SECURITIES AND EXCHANGE COMMISSION

[Release No. 35–27558]

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

August 2, 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 August 26, 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 August 26, 2002, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Columbia Insurance Corporation, Ltd. (70–9371)

Columbia Insurance Corporation, Ltd. (''CICL''), a wholly owned captive insurance subsidiary of Columbia Energy Group (''Columbia''), a registered holding company and a wholly owned subsidiary of NiSource Inc. (''NiSource''), also a registered holding company, and Columbia, all located at 801 East 86th Avenue, Merrillville, Indiana 46410–6272, have filed a post-effective amendment to their application-declaration filed previously with the Commission under sections 9(a), 10, and 12(b) of the Act and rules 45 and 54 under the Act.

By order dated October 25, 1996 (HCAR No. 26596) (''1996 Order''), the Commission authorized Columbia to form and capitalize CICL to engage in the reinsurance of predictable losses under automobile and general liability and ''all-risk'' coverage of Columbia. By order dated July 23, 1999 (HCAR No. 27051) (''1999 Order'') the Commission authorized Columbia to expand the reinsurance activities of CICL to include all predictable risks related to the business of Columbia and to establish one or more direct subsidiaries to engage in the proposed reinsurance activities.

CICL and Columbia now propose: (1) In instances where NiSource direct or indirect subsidiaries (''NiSource companies'') do not require evidence of coverage [1] from rated or admitted insurers, that CICL have the ability to underwrite risks of all NiSource companies directly; [2] (2) that CICL underwrite directly corporate deductible or self-insured reimbursement risk, such as workers' compensation coverage of NiSource companies; and (3) that CICL provide controlled unrelated third-party business risk coverage in situations where providing this coverage would directly or indirectly benefit NiSource companies.[3]

CICL and Columbia state that no additional staff would be required to operate CICL in the proposed matter and that the current managers will be retained to provide administrative services. CICL and Columbia further state that, except for the modifications proposed, all other terms, conditions and limitations under the 1996 Order and 1999 Order will continue to apply.

Xcel Energy, Inc. (70–9635)

Xcel Energy, Inc. (''Xcel''), a registered holding company, located at 800 Nicollet Mall, Minneapolis, Minnesota 55402, and its subsidiaries [4] (collectively, ''Applicants'') have filed a post-effective amendment to an application-declaration previously filed with the Commission under sections 6(a), 7, 32 and 33 of the Act and rules 53 and 54 under the Act.

By order dated August 16, 2000 (HCAR No. 27212), the Commission authorized the merger of New Century Energies, Inc. and Northern States Power Company (''NSP'').[5] By order dated August 22, 2000 (HCAR No. 27218) (''Financing Order''), the Commission authorized, through September 30, 2003 (''Authorization Period''), the following: (1) Xcel, Cheyenne, and Black Mountain to engage in external financing; (2) Xcel and certain of its subsidiaries to engage in intrasystem financings, including guarantees; (3) Xcel and certain subsidiaries to enter into hedging transactions for existing and anticipated debt; (4) Xcel and certain subsidiaries to establish, guarantee the obligations of, and borrow the proceeds of the debt and preferred securities issued by, one or more special purpose financing entities; (5) Xcel and any subsidiary to acquire and restructure investments in one or more special purpose entities organized for the purpose of acquiring, financing, and holding the securities of one or more nonutility subsidiaries; and (6) Xcel and any Xcel's nonutility subsidiary to pay dividends out of capital and unearned surplus. In the Financing Order, the Commission reserved jurisdiction over Xcel's request to use the proceeds of the financings to invest in exempt wholesale generators (''EWGs''), as defined in section 32 of the Act, and foreign utility companies (''FUCOs''), as defined in section 33 of the Act, so long as Xcel's ''aggregate investment'' [6] in these entities did not exceed 100 percent of its ''consolidated retained earnings.'' [7]

By supplemental order dated March 7, 2002 (HCAR No. 27494) (''Supplemental Financing Order,'' and together with Financing Order, the ''Financing Orders''), the Commission released jurisdiction over the use of proceeds of certain financing transactions for

[1] CICL and Columbia state that this practice of providing evidence of coverage is known as ''fronting'' and is an accepted practice for underwriting risks where the insured requires evidence of coverage from rated or admitted insurers for business or statutory reasons. They further state that the practice of ''fronting'' creates additional cost to the insured.

