change based on a change in circumstances.

<sup>9</sup> The Plant's remaining licensed life ends March 21, 2012.

<sup>10</sup> It is important for Vermont Yankee to remain in existence because the Power Contracts between Vermont Yankee and the Sponsoring Utilities are within the jurisdiction of the FERC and have been accepted by the FERC. Under the present Power Contracts, the Sponsoring Utilities may include Power Contract payments in the calculation of rates to their customers. If Vermont Yankee ceased to exist, and the Sponsoring Utilities were to enter into Power Contracts directly with ENVY, their

In addition, the PSA contains a Security Agreement between Vermont Yankee and ENVY under which Vermont Yankee pledges its rights to the payments from the Sponsoring Utilities under the Power Contracts to ENVY, if Vermont Yankee defaults on power payments. Applicants state that the Security Agreement amounts to a pass-through to ENVY of Vermont Yankee's right to payment obligations that the Sponsoring Utilities will have under the Power Contracts. The Security Agreement provides that if Vermont Yankee fails to pay ENVY for power provided, ENVY has the right to receive the payments under the Power Contracts that the Sponsoring Utilities would otherwise pay to Vermont Yankee.

In preparation for the Closing it will be necessary for Vermont Yankee to redeem its outstanding first mortgage bonds and to repay the outstanding indebtedness under its current secured credit agreement. The cash required to satisfy these obligations will come from the cash proceeds to be paid by ENVY at the Closing.

#### **Energy East Corporation, et al. (70-10070)**

Energy East Corporation ("Energy East"), a registered holding company, CMP Group, Inc. ("CMP"), an exempt holding company subsidiary of Energy East,<sup>11</sup> both located in Albany, NY 12212-2904, Central Maine Power Company ("Central Maine"), a wholly owned electric utility subsidiary company of CMP, 83 Edison Drive, Augusta, ME 04336, and Vermont Yankee Nuclear Power Corporation ("Vermont Yankee"), an indirect electric public utility subsidiary of Energy East, 185 Old Ferry Road, Brattleboro, VT 05703 (together, "Applicants"), have filed a declaration under sections 6(a), 7, and 12(d) of the Act and rules 44, 53, and 54 under the Act.

Vermont Yankee is a single purpose electric utility which operates a 540 MW nuclear powered electric generating plant ("Plant") located in Vernon, Vermont. Central Maine owns 4.25% of the outstanding common stock of Vermont Yankee.<sup>12</sup> Vermont Yankee's

ability to include those Power Contract payments in their rate calculations would be uncertain and a method to cover other ongoing Vermont Yankee costs, including unamortized net plant investment, and residual obligations under the PSA would be necessary.

<sup>11</sup> See Holding Co. Act Release No. 27224 (Aug. 31, 2000), approving CMP's exemption from registration under the Act.

<sup>12</sup> New England Power Company, a subsidiary of each of National Grid USA and National Grid Group plc ("National Grid"), both registered holding companies, also owns 23.89% of the outstanding common stock of Vermont Yankee. Connecticut

output is currently shared by the eight utility companies which own Vermont Yankee ("Sponsoring Utilities").<sup>13</sup> The Sponsoring Utilities and Vermont Yankee currently operate under cost-of-service power contracts approved by the Federal Energy Regulatory Commission ("FERC") and additional power contracts.

On August 15, 2001, Vermont Yankee entered into a purchase and sale agreement ("PSA") with Entergy Nuclear Vermont Yankee, L.L.C. ("ENVY"), a subsidiary of Entergy, a registered holding company doing business in Texas, among other states. The PSA states that Vermont Yankee proposes to sell to ENVY substantially all of its assets, including the Plant. The PSA contemplates that ENVY will pay a purchase price of \$180 million, subject to closing adjustments, and will assume Vermont Yankee's obligation for operating and decommissioning the Plant in exchange for the transfer at the closing of the sale ("Closing") of:

1. Substantially all of the assets comprising the Plant,

2. The funds in Vermont Yankee's decommissioning trust ("Decommissioning Trust"), which had a fair market value of approximately \$299.6 million as of September 30, 2001,<sup>14</sup>

3. Vermont Yankee's rights with respect to the funds held by the State of Vermont in connection with the Texas

Power & Light Company ("CP&L"), Western Massachusetts Electric Company ("WME"), and Public Service Company of New Hampshire ("PSC"), all public utility subsidiaries of Northeast Utilities ("Northeast"), a registered holding company, own an aggregate of 16.99% of the outstanding common stock of Vermont Yankee. National Grid and Northeast have filed applications, S.E.C. File Nos. 70-10025 and 70-10033, respectively, regarding the sale of Vermont Yankee's assets and the Commission is issuing a notice of those filings simultaneously with the issuance of this notice.

