

company in Vermont. Captive will assume the risk.

### **PECO Energy Company and PECO Energy Transition Trust (70-10003)**

PECO Energy Company ("PECO"), a utility subsidiary of Exelon Corporation ("Exelon"), 10 South Dearborn Street, 37th Floor, Chicago, Illinois 60603, a registered holding company, and PECO Energy Transition Trust ("PETT"), a special purpose subsidiary of Exelon (collectively, "Declarants"), have filed a declaration under section 13(b) of the Act and rules 87, 90, 91 and 54 under the Act.

In Commission orders dated November 2, 2000 (Holding Co. Act Release No. 27266), and December 8, 2000 (Holding Co. Act Release No. 27296) (collectively, the "Prior Orders"), the Commission approved PECO's refinancing of up to the full amount of outstanding transition bonds due March 1, 2004, and September 1, 2007, with refunding transition bonds having a final maturity not later than March 1, 2011.<sup>1</sup> On March 1, 2001, PETT refinanced approximately \$805 million of the prior transition bonds through the issuance of Series 2001-A Transition Bonds.<sup>2</sup>

In Amendment No. 5 to the Form U-1 in File No. 70-9693, Exelon sought approval under section 13(b) of the Act for PECO to provide certain servicing functions to PETT at a price not restricted to cost. Exelon states that it will withdraw that request from File No. 70-9693 and instead Declarants are making the same request in the Form U-1 filed in the current matter.

Under the terms of PECO's settlement of its 1998 restructuring proceeding and the final order of the Pennsylvania Public Utility Commission ("Pennsylvania Commission") approving the settlement, issued on May 14, 1998, PECO is permitted to recover \$5.26 billion in stranded costs over a twelve year period beginning on January 1, 1999. PECO's stranded costs are collected through a non-bypassable transition charge which must be paid by all of PECO's transmission and distribution customers, regardless of whether the customers continue to purchase their electric capacity or energy from PECO. Utilities are authorized to securitize the right to recover all or a portion of these non-

bypassable transition charges through the issuance of "transition bonds." This right is known as "Intangible Transition Property."

As permitted under Pennsylvania law, certain portions of the May 14, 1998, Pennsylvania Commission order were designated a Qualified Rate Order ("QRO") authorizing PECO to securitize up to \$4 billion of its recoverable costs through the issuance of transition bonds. On March 16, 2000, the Pennsylvania Commission issued a second QRO authorizing PECO to securitize an additional \$1 billion. In order to accomplish the approved securitization transactions, PECO created PETT as an independent special purpose entity. PETT is a statutory business trust formed on June 23, 1998, under a trust agreement between PECO, as grantor, First Union Trust Company, N.A., as issuer trustee, and two beneficiary trustees appointed by PECO. PETT was organized for the special purpose of purchasing from PECO the Intangible Transition Property, issuing transition bonds, pledging its interest in the Intangible Transition Property and other collateral to a bond trustee to secure the transition bonds and performing activities that are necessary and suitable to accomplish these purposes including collecting the specific part of Intangible Transition Property used to pay the bonds, *i.e.*, "Intangible Transition Charges" collected from PECO customers.

As part of the transactions relating to the currently Outstanding Transition Bonds, PECO and PETT entered into an Amended and Restated Master Servicing Agreement, dated March 25, 1999, as amended May 2, 2000, and March 1, 2001 (the "Servicing Agreement"), under which PECO, as servicer, manages and administers the ITP sold to PETT and collects the Intangible Transition Charges on behalf of PETT.<sup>3</sup>

To help ensure the necessary legal separation for purposes of isolating PETT from PECO for bankruptcy purposes, the rating agencies desire that any servicing arrangement to be at a market price so that a successor entity could assume the duties in the event of the bankruptcy of PECO without interruption or an increase in fees. Accordingly, the Servicing Agreement has provided for at market pricing and will continue to do so while any transition bonds remain outstanding. PECO and PETT seek approval under section 13(b) of the Act and rules 87, 90 and to continue this practice during the

period and transition bonds remain outstanding and the Servicing Agreement remains in place.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

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## **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-45110; File No. SR-Amex-2001-90]**

### **Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto by the American Stock Exchange LLC Establishing New Exchange Fees Based on the Number of Order Cancellations Routed Through the Amex Order File**

November 27, 2001.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that on October 23, 2001, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. On November 21, 2001, the Amex submitted Amendment No. 1 to the proposed rule change.<sup>3</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

### **I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

The Amex proposes to establish a new fee based upon the number of order

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

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

<sup>3</sup> See letter from Claire P. McGrath, Vice President & Deputy General Counsel, Amex, to Nancy Sanow, Assistant Director, Division of Market Regulation ("Division"), Commission, dated November 20, 2001 ("Amendment No. 1"). In Amendment No. 1, the Amex amended note 5 to Section VI, Options Order Cancellation Fee of the Amex Fee Schedule, to clarify that the fee will be assessed when the total number of orders an executing clearing member cancels through the Amex Order File ("AOF") in a particular month exceeds the total number of orders that the member executes through the AOF in that same month. For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change under Section 19(b)(3)(C) of the Act, the Commission considers that period to commence on November 20, 2001, the date the Amex filed Amendment No. 1. See 15 U.S.C. 78s(b)(3)(C).