[2] CICL and Columbia represent that by acting as a ''front'' company, CICL can eliminate as much as 40 percent of the premium charged on primary risk insurance policies and that this savings would benefit NiSource companies.

[3] CICL proposes to provide performance bonds and construction-related insurance for contractors working on projects for NiSource subsidiaries.

[4] Xcel directly owns six utility subsidiaries that serve electric and/or natural gas customers in 12 states. These six utility subsidiaries are Northern States Power Company, a Minnesota corporation, Northern States Power Company, a Wisconsin corporation, Public Service Company of Colorado, Southwestern Public Service Co., Black Mountain Gas Company (''Black Mountain''), and Cheyenne Light, Fuel and Power Company (''Cheyenne''). Xcel's major nonutility subsidiaries are Viking Gas Transmission Company, NRG Energy, Inc. (''NRG''), Seren Innovations, Inc., e prime, inc., and Eloigne Company.

[5] Following this merger, NSP, as the surviving entity, changed its name to Xcel and registered as a public utility holding company under section 5 of the Act.

[6] ''Aggregate investment'' is defined in rule 53(a)(1)(i) to mean all amounts invested, or committed to be invested, in EWGs and FUCOs, for which there is recourse, directly or indirectly, to the holding company.

[7] ''Consolidated retained earnings'' is defined in rule 53(a)(1)(ii) to mean the average of the consolidated retained earnings of the registered holding company system as reported for the most recent quarterly periods on the holding company's Form 10–K or 10–Q filed under the Securities Exchange Act of 1934, as amended.

investments in EWGs and FUCO up to 100 percent of consolidated retained earnings. Both the Financing Order and the Supplemental Financing Order contain certain commitments, including a commitment by Xcel to maintain a level of common equity that will be at least 30 percent of consolidated total capitalization (''30 percent test'').

As of March 31, 2002, Xcel's common equity was 30.8% of capitalization. Applicants state that there exist, however, circumstances that could result in the common equity of Xcel falling below 30% of capitalization and thus Xcel failing to satisfy the 30% test for a period of time. Applicants further state that Xcel is evaluating the business of NRG and its other businesses and is considering certain restructuring alternatives. Alternatives under consideration include the possible sale of selected generating assets of NRG and exiting other businesses that do not fit strategically with Xcel. Xcel states that it has announced plans to address credit and liquidity issues at NRG. Xcel states that its management and its board of directors (''Board'') have been considering the possible sale of some of the existing generating assets of NRG. Xcel's management has not yet completed its review of bids received to date for many of the NRG assets considered for sale, and the Board has not yet received or committed to management's recommended plan to sell such assets. In addition, Xcel's management and Board have not yet completed their review of other businesses for their strategic fit, and thus has not committed to a plan to sell any such businesses. This commitment is required before NRG's assets or the businesses are classified as ''held for sale.'' [8]

Under generally accepted accounting principles, Xcel evaluates assets classified as ''held for use'' by comparing the book value to the discounted cash flows expected, and evaluates assets classified as ''held for sale'' by comparing the carrying value of the asset to its fair value. Thus, if any asset being reclassified as ''held for sale'' has a fair value which is less than its book value, Xcel will record an impairment charge against income to reduce the carrying value of the asset to its fair value at the time it is classified as ''held for sale.'' Although the actual asset sales may not occur until later periods, this write-down must be made at the time that the asset is determined to be ''held for sale,'' not at the time of the completion of the sale.

Applicants state that, in light of the recent erosion in power pool prices and related asset valuations within the independent power production sector, it is possible that Xcel could recognize an impairment loss as Xcel's Board considers, and later this year potentially approves, a plan to sell certain NRG or other assets. At this time, however, Xcel cannot predict what actions its Board will take regarding any commitment it may make to sell NRG or other assets, or how much, if any, impairment losses Xcel may be required to recognize in future periods as a result of such actions.

