

to give the Participants and the Commission an opportunity to evaluate: (1) The need for the limitation on liability for Trade-Throughs near the end of the trading day; (2) whether 10 contracts per Satisfaction Order is the appropriate limitation; and (3) whether the opportunity to limit liability for Trade-Throughs near the end of the trading day leads to an increase in the number of Trade-Throughs.

In the order approving Joint Amendment No. 4, the Commission stated that in the event the Participants chose to seek permanent approval of this limitation, the Participants must provide the Commission with a report regarding data on the use of the exemption no later than 60 days before seeking permanent approval ("Report").<sup>10</sup> The Commission specified that the Report should include information about the number and size of Trade-Throughs that occur during the last seven minutes of the equity options trading day and during the remainder of the trading day, the number and size of Satisfaction Orders that Participants might be required to fill without the limitation on liability and how those amounts are affected by the limitation on liability, and the extent to which the Participants use the underlying market to hedge their options positions.<sup>11</sup> In a subsequent amendment to the Linkage Plan for the purpose of extending the pilot, Joint Amendment No. 8, the Participants represented that if they were to seek to make the limitation on Trade-Through liability permanent, they would submit the Report to the Commission no later than March 31, 2004.<sup>12</sup>

Following the extension of the pilot program pursuant to Joint Amendment No. 8, certain Participants provided the Commission with portions of the data required in the Report, but were unable to provide sufficient information to enable the Commission to evaluate whether permanent approval would be appropriate. The Commission extended the pilot program until January 31, 2005, to allow the limitation to continue

in effect, with an increase in liability to 25 contracts per Satisfaction Order, to enable the Participants to continue to gather and the Commission to evaluate the data relating to the effect of the operation of the pilot program.<sup>13</sup>

Since the extension of the pilot program pursuant to Joint Amendment No. 12, the Participants have provided no additional data to the Commission to justify permanent approval of the limitation on liability. The Participants have represented that they are currently considering amendments to the Linkage Plan that, if proposed and approved, could obviate the need for the limitation on liability for Trade-Throughs at the end of the trading day. Specifically, the amendments the Participants are considering are intended to minimize the incidence of Trade-Throughs, and subsequently decrease the incidence of Satisfaction Orders. The Participants have represented that these amendments could be in effect within a year, and at that time, Participants would either allow the pilot program to lapse, or, if they believed that a continuation of the limitation was appropriate, would discuss that matter with the Commission staff. In this regard, the Commission notes that the Participants must submit sufficient information to enable the Commission to evaluate whether permanent approval of the pilot program would be appropriate no later than 60 days prior to seeking permanent approval before the Commission will consider such permanent approval.

The Commission previously determined, pursuant to Rule 11Aa3-2(c)(4) under the Act,<sup>14</sup> to put into effect summarily on a temporary basis not to exceed 120 days, the amendments detailed above in Joint Amendment No. 14. After careful consideration of Joint Amendment No. 14, the Commission finds that approving Joint Amendment No. 14 is consistent with the requirements of the Act and the rules and regulations thereunder. Specifically, the Commission finds that Joint Amendment No. 14 is consistent with Section 11A of the Act<sup>15</sup> and Rule 11Aa3-2 thereunder,<sup>16</sup> in that it is appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets. Specifically, the Commission believes that extending the pilot program and raising the limitation on liability to 50 contracts per Satisfaction Order will

afford the Participants the opportunity to either gather sufficient information to justify the need for the pilot program or determine that the limitation on Trade-Through liability is no longer necessary. The Commission believes that raising the limitation on liability to 50 contracts per Satisfaction Order will increase the average size of Satisfaction Order fills during the end of the options trading day, thereby enhancing customer order protection.

#### IV. Conclusion

*It is therefore ordered*, pursuant to Section 11A of the Act<sup>17</sup> and Rule 11Aa3-2 thereunder,<sup>18</sup> that Joint Amendment No. 14, which extends the pilot program until January 31, 2006, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>19</sup>

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

[FR Doc. E5-2673 Filed 5-25-05; 8:45 am]

BILLING CODE 8010-01-P

#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-51716; File No. SR-OPRA-2005-01]

#### Options Price Reporting Authority; Order Approving an Amendment to the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information to Clarify How the Requirements of the OPRA Plan Pertaining to Vendors Apply to Persons Who Redistribute OPRA Data Over the Internet

May 19, 2005.