<sup>1</sup> As of June 30, 2000, there was \$1.132 billion outstanding in these transition bonds outstanding.

<sup>2</sup> Further details regarding PETT's obligations and outstanding transition bonds (the "Outstanding Transition Bonds") at September 30, 2001, are set forth in PETT's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001 in File No. 333-58055.

<sup>3</sup> The Servicing Agreement is incorporated by reference to Exhibits 10.3 and 10.4 to PETT's Form S-3 Regulation Statement in File No. 333-51740.

cancellations that are routed through the AOF.

The text of the proposed rule change, as amended, is available at the Office of the Secretary, Amex and at the Commission.

## II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Amex included statements concerning the purpose of and basis for the proposed rule change, as amended, and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B and C below, of the most significant aspects of such statements.

### A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

#### 1. Purpose

The Exchange proposed to establish a fee on the cancellation of orders. The Exchange represents that the fee is necessary given the often disproportionate number of order cancellations received relative to order executions and the increased costs associated with the practice of immediately following an order routed through exchange systems with a cancel request for that order. The Exchange asserts that these order cancellations utilize system capacity and may require manual processing by specialist unit personnel, which may unnecessarily distract specialist staff from other responsibilities. The Exchange represents that cancellations often come in large numbers, which create backlogs in the AOF, increase Exchange costs, adversely impact public customers, their clearing firms, and specialists, and result in less-than-timely executions of customer orders. The Exchange asserts that the large volume of order cancellations requires an increase in Exchange spending on systems and related hardware used to process increased message traffic.

Pursuant to the proposed fee, the executing Clearing Member would be charged \$1.00 for every order that it cancels through the AOF in any month when the total number of orders cancelled through the AOF exceeds the total number of orders that same firm executed through AOF in that same

month.<sup>4</sup> This fee will not apply to executing Clearing Members that cancel fewer than 500 orders through AOF in a given month. The Exchange will begin billing the cancellation fee after November 1, 2001.

#### 2. Statutory Basis

The Exchange believes that the proposal is consistent with section 6(b) of the Act,<sup>5</sup> in general, and section 6(b)(4) of the Act,<sup>6</sup> in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities.

#### B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change, as amended, will impose any burden on competition.

#### C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited nor received.

## III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing proposed rule change, as amended, has become effective pursuant to section 19(b)(3)(A)(ii) of the Act<sup>7</sup> and subparagraph (f)(2) of Rule 19b-4<sup>8</sup> thereunder, because it establishes or changes a due, fee, or other charge.<sup>9</sup> At any time within 60 days of November 21, 2001, the Commission may summarily abrogate such proposed rule change, as amended, if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.<sup>10</sup>

## IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule

change, as amended, is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change, as amended, that are filed with the Commission, and all written communications relating to the proposed rule change, as amended, between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the Amex.

All submissions should refer to File No. SR-Amex-2001-90 and should be submitted by December 26, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45106; File No. SR-Amex-2001-97]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange LLC, To Allow for \$0.50 Strike Price Intervals for Options Based on the iShares 100 Index Fund

November 27, 2001.

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> notice is hereby given that on November 8, 2001, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. On November 9, 2001, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>3</sup> The Commission is

<sup>11</sup> 17 CFR 200.30-3(a)(12).

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

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

<sup>3</sup> See Letter from Jeffrey Burns, Assistant General Counsel, Legal & Regulatory Department, Amex, to

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<sup>4</sup> Telephone conversation between Claire P. McGrath, Vice President & Deputy General Counsel, Amex, and Frank N. Genco, Attorney Advisor, Division, Commission, on November 16, 2001.

<sup>5</sup> 15 U.S.C. 78f(b).

<sup>6</sup> 15 U.S.C. 78f(b)(4).

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>8</sup> 17 CFR 240.19b-4(f)(2).

<sup>9</sup> The Exchange's proposed rule change is similar to a fee instituted by the Chicago Board Options Exchange, Inc., which became immediately effective on July 27, 2001. See Securities Exchange Act Release No. 44607 (July 27, 2001), 66 FR 40757 (August 3, 2001).

<sup>10</sup> See 15 U.S.C. 78(b)(3)(C).