Applicants state that there is the possibility that Xcel may be required to record a write-down as a result of future Board actions and the corresponding recognition of an impairment loss under FASB 144 with respect to NRG or other assets being reclassified as ''held for sale.'' As a result of the accounting treatment, Xcel will be required to record an impairment charge at the time that an asset is ''held for sale,'' and in advance of the completion of the sale and application of the net proceeds to the reduction of outstanding indebtedness. Because of the mismatch in timing between the recording of the write-downs and the application of sale proceeds to the reduction of indebtedness, the common equity of Xcel may fall below 30% of its capitalization. In such event, the conditions to the authorization granted in the Financing Orders would not be satisfied.

Applicants expect that any reduction of Xcel's common equity ratio below 30% would be temporary. Applicants state that upon consummation of the sale of generating assets of NRG and other businesses, the outstanding indebtedness of Xcel and its subsidiaries will be reduced—either by the application of net proceeds of such sale to repay outstanding indebtedness at NRG or as a result of the purchaser of a project assuming the project-related indebtedness.

Applicants request authority to engage in the financing transactions authorized in the Financing Orders at a time when the Xcel 30 percent test is not met, provided that the common equity of Xcel, as reflected on its most recent Form 10–K or Form 10–Q and as adjusted to reflect subsequent events that affect capitalization, be at least 24 percent of total capitalization of Xcel and provided that the Applicants shall not engage in any of the financing transactions authorized in the Financing Orders at any time after June 30, 2003 unless at such time the Xcel 30 percent test is met.

Applicants represent that, with the exception of this proposed revision to the Financing Orders, all the terms and conditions of the Financing Orders will remain in effect. Applicants further represent that the net proceeds of the common stock of between $500 million and $800 million during 2002 issued by Xcel pursuant to the authorizations granted in the Financing Orders will be applied to repay debt of Xcel, NRG, and/or one or more of Xcel's subsidiaries.

The Southern Company, et al. (70–10073)

The Southern Company (''Southern''), 270 Peachtree Street, NW., Atlanta, Georgia 30303, a registered holding company, and Georgia Power Company (''Georgia Power''), 241 Ralph McGill Boulevard, NE., Atlanta, Georgia 30308, a wholly owned public-utility company subsidiary of Southern (collectively, ''Applicants''), have filed an application-declaration under sections 6(a), 7, 9(a), 10 and 12(b) of the Act and rules 45 and 54 under the Act.

Southern and Georgia Power propose to organize and acquire, indirectly and directly, respectively, all the common stock of one or more special purpose subsidiaries (''Subsidiaries'') for the purpose of effecting various financing transactions described below through June 30, 2006. Applicants state that, by using the Subsidiaries in these transactions, they would have greater access to new sources of capital and may reap certain tax benefits.

Applicants request authority to issue and sell, through the Subsidiaries, up to an aggregate amount of $650 million in preferred securities (''Preferred Securities''). Each of the Preferred Securities would have a specified par amount, stated value amount, liquidation amount, or preference.

The Subsidiaries may be organized in the following corporate forms: (1) Limited liability companies in any state jurisdiction considered advantageous by Georgia Power; (2) a limited partnership in any state jurisdiction considered advantageous by Georgia Power; (3) a business trust in any state jurisdiction considered advantageous by Georgia Power; or (4) any other entity or structure, foreign or domestic, that is considered advantageous by Georgia Power. In the event that any Subsidiary is organized as a limited liability company, Applicants may organize a second special purpose wholly-owned

[8] Applicants represent that the Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (''FASB 144'') sets forth the criteria for classification as ''held for sale''—including, among others, (a) management, having the authority to approve the action, commits to a plan to sell the asset, (b) the asset is being actively marketed for sale and (c) the sale of the asset is expected to be completed within one year.

subsidiary (''Investment Subsidiary'') for the purpose of acquiring and holding Subsidiary membership interests to comply with any requirements that a limited liability company have at least two members. In the event that any Subsidiary is organized as a limited partnership, Georgia Power may organize an Investment Subsidiary to act as the general partner of the Subsidiary. Further, Georgia Power may acquire, directly or indirectly through an Investment Subsidiary, a limited partnership interest in a Subsidiary to comply with any requirements that a Subsidiary would have a limited partner.