<sup>13</sup> The eight Sponsoring Utilities are: Central Vermont Public Service Corporation, New England Power Company, Green Mountain Power Corporation, CP&L, Central Maine Power Company, PSC, WME, and Cambridge Electric Light Company.

<sup>14</sup> Although the PSA provides that Vermont Yankee may be required to fund fully or "top-off" the Decommissioning Trust, Applicants state that any "top-off" payment is contingent on several factors. First, if the value of the assets of the Decommissioning Trust at Closing meets or exceeds the Nuclear Regulatory Commission required minimum, no "top-off" payment will be required. Second, any "top-off" payment will be capped at \$5.4 million, which represents the difference between the amount that would have been collected by Vermont Yankee before the recent settlement in a FERC proceeding relating to secondary purchaser issues (\$16.8 million) and the amount that would be collected under that settlement (\$11.4 million). Based on an analysis of all relevant factors at the time of execution of the PSA, Vermont Yankee does not anticipate that it will have to make a "top-off" payment at the Closing, although this expectation could change based on a change in circumstances.

Low-Level Radioactive Waste Disposal Compact,

4. Certain human and site assets related to the Plant,

5. The Plant's switchyards and certain transmission assets, and office property located in Brattleboro, Vermont.

After the Closing, Vermont Yankee will continue its existence as a corporation. Its operations will be limited to its obligations under the PSA. The PSA contemplates that Vermont Yankee will purchase, from ENVY, 100% of the output of the Plant, based on the Plant's current configuration and capacity during the Plant's remaining licensed life<sup>15</sup> under a power purchase agreement ("PPA") between Vermont Yankee and ENVY. Vermont Yankee will resell that output at wholesale to the Sponsoring Utilities under certain amendatory agreements ("Amendatory Agreements") with each of the Sponsoring Utilities that modify existing power contracts and additional power contracts (collectively, "Power Contracts") to reflect the proposed transaction. The Power Contracts also require the Sponsoring Utilities to pay Vermont Yankee's remaining unamortized net plant investment and Vermont Yankee's ongoing costs after Closing.<sup>16</sup>

In addition, the PSA contains a Security Agreement between Vermont Yankee and ENVY under which Vermont Yankee pledges its rights to the payments from the Sponsoring Utilities under the Power Contracts to ENVY, if Vermont Yankee defaults on power payments. Applicants state that the Security Agreement amounts to a pass-through to ENVY of Vermont Yankee's right to payment obligations that the Sponsoring Utilities will have under the Power Contracts. The Security Agreement provides that if Vermont Yankee fails to pay ENVY for power provided, ENVY has the right to receive the payments under the Power Contracts that the Sponsoring Utilities would otherwise pay to Vermont Yankee.

<sup>15</sup> The Plant's remaining licensed life ends March 21, 2012.

<sup>16</sup> It is important for Vermont Yankee to remain in existence because the Power Contracts between Vermont Yankee and the Sponsoring Utilities are within the jurisdiction of the FERC and have been accepted by the FERC. Under the present Power Contracts, the Sponsoring Utilities may include Power Contract payments in the calculation of rates to their customers. If Vermont Yankee ceased to exist, and the Sponsoring Utilities were to enter into Power Contracts directly with ENVY, their ability to include those Power Contract payments in their rate calculations would be uncertain and a method to cover other ongoing Vermont Yankee costs, including unamortized net plant investment, and residual obligations under the PSA would be necessary.

In preparation for the Closing it will be necessary for Vermont Yankee to redeem its outstanding first mortgage bonds and to repay the outstanding indebtedness under its current secured credit agreement. The cash required to satisfy these obligations will come from the cash proceeds to be paid by ENVY at the Closing.

