5. Applicants state that, although each Replaced Portfolio benefits from an expense reimbursement arrangement that reduces the Portfolio's expenses, even after the reimbursements for the Replaced Portfolios have been taken into account, the expenses of the Replacement Portfolio are still lower than those of each Replaced Portfolio. Also, there is no assurance that the expense reimbursement arrangements for the Replaced Portfolios will continue in the future. Moreover, for two years following the proposed substitution, Contract owners affected by the proposed substitution will benefit from a subaccount and underlying Portfolio with aggregate annualized expenses that can be no higher than the aggregate annualized expenses of Replaced Portfolio B and the subaccount invested in Replaced Portfolio B for the fiscal year ended December 31, 2003.

6. Applicants assert that the proposed substitutions are not the type of substitution that Section 26(c) was designed to prevent. Unlike traditional unit investment trusts where a depositor could only substitute an investment security in a manner which permanently affected all the investors in the trust, the Contracts provide each Contract owner with the right to exercise his or her own judgment and transfer Contract values into other subaccounts. Moreover, the Contracts will offer Contract owners the opportunity to transfer amounts out of the affected subaccounts into any of the remaining subaccounts without cost or disadvantage. Applicants assert that the proposed substitutions, therefore, will not result in the type of costly forced redemption that Section 26(c) was designed to prevent.

7. Applicants represent that the proposed substitutions also are unlike the type of substitution that Section 26(c) was designed to prevent in that by purchasing a Contract, Contract owners select much more than a particular investment company in which to invest their Contract values. They also select the specific type of coverage offered by the Company under the Contract, as well as numerous other rights and privileges set forth in the Contract. Contract owners may also have considered the size, financial condition, type and reputation for service of the Company, from whom they purchased their Contract in the first place. These factors will not change because of the proposed substitutions.

8. Further, the proposed substitutions are consistent with the protection of investors and the purposes fairly intended by the Act for the following reasons:

a. Within five days after the proposed substitutions, Applicants represent that the Company will send Contract owners who are affected by the substitutions written notice informing them that the substitutions have taken place, and will explain other procedures the Company intends to follow in connection with Contract owner transfers and exchanges following the substitutions.

b. From June 1, 2004, until the date of the proposed substitutions, the Company will permit Contract owners to make transfers of Contract value out of each Replaced Portfolio subaccount to other subaccounts or the fixed account without those transfers counting toward the limited number of transfers permitted each Contract year without a transfer charge. Likewise, for at least 30 days following the proposed substitutions, the Company will permit Contract owners affected by the substitutions to transfer Contract value out of the Replacement Portfolio subaccount to other subaccounts or the fixed account without those transfers counting toward the limited number of transfers permitted each Contract year without a transfer charge.

c. The Company will carry out the proposed substitutions by redeeming shares of each Replaced Portfolio held by the Accounts for cash and then applying the proceeds to the purchase of shares of the Replacement Fund. The proposed substitutions will take place at relative net asset value with no change in the amount of any Contract owner's Contract value or death benefit, or in the dollar value of his or her investment in any of the Accounts.

d. Contract owners will not incur any fees or charges as a result of the proposed substitutions, nor will their rights or the Company's obligations under the Contracts be altered in any way. The Company will pay all applicable expenses incurred in connection with the proposed substitutions, including brokerage commissions and legal, accounting, and other fees and expenses. The proposed substitutions will not cause the Contract fees and charges currently being paid by existing Contract owners to be greater after the proposed substitutions than before the proposed substitutions. In addition, the proposed substitutions will not result in adverse tax consequences for and will not alter the tax benefits to Contract owners.

e. For those who were Contract owners on the date of the proposed substitutions, the Company will reimburse, on the last business day of each fiscal period (not to exceed a fiscal quarter) during the twenty-four months following the date of the proposed substitutions, the subaccount investing in the Replacement Portfolio such that the sum of the Replacement Portfolio's operating expenses (taking into account fee waivers and expense reimbursements) and subaccount expenses (asset-based fees and charges deducted on a daily basis from subaccount assets and reflected in the calculation of subaccount unit values) for such period will not exceed, on an annualized basis, the sum of Replaced Portfolio B's operating expenses (taking into account fee waivers and expense reimbursements) and subaccount expenses for the fiscal year preceding the date of the proposed substitution. In addition, for twenty-four months following the proposed substitutions, the Company will not increase asset-based fees or charges for Contracts outstanding on the date of the proposed substitutions.

Conclusion

Applicants request an order of the Commission pursuant to Section 26(c) of the Act approving the substitutions. Section 26(c) in pertinent part, provides that the Commission shall issue an order approving a substitution of securities if the evidence establishes that it is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of Act.

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

J. Lynn Taylor,

Assistant Secretary.

[FR Doc. E4–2873 Filed 10–27–04; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–50561; File No. 4–429]

Joint Industry Plan; Order Approving Joint Amendment No. 13 to the Options Intermarket Linkage Plan Regarding Natural Size

October 19, 2004.