On March 30, 2005, the Options Price Reporting Authority ("OPRA") submitted to the Securities and Exchange Commission ("Commission"), pursuant to Section 11A of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 11Aa3-2 thereunder,<sup>2</sup> an amendment to the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information ("OPRA Plan").<sup>3</sup> The

<sup>17</sup> 15 U.S.C. 78k-1.

<sup>18</sup> 17 CFR 240.11Aa3-2.

<sup>19</sup> 17 CFR 200.30-3(a)(29).

<sup>1</sup> 15 U.S.C. 78k-1.

<sup>2</sup> 17 CFR 240.11Aa3-2.

<sup>3</sup> The OPRA Plan is a national market system plan approved by the Commission pursuant to Section 11A of the Act and Rule 11Aa3-2 thereunder. <http://www.opradata.com>.

The OPRA Plan provides for the collection and dissemination of last sale and quotation information on options that are traded on the participant

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(Temporary effectiveness of pilot program on a 120-day basis); and 48055 (June 18, 2003), 68 FR 37869 (June 25, 2003) (Order approving Joint Amendment No. 4). The Commission subsequently extended the pilot program, until June 30, 2004 and January 31, 2005, respectively. See Securities Exchange Act Release Nos. 49146 (January 29, 2004), 69 FR 5618 (February 5, 2004) (Order approving Joint Amendment No. 8); and 49863 (June 15, 2004), 69 FR 35081 (June 23, 2004) (Order approving Joint Amendment No. 12).

<sup>10</sup> See Order approving Joint Amendment No. 4, *supra* note 9.

<sup>11</sup> *Id.*

<sup>12</sup> See Order approving Joint Amendment No. 8, *supra* note 9.

<sup>13</sup> See Order approving Joint Amendment No. 12, *supra* note 9.

<sup>14</sup> 17 CFR 240.11Aa3-2(c)(4).

<sup>15</sup> 15 U.S.C. 78k-1.

<sup>16</sup> 17 CFR 240.11Aa3-2.

proposed amendment would issue a written policy that clarifies how the requirements of the OPRA Plan pertaining to vendors apply to persons who redistribute OPRA data over the Internet. Notice of the proposal was published in the **Federal Register** on April 15, 2005.<sup>4</sup> The Commission received no comment letters on the proposed OPRA Plan amendment. This order approves the proposal.

The OPRA Plan generally defines a "vendor" as a person who redistributes OPRA data (*i.e.*, options last sale and quotation reports and related information) to persons outside of its own organization. Persons who act as vendors are required to enter into vendor agreements with OPRA and pay applicable access and redistribution fees. The purpose of the proposed Plan amendment is to adopt a written policy codifying prior interpretations concerning how provisions of the Plan applicable to "vendors" apply to persons who redistribute OPRA data by means of the Internet.

After careful review, the Commission finds that the proposed OPRA Plan amendment is consistent with the requirements of the Act and the rules and regulations thereunder.<sup>5</sup> The Commission believes that the proposed OPRA Plan amendment is consistent with Section 11A of the Act<sup>6</sup> and Rule 11Aa3-2 thereunder<sup>7</sup> in that it is appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanisms of, a national market system. Specifically, given the increasing use of the Internet as a means of providing OPRA data to subscribers and others, the Commission finds that it is appropriate to clarify exactly who among the various types of service providers involved in Internet transmission of OPRA data are considered to be performing the function of a vendor under the OPRA Plan, and therefore subject to those provisions of the OPRA Plan applicable to vendors.

exchanges. The six participants to the OPRA Plan are the American Stock Exchange LLC, the Boston Stock Exchange, Inc., the Chicago Board Options Exchange, Inc., the International Securities Exchange, Inc., the Pacific Exchange, Inc., and the Philadelphia Stock Exchange, Inc.

<sup>4</sup> See Securities Exchange Act Release No. 51514 (April 8, 2005), 70 FR 19976.

<sup>5</sup> In approving this proposed OPRA Plan amendment, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>6</sup> 15 U.S.C. 78k-1.

