

appropriate, the same terms as are applicable to NU.

Subject to the applicable short-term debt limits and the Financing Parameters, discussed above, as in the case of NU, the Utility Borrowers intend to renew and extend outstanding short-term debt as it matures, to refund such short-term debt with other similar short-term debt, to repay such short-term debt or to increase the amount of their short-term debt from time to time.

### III. Authorization to Engage in Interest Rate Hedge Transactions

NU and the Utility Borrowers also request authorization to enter into interest rate hedging transactions with respect to its outstanding indebtedness ("Interest Rate Hedges"), subject to the limitations and restrictions below, in order to reduce or manage the effective interest rate cost. Interest Rate Hedges would only be entered into with counterparties ("Approved Counterparties") whose senior debt ratings, or those of any credit support providers guaranteeing the Approved Counterparties, as published by Standard & Poor's Rating Group, are equal to or greater than BBB, or an equivalent rating from Moody's Investor Service or Fitch IBCA, or through on-exchange transactions.

Interest Rate Hedges will involve the use of financial instruments commonly used in the capital markets, such as options, interest rate swaps, locks, caps, collars, floors, exchange-traded futures and options, and other similar appropriate instruments. The transactions would be for fixed periods and stated notional amounts as are generally accepted as prudent in the capital markets. In no case will the notional principal amount of any Interest Rate Hedge exceed that of the underlying debt instrument. Neither NU nor the Utility Borrowers will engage in speculative transactions within the meaning of such term in Statement of Financial Accounting Standard 133, as amended. Transaction fees, commissions and other amounts payable to brokers in connection with an Interest Rate Hedge will not exceed those generally obtainable in competitive markets for parties of comparable credit quality.

### IV. The NU Money Pool

The Applicants request authorization to continue the NU Money Pool through June 30, 2004, with NUSCO as the NU Money Pool administrator. The Applicants also request continued participation in the NU Money Pool by those companies authorized to participate, subject to (a) amendment of

the NU Money Pool Agreement to provide for utility subsidiaries' borrowing priority over Nonutility Pool Participants and (b) the Applicants' submission to the Commission by December 31, 2003 of a feasibility study concerning the creation of a separate money pool for nonutility subsidiaries of NU.

The Pool Participants, other than the Non-borrowing Pool Participants, request authority to continue to enter into, from time to time, short-term unsecured debt transactions through the NU Money Pool, to contribute surplus funds to the NU Money Pool and to lend to (and acquire promissory notes from) one another through the NU Money Pool. The Non-borrowing Pool Participants also request authority solely to contribute surplus funds and to lend to the Pool Participants through the NU Money Pool.

In addition, the Applicants seek authorization for Boulos, Woods and SENY to participate in the Money Pool, as both borrowers and lenders, and for Woods Network to participate in the NU Money Pool, solely as a lender, through June 30, 2004.

Finally, the Nonutility Pool Participants request authorization to borrow from the NU Money Pool to the following limits: Quinnetuk to \$10 million, NUEI to \$100 million, NGS to \$25 million, Select to \$200 million, RR to \$30 million, Yankee Financial to \$10 million, NorConn to \$10 million, YESCO to \$10 million, SESI (formerly HEC, Inc.) to \$35 million, Boulos to \$10 million, Woods to \$10 million and SENY to \$10 million.

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

**J. Lynn Taylor,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-47956; File No. SR-Amex-2003-29]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange LLC Relating to Adoption of a Per Contract Licensing Fee for Transactions in Options on iShares Lehman 1-3 Year Treasury Bond Fund (SHY), iShares Lehman 7-10 Year Treasury Bond Fund (IEF), and iShares Lehman 20+ Year Treasury Bond Fund (TLT)

May 30, 2003.

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 April 22, 2003, the American Stock Exchange LLC ("Exchange" or "Amex") 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 Amex. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Amex proposes to amend its options fee schedule by adopting a per contract license fee in connection with specialist and registered options traders ("ROTs") transactions in options on iShares Lehman 1-3 Year Treasury Bond Fund (SHY), iShares Lehman 7-10 Year Treasury Bond Fund (IEF), and iShares Lehman 20+ Year Treasury Bond Fund (TLT) (collectively, the "iShares Lehman Treasury Funds").