Georgia Power and/or an Investment Subsidiary would acquire all the common stock or all of the general partnership or other common equity interests of any Subsidiary for an amount not less than the minimum required by law and not exceeding twenty-one percent of the total equity capitalization of any Subsidiary (''Equity Contribution'').[9] Georgia Power may issue and sell to any Subsidiary, at any time, or from time to time, in one or more series, subordinated debentures, promissory notes or other debt instruments (''Notes'') under an indenture or other document. The Subsidiary would apply both the Equity Contribution and the proceeds from the sale of Preferred Securities to purchase Notes. Alternatively, Georgia Power may enter a loan agreement with any Subsidiary, under which the Subsidiary would loan to Georgia Power (''Loans'') both the Equity Contribution and the proceeds from the sale of the Preferred Securities and Georgia Power would issue Notes to the Subsidiary evidencing the borrowings.

Applicants request authority for Georgia Power to guarantee: (1) Payment of dividends or distributions on the Preferred Securities of any Subsidiary if, and to the extent, that the Subsidiary has legally available funds; (2) payments to the Preferred Securities holders of amounts due upon liquidation of a Subsidiary or redemption of the Preferred Securities; and (3) certain additional amounts that may be payable regarding the Preferred Securities (collectively, ''Guaranties'').

Notes would have terms of up to fifty years. Prior to maturity, Georgia Power would pay interest on the Notes at a rate equal to the dividend or distribution rate on the related series of Preferred Securities. The dividend or distribution rate may be either a fixed rate or an adjustable rate to be determined on a periodic basis by auction or remarketing procedures according to a formula based on certain reference rates, or by other predetermined method. Interest payments would constitute each Subsidiary's only income and would be used to pay dividends or distributions on the Preferred Securities and dividends or distributions on the common stock or the general partnership or other common equity interests of the Subsidiary. Dividend payments or distributions on the Preferred Securities would be made on a monthly or other periodic basis and must be made to the extent that the Subsidiary has legally available funds and cash. However, Georgia Power may have the right to defer payment of interest on Notes for up to five or more years. Each Subsidiary would have the parallel right to defer dividend payments or distributions on the related series of Preferred Securities for up to five or more years, provided that if dividends or distributions on any series of Preferred Securities are not paid for up to 18 or more consecutive months, then the Preferred Securities holders may have the right to appoint a trustee, special general partner or other special representative to enforce the Subsidiary's rights under the Note or Guarantee. The dividend or distribution rates, payment dates, redemption and other similar provisions of each series of Preferred Securities would be substantially identical to the interest rates, payment dates, redemption and other provisions of the related Notes issued by Georgia Power.

The Notes and related Guaranties would be subordinate to all other existing and future unsubordinated indebtedness for borrowed money of Georgia Power and may have no cross-default provisions with respect to other indebtedness of Georgia Power. However, Georgia Power may be prohibited from declaring and paying dividends on its outstanding capital stock and making payments related to *pari passu* debt unless all payments then due under the Notes and Guaranties, without giving effect to the deferral rights, have been made.

It is expected that Georgia Power's interest payments on the Notes would be deductible for federal income tax purposes and that each Subsidiary would be treated as either a partnership or a passive grantor trust for federal income tax purposes. Consequently, holders of the Preferred Securities, Georgia Power and any Investment Subsidiary would be deemed to have received distributions from their ownership interests in any Subsidiary and would not be entitled to any ''dividends received deduction'' under the Internal Revenue Code.