<sup>7</sup> 17 CFR 240.11Aa3-2.

It is therefore ordered, pursuant to Section 11A of the Act,<sup>8</sup> and Rule 11Aa3-2 thereunder,<sup>9</sup> that the proposed OPRA Plan amendment (SR-OPRA-2005-01) be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. E5-2656 Filed 5-25-05; 8:45 am]

**BILLING CODE 8010-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27972]

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

May 20, 2005.

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 June 14, 2005, 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 June 14, 2005, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

#### CenterPoint Energy, Inc., et al. (70-10299)

CenterPoint Energy, Inc. ("CNP"), a registered holding company, of 1111 Louisiana, Houston, TX 77002; Utility

Holding, LLC ("Utility Holding"), a direct subsidiary of CNP and also a registered holding company, of 1011 Centre Road, Suite 324, Wilmington, DE 19805; their public utility subsidiaries, CenterPoint Energy Houston Electric ("CEHE") and CenterPoint Energy Resources Corp. ("CERC") (together, "Utility Subsidiaries"), both of 1111 Louisiana, Houston, TX 77002; and certain of the non-utility subsidiaries ("Non-Utility Subsidiaries"),<sup>1</sup> all of 1111 Louisiana, Houston, TX 77002 (collectively, the "Applicants" or "CNP System") have filed an application-declaration ("Application") under Sections 6(a), 7, 9(a), 10 and 12(b), (c) and (f) of the Act and Rules 42, 43, 44, 45, 46, 53 and 54 under the Act.

#### Background

CNP is a registered holding company that was formed in 2002.<sup>2</sup> CNP indirectly owns all of its subsidiaries through its direct, wholly-owned subsidiary, Utility Holding. Utility Holding is an intermediate registered holding company formed to minimize tax inefficiencies, and it serves merely as a conduit. Utility Holding holds, directly and indirectly, all of the CNP subsidiaries, including the Utility Subsidiaries.<sup>3</sup>

The electric Utility Subsidiary, CEHE, is engaged in the transmission and distribution of electric energy in a 5,000-square-mile area of the Texas Gulf Coast that includes Houston. The natural gas Utility Subsidiary, CERC, owns gas distribution systems. Through

<sup>1</sup> CenterPoint Energy Service Company, LLC; CenterPoint Energy Funding Company; CenterPoint Energy Transition Bond Company, LLC; CenterPoint Energy Transition Bond Company II, LLC; Houston Industries FinanceCo GP, LLC; CenterPoint Energy Investment Management, Inc.; CenterPoint Energy Properties, Inc.; Arkansas Louisiana Finance Corporation; Arkla Industries Inc.; CenterPoint Energy Alternative Fuels, Inc.; CenterPoint Energy Field Services, Inc.; CenterPoint Energy Gas Receivables, LLC; CenterPoint Energy Gas Transmission Company; CenterPoint Energy—Illinois Gas Transmission Company; CenterPoint Energy Intrastate Holdings, LLC; Pine Pipeline Acquisition Company, LLC; CenterPoint Energy Gas Services, Inc.; CenterPoint Energy—Mississippi River Transmission Corporation; CenterPoint Energy MRT Services Company; CenterPoint Energy Pipeline Services, Inc.; CenterPoint Energy OQ, LLC; CenterPoint Energy Intrastate Pipelines, Inc.; Minnesota Intrastate Pipeline Company; NorAm Financing I; HL&P Capital Trust II; CenterPoint Energy Funds Management, Inc.; CenterPoint Energy International, Inc.; CenterPoint Energy Avco Holdings, LLC; and CenterPoint Energy Offshore Management Services, LLC.

<sup>2</sup> See *Reliant Energy, Inc.*, HCAR No. 27548 (July 5, 2002) (CNP was referred to there as "New REI").

<sup>3</sup> As used herein, the defined-term "Subsidiaries" refers to the Applicants (other than CNP and Utility Holding), as well as any direct or indirect subsidiary companies that CNP may form with the approval of the Commission or in reliance on rules or statutory exemptions.

<sup>8</sup> 15 U.S.C. 78k-1.

<sup>9</sup> 17 CFR 240.11Aa3-2.

<sup>10</sup> 17 CFR 200.30-3(29).