The text of the proposed rule change is available at 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, Amex included statements concerning the purpose of and basis for the proposed rule change 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. Amex has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

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

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

**I. Purpose**

The Exchange has entered into numerous agreements with issuers and owners of indexes for the purpose of trading options on certain exchange-traded funds ("ETFs"). Many agreements require the Exchange to pay a significant licensing fee to issuers or index owners as a condition to the listing and trading of these ETF options that may not be reimbursed. In an effort to recoup the costs associated with index licenses, the Exchange has previously established a per contract licensing fee for specialists and ROTs that is collected on every transaction in designated products in which a specialist or a ROT is a party. The licensing fee currently imposed on specialists and ROTs is as follows: (1) \$0.10 per contract side for options on the Nasdaq-100 Index Tracking Stock (QQQ), the Nasdaq-100 Index (NDX), the Mini-NDX (MNX), and the iShares Goldman Sachs Corporate Bond Fund (LQD); (2) \$0.09 per contract side for options on the iShares Cohen & Steers Realty Majors Index Fund (ICF); and (3) \$0.05 per contract side for options on the S&P 100 iShares (OEF).<sup>3</sup>

The purpose of the proposed fee is for the Exchange to recoup its costs in connection with the index license fee for the trading of options on the iShares Lehman Treasury Funds. The proposed licensing fee will be collected on every option transaction of the iShares Lehman Treasury Funds in which the specialist or ROT is a party. The Exchange proposes to charge \$0.10 per contract side for options on the iShares Lehman Treasury Funds. Accordingly, Amex believes that requiring the payment of a per contract licensing fee by those specialists units and ROTs that are the beneficiaries of the Exchange's index license agreements is justified and consistent with the rules of the Exchange and the Act. In addition, the Exchange believes that passing the license fee (on a per contract basis) along to the specialist(s) allocated the iShares Lehman Treasury Fund options and the ROTs trading such products is efficient and consistent with the intent of the Exchange to pass on its non-reimbursed costs to those market participants that are the beneficiaries.

<sup>3</sup> See Securities Exchange Act Release Nos. 45163 (December 18, 2001), 66 FR 66958 (December 27, 2001), 47432 (March 3, 2003), 68 FR 11420 (March 10, 2003) and 47431 (March 3, 2003), 68 FR 11882 (March 12, 2003).

Amex notes that in recent years it has increased a number of member fees to better align Exchange fees with the actual cost of delivering services and to reduce Exchange subsidies of such services.<sup>4</sup> Amex believes that implementation of this proposal is consistent with the reduction and/or elimination of these subsidies.

The Exchange asserts that the proposed license fee will provide additional revenue for the purpose of recouping Amex's costs associated with the trading of options on the iShares Lehman Treasury Funds. In addition, Amex believes that this fee will help allocate, to those specialists and ROTs transacting in options on the iShares Lehman Treasury Funds, a fair share of the related costs of offering such options. Accordingly, the Exchange believes that the proposed fee is reasonable.<sup>5</sup>

**2. Basis**

The Exchange believes the proposed rule change is consistent with section 6 of the Act,<sup>6</sup> in general, and with section 6(b)(4) of the Act,<sup>7</sup> in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members.

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

Amex believes that the proposed rule change will impose no 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 or received with respect to the proposed rule change.

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

The foregoing proposed rule change has become effective pursuant to section 19(b)(3)(A)(ii) of the Act<sup>8</sup> and subparagraph (f)(2) of Rule 19b-4<sup>9</sup>

<sup>4</sup> See Securities Exchange Act Release Nos. 45360 (January 29, 2002), 67 FR 5626 (February 6, 2002), and 44286 (May 9, 2001), 66 FR 27187 (May 16, 2001).

<sup>5</sup> The Exchange represents that it will not impose the proposed license fee on any transaction if the non-reimbursed licensing or other third-party fee is recouped by the Exchange via another Exchange fee or assessment. Telephone conversation between Jeffrey P. Burns, Associate General Counsel, Amex, and Frank N. Genco, Attorney, Division of Market Regulation, Commission, on May 22, 2003.

<sup>6</sup> 15 U.S.C. 78f.

<sup>7</sup> 15 U.S.C. 78f(b)(4).

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>9</sup> 17 CFR 240.19b-4(f)(2).

thereunder, because it establishes or changes a due, fee, or other charge.

At any time within 60 days of April 22, 2003, the Commission may summarily abrogate such rule change 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 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 that are filed with the Commission, and all written communications relating to the proposed rule change 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 Amex. All submissions should refer to File No. SR-Amex-2003-29 and should be submitted by July 1, 2003.

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

**Jill M. Peterson,**

*Assistant Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-47971; File No. SR-CHX-2003-14]

**Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Stock Exchange, Incorporated To Decrease Certain Technology and Connectivity Fees**

June 4, 2003.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934

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

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