Any series of Preferred Securities may be redeemable at the option of the issuing Subsidiary, with the consent or at the direction of Georgia Power, at a price equal to the Preferred Securities' par amount, stated value amount, liquidation amount, or preference, plus any accrued and unpaid dividends or distributions. The Preferred Securities may be redeemable at any time after a specified date not later than approximately ten years from their date of issuance or upon the occurrence of certain events. These events may be that: (1) The Subsidiary is required to withhold or deduct certain amounts in connection with dividend, distribution or other payments or is subject to federal income tax on interest received on the Notes issued to the Subsidiary; (2) it is determined that the interest payment by Georgia Power on the related Notes are not deductible for income tax purposes; or (3) the Subsidiary becomes subject to regulation as an ''investment company'' under the Investment Company Act of 1940, as amended. Any series of Preferred Securities may also be subject to mandatory redemption upon the occurrence of certain events. Georgia Power also may have the right in certain cases or in its discretion to exchange the Preferred Securities of any Subsidiary for the Notes or other junior subordinated debt issued to the Subsidiary.

In the event that any Subsidiary is required to withhold or deduct certain amounts in connection with dividend, distribution or other payments, it may also be obligated to ''gross up'' such payments so that the Preferred Securities holders would receive the same payment after such withholding or deduction as they would have received if no withholding or deduction were required. In such event, Georgia Power's obligations under its related Note and Guaranty may also extend to the ''gross up'' obligation. In addition, if any Subsidiary is required to pay taxes on income derived from interest payments on Notes issued to it, Georgia Power may be required to pay additional interest on the related Notes in an amount equal to the tax obligation.

In the event of any voluntary or involuntary liquidation, dissolution or winding up of any Subsidiary, the holders of the Preferred Securities would be entitled to receive, out of the assets of the Subsidiary available for distribution to its shareholders, partners or other owners, an amount equal to the par, stated value or liquidation amount or preference of the Preferred Securities,

[9] The remaining equity would be obtained through the purchase of the Preferred Securities.

plus any accrued and unpaid dividends or distributions.

Applicants state that each Subsidiary's activities would be limited to issuing and selling Preferred Securities and lending to Georgia Power or an Investment Subsidiary the proceeds from those sales and the Equity Contributions and any related activities. Applicants further state that a Subsidiary's common stock, general partnership or other common equity interests are not transferable, except to certain permitted successors, that its business and affairs would be managed and controlled by Georgia Power and/or its Investment Subsidiary or successor, and that Georgia Power or its successor would pay all expenses of the Subsidiary.

The distribution rate to be borne by the Preferred Securities and the interest rate on the Notes would not exceed the greater of 300 basis points over U.S. Treasury securities having comparable maturities or a gross spread over U.S. Treasury securities that is consistent with similar securities having comparable maturities and credit quality issued by other companies.

Georgia Power would use the proceeds from the sale of the proposed securities to fund its ongoing construction program, pay scheduled maturities and/or refundings of its securities, repay short-term indebtedness to the extent outstanding, and for other general corporate purposes.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02–20067 Filed 8–7–02; 8:45 am]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–46305; File No. SR–AMEX–2001–106]

Self-Regulatory Organizations; American Stock Exchange LLC; Order Granting Approval to a Proposed Rule Change and Amendment No. 1 Thereto and Notice of Filing and Order Granting Accelerated Approval to Amendment Nos. 2 and 3 Thereto Relating to Unlisted Trading Privileges in Nasdaq National Market Securities

August 2, 2002.

I. Introduction and Description of the Proposal

On December 17, 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'')[1] and Rule 19b–4 thereunder,[2] a proposed rule change to adopt Amex Rule 118 and to amend Amex Rules 1, 3, 7, 24, 115, 170, 175, 190, 205 and Section 950 of the Amex Company Guide to provide for the trading of Nasdaq Stock Market, Inc. (''Nasdaq'') National Market (''NNM'') securities pursuant to unlisted trading privileges (''UTP''). On January 14, 2002, the Amex filed Amendment No. 1 to the proposed rule change.[3] The proposed rule change, as amended by Amendment No. 1, was published in the **Federal Register** on February 6, 2002.[4] The Commission received two comment letters and a response. On April 19, 2002, the Amex filed Amendment No. 2 to the proposed rule change[5] and on July 26, 2002 filed Amendment No. 3 to the proposed rule change.[6] This order approves the proposed rule change, as amended. In addition, the Commission is publishing notice to solicit comment on and is simultaneously approving, on an accelerated basis, Amendment Nos. 2 and 3 to the proposal.