I. Introduction

On May 10, 2004, May 11, 2004, June 22, 2004, July 21, 2004, August 12, 2004, and August 16, 2004, the International Securities Exchange, Inc. (''ISE''), the Chicago Board Options Exchange, Inc. (''CBOE''), the American Stock Exchange LLC (''Amex''), the Pacific Exchange, Inc. (''PCX''), the Philadelphia Stock Exchange, Inc. (''Phlx''), and the Boston Stock Exchange, Inc. (''BSE'') (collectively, the ''Participants''), respectively, filed with the Securities and Exchange Commission (''Commission'') an amendment (''Joint Amendment No. 13'') to the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage (the ''Linkage Plan'').[1] In Joint Amendment No. 13, the Participants propose to modify the definitions of Firm Customer Quote Size (''FCQS'') and Firm Principal Quote Size (''FPQS'') to accommodate the ''natural size'' of quotations. The Linkage Plan currently requires that the Participants be firm for both Principal Acting as Agent and Principal Orders for at least 10 contracts. The proposed Amendment would permit exchanges to be firm for the actual size of their quotation, even if this amount is less than 10 contracts.

The proposed amendment to the Linkage Plan was published in the **Federal Register** on August 24, 2004.[2] No comments were received on the proposed amendment. This order approves the proposed amendment to the Linkage Plan.

II. Description of the Proposed Amendment

Proposed Joint Amendment No. 13 seeks to change the definitions of both FCQS and FPQS. While the proposed Amendment would maintain a general requirement that the FCQS and FPQS be at least 10 contracts, that requirement would not apply if a Participant were disseminating a quotation of fewer than 10 contracts. In that case, the Participant may establish a FCQS or FPQS equal to its disseminated size, or ''natural size.''

Under the proposed amendment, as with Linkage orders today, if the order is of a size eligible for automatic execution, the receiving exchange must provide automatic execution of the Linkage order. If this is not the case (for example, the receiving exchange's automatic execution system is not engaged), the receiving exchange may allow the order to drop to manual handling. However, the receiving exchange still must provide a manual execution for at least the FCQS or FPQS, as appropriate (in this case, the size of its disseminated quotation of less than 10 contracts).

III. Discussion

After careful consideration, the Commission finds that the proposed amendment to the Linkage Plan is consistent with the requirements of the Act and the rules and regulations thereunder. Specifically, the Commission finds that the proposed amendment to the Linkage Plan is consistent with Section 11A of the Act[3] and Rule 11Aa3–2 thereunder,[4] in that it is appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets.

The Commission notes that the Participants adopted the current definitions of FCQS and FPQS, which impose a ''10-up'' requirement, at a time when all the Participants had rules requiring that their minimum quotation size be for at least 10 contracts. Consequently, an exchange receiving a customer limit order for fewer than 10 contracts would disseminate the price of the customer limit order with a size of 10 contracts and the specialist or the trading crowd would be responsible to make up the difference. Since implementation of the Linkage Plan, several of the Participants have modified their rules to permit them to disseminate the ''natural size'' of customer limit orders that are of a size less than 10 contracts.[5] Proposed Joint Amendment No. 13 should conform the minimum quotation requirements contained in the Linkage Plan to be consistent with the Participants' rules regarding the dissemination of the size associated with customer limit orders. The Commission believes that conforming the requirements of the Linkage Plan to the requirements adopted by the Participants, which permit them to disseminate an order's ''natural size,'' should provide greater transparency to investors and the marketplace and better reflect the true state of liquidity in the marketplace.

IV. Conclusion

It is therefore ordered, pursuant to Section 11A of the Act[6] and Rule 11Aa3–2 thereunder,[7] that the proposed Joint Amendment No. 13 is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[8]

J. Lynn Taylor,

Assistant Secretary.

[FR Doc. E4–2877 Filed 10–27–04; 8:45 am]

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[1] On July 28, 2000, the Commission approved a national market system plan for the purpose of creating and operating an intermarket options market linkage proposed by Amex, CBOE, and ISE. *See* Securities Exchange Act Release No. 43086 (July 28, 2000), 65 FR 48023 (August 4, 2000). Subsequently, Phlx, PCX, and BSE joined the Linkage Plan. *See* Securities Exchange Act Release Nos. 43573 (November 16, 2000), 65 FR 70850 (November 28, 2000); 43574 (November 16, 2000), 65 FR 70851 (November 28, 2000); and 49198 (February 5, 2004), 69 FR 7029 (February 12, 2004).

[2] *See* Securities Exchange Act Release No. 50211 (August 18, 2004), 69 FR 52050.

[3] 15 U.S.C. 78k–1.

[4] 17 CFR 240.11Aa3–2.

[5] *See* Securities Exchange Act Release Nos. 46325 (August 8, 2002), 67 FR 53376 (August 15, 2002) (SR–Phlx–2002–15); 46029 (June 4, 2002), 67 FR 40363 (June 12, 2002) (SR–PCX–2002–30); 45067 (November 16, 2001), 66 FR 58766 (November 23, 2001) (SR–CBOE–2001–56); 47959 (May 30, 2003), 68 FR 34441 (June 9, 2003) (SR–CBOE–2002–05); and 48957 (December 18, 2003), 68 FR 75294 (December 30, 2003) (SR–Amex–2003–24).

[6] 15 U.S.C. 78k–1.

[7] 17 CFR 240.11Aa3–2.

[8] 17 CFR 200.30–3(a)(29).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 35–27903]

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

October 22, 2004.

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 November 15, 2004, 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 November 15, 2004, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Entergy Corporation, et al. (70–10240)

Entergy Corporation (''Entergy''), a registered holding company, 639 Loyola Avenue, New Orleans, LA 70113; Entergy's public utility subsidiaries: Entergy Arkansas, Inc., (''Arkansas''), 424 West Capitol Avenue, Little Rock, Arkansas 72201, Entergy Gulf States, Inc., (''Gulf States''), 350 Pine Street,