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

**Jill M. Peterson,**

*Assistant Secretary.*

[FR Doc. 02-16832 Filed 7-2-02; 8:45 am]

**BILLING CODE 8010-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46122; File No. SR-Amex-2001-95]

### Self-Regulatory Organizations; Order Approving a Proposed Rule Change and Amendment Nos. 1, 2, 3, and 4 to the Proposed Rule Change by the American Stock Exchange LLC Relating to Its Performance Evaluation Procedures for Option, Equity and ETF Specialists

June 26, 2002.

On February 19, 2001, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to codify the Exchange's performance evaluation procedures for options, equity and Exchange Traded Fund ("ETF") specialists. The Amex filed Amendment Nos. 1,<sup>3</sup> 2,<sup>4</sup> and 3<sup>5</sup> to the proposed rule change, respectively. The proposed rule change, as amended, was published for public comment in the **Federal Register** on April 1, 2002.<sup>6</sup> The Commission received no comments on

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Letter from Geraldine M. Brindisi, Vice President and Corporate Secretary, Amex, to Nancy J. Sanow, Esq., Assistant Director, Division of Market Regulation ("Division"), Commission (December 13, 2001) ("Amendment No. 1").

<sup>4</sup> See Letter from Geraldine M. Brindisi, Vice President and Corporate Secretary, Amex, to Nancy J. Sanow, Esq., Assistant Director, Division, Commission (January 31, 2002) ("Amendment No. 2").

<sup>5</sup> See Letter from Geraldine M. Brindisi, Vice President and Corporate Secretary, Amex, to Nancy J. Sanow, Esq., Assistant Director, Division, Commission (February 14, 2002) ("Amendment No. 3").

<sup>6</sup> See Securities Exchange Act Release No. 45643 (March 25, 2002), 67 FR 15434 (proposing SR-Amex-2001-95).

the proposal. On May 28, 2002, the Amex filed Amendment No. 4 to the proposed rule change.<sup>7</sup> This order approves the proposed rule change, as amended.

### I. Description of the Proposed Rule Change

The Exchange proposes to amend Amex Rule 26, and adopt Commentaries .04, .05, .06, and .07 to Amex Rule 26 to revise the current system for evaluating option, equity and ETF specialists by adding and codifying a number of objective criteria in the rating scheme and implementing defined consequences for poor performance. The Exchange also proposes to codify its existing market share methodology for evaluating options specialist performance.<sup>8</sup>

Under the proposed specialist evaluation systems, specialists would be evaluated quarterly based upon data from the prior quarter with respect to various criteria. The Exchange may change the criteria used to evaluate specialists and the weightings of these criteria from time to time as warranted by market conditions in order to enhance the Exchange's competitiveness relative to other markets and/or market quality. The Exchange would notify specialists of any changes to the criteria, and the weightings thereof, in advance of the calendar quarter in which the change would be implemented.

The Exchange proposes to use the following performance criteria for specialist evaluation until further notice:

#### Option Specialist Evaluation Criteria

- Percentage of trades executed at or better than the National Best Bid and Offer ("NBBO").

<sup>7</sup> See Letter from Geraldine M. Brindisi, Vice President and Corporate Secretary, Amex, to Nancy J. Sanow, Esq., Assistant Director, Division, Commission (May 24, 2002) ("Amendment No. 4"). Amendment No. 4 clarifies that the Exchange may change the performance rating criteria and their weightings from time to time as warranted by market conditions without filing such changes pursuant to Section 19(b) of the Act, 15 U.S.C. 78s(b), provided that the Exchange follows the procedures in the proposed rule for changing the criteria and their weightings. This was a technical amendment and is not subject to notice and comment.

<sup>8</sup> The Exchange notes that upon implementation of the new evaluation system for equity specialists, the Performance Committee will no longer assign performance ratings for specific transactions, but may take such other action as is available to the Performance Committee that would be appropriate in the circumstances. The Exchange will continue to order ticket reviews for options and ETFs for regulatory purposes. The Exchange may incorporate the results of these reviews into the performance evaluation rating system with the criteria that measure the number of Minor Floor Violation Disciplinary actions.