The Exchange is proposing rules to accommodate trading of NNM securities on the Exchange pursuant to UTP, in accordance with provisions of the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privileges Basis (''Plan''). The Exchange is a participant in the Plan. Exchange trading in NNM securities will be governed primarily by Amex Rule 118, Trading in Nasdaq National Market Securities. The Exchange intends to limit Nasdaq UTP trading to NNM issues and not to include Nasdaq SmallCap issues at this time.

Proposed Rule 118:

(a) Defines NNM security and Nasdaq System.

(b) States that the Exchange Constitution and rules apply to trading NNM securities, except to the extent that Rule 118 governs or unless the context otherwise requires.

(c) Requires Amex specialists to permit Nasdaq market makers direct telephone access to the specialist post and allows Nasdaq market makers to use telephone access to transmit orders for execution on the Amex.

(d) Provides that quotations distributed by Nasdaq market makers will be displayed on the Floor, that Amex specialists may send orders from the Floor for execution via telephone to Nasdaq market makers, and that quotations in Nasdaq securities from other market centers have no standing on the Floor.

(e) Provides that the Exchange will report intermarket transactions in which the Exchange member is the seller to the Nasdaq UTP Securities Information Processor (''SIP'').

(f) Provides that intermarket transactions in NNM securities must be compared and cleared through an Exchange member or member organization or the clearing firm of a member or member organization.

(g) Provides that specialists in Nasdaq securities must be registered and qualified, and includes specified testing and training requirements.[7]

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

[2] 17 CFR 240.19b–4.

[3] *See* letter from Geraldine Brindisi, Vice President and Corporate Secretary, Amex, to Katherine England, Assistant Director, Division of Market Regulation (''Division''), Commission (January 11, 2002) (''Amendment No. 1'').

[4] *See* Securities Exchange Act Release No. 45365 (January 30, 2002), 67 FR 5626.

[5] *See* letter from Claire P. McGrath, Senior Vice President and Deputy General Counsel, Amex, to Katherine England, Assistant Director, Division, Commission (April 18, 2002) (''Amendment No. 2''). In Amendment No. 2, the Exchange amended the proposed Amex Rule 118, Trading in Nasdaq National Market Securities, to provide that orders sent via telephone from other market centers to the Floor and executed by the Amex specialist must be compared and cleared through an Exchange member or member organization or the clearing firm of a member or member organization.

[6] *See* letter from Claire P. McGrath, Senior Vice President and Deputy General Counsel, Amex, to Nancy Sanow, Assistant Director, Division, Commission (July 25, 2002) (''Amendment No. 3''). In Amendment No. 3, the Exchange deleted formerly proposed Commentary .01 to Rule 175, Specialist Prohibitions. *See* Securities Exchange Act Release No. 46213 (July 16, 2002), 67 FR 48232 (July 23, 2002). In addition, in Commentary .01 to Rule 118, Trading in Nasdaq National Market Securities, the Exchange deleted a formerly proposed reference to Commentary .01 to Rule 175 due to deletion of the referenced Commentary by Amendment No. 3. Finally, the Exchange deleted formerly proposed Commentary .05 to Rule 205, Manner of Executing Odd-Lot Orders, because of a related Exchange rule filing addressing odd-lot executions in NNM securities. *See* Securities Exchange Act Release No. 46148 (June 28, 2002), 67 FR 45773 (July 10, 2002) (File No. SR–Amex–2002–56). SR–Amex–2002–56 proposes to add a new subsection (j) to Rule 118 that deals specifically with executions of odd-lot orders in Nasdaq securities.

[7] The Commission notes that under Amex Rule 175, specialists registered as such in securities admitted to dealings pursuant to UTP may be affiliated with specialists, registered options traders, and other market makers in options on the specialty UTP securities provided that information barriers are established, approved, and maintained pursuant to Amex Rule 193 between the stock and options specialist units. However, side-by-side trading of stocks and related options is not permitted. *See* Securities Exchange Act Release No. 46213 (July 16, 2002).