

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-57296; File No. SR-Amex-2008-08)

February 8, 2008

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Eliminate Percentage Orders and Passive Price Improving Orders on the AEMI Platform

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on February 6, 2008, 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 and II below, which Items have been prepared substantially by the Amex. The Amex has submitted the proposed rule change under Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposal effective upon filing with the Commission. 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

The Amex proposes to revise its rules to eliminate percentage orders and passive price improvement (“PPI”) orders as valid order types for securities traded on the Amex’s AEMI platform. According to the Amex, neither order type is currently being used.

The text of the proposed rule change is available at <http://www.amex.com>, the principal office of the Amex, and the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

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 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 III below. The Amex 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

In March 2007, the Commission approved PPI orders as a valid order type on AEMI.⁵ According to the Amex, PPI orders were designed to encourage specialists and Registered Traders to provide inbound aggressing orders with increased opportunities for price improvement. PPI orders would provide undisplayed liquidity on the AEMI Book and would react to aggressing orders according to criteria met at the time of order entry. The Amex states that it never implemented PPI orders and, therefore, that PPI orders are not being used currently by Amex market participants. The Amex now proposes to eliminate PPI orders from the AEMI rules.

The percentage order is another valid order type under the Amex's AEMI rules that, according to the Amex, is not in use currently. The Amex states that on November 30, 2006, it issued Amex Notice 2006-60, "Disablement of Percentage Orders in AEMI," which prohibited the entry of percentage orders for securities that had migrated from the Amex's legacy systems onto the AEMI platform. That prohibition, which the Amex originally expected to be temporary,

⁵ See Securities Exchange Act Release No. 55464 (March 13, 2007), 72 FR 13146 (March 20, 2007) (order approving File No. SR-Amex-2007-08).

has remained in effect. The Amex notes, further, that percentage orders, which involve discretionary action by the specialist, inherently require the specialist to act in an agency capacity for the order. Because the Amex intends to move toward a specialist model that deemphasizes the broker role, the Amex proposes to eliminate percentage orders from the AEMI rules.

The Amex therefore proposes to delete the definitions of percentage order and PPI order from Rule 131–AEMI, “Types of Orders,” and all cross-references to such orders in other AEMI rules. In addition, the Amex proposes to delete from Rule 1A–AEMI, “Applicability, Definitions, References, and Phase-In,” the definitions of Automatic Conversion, Manual Conversion, Active Manual Conversion, and Passive Manual Conversion, all of which relate only to percentage orders. The Amex also proposes to delete the detailed requirements for percentage order conversions in paragraph (j) of Rule 154–AEMI, “Orders in AEMI.”

2. Statutory Basis

The Amex believes that the proposed rule change is consistent with Regulation NMS,⁶ as well as Section 6(b) of the Act,⁷ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁸ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

⁶ 17 CFR 242.600 *et seq.*

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

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

The Amex believes that the proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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.

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

The Amex has designated the proposed rule change as one that: (1) does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) does not become operative for 30 days from the date of filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. Therefore, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁹ and Rule 19b-4(f)(6) thereunder.¹⁰

The Amex has requested that the Commission waive the 30-day operative delay. The Commission hereby grants the Amex's request.¹¹ As discussed above, neither percentage orders nor PPI orders are currently in use on AEMI. Accordingly, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Amex to provide the Commission with written notice of its intention to file the proposed rule change, along with a brief description of the text of the proposed rule change, at least five business days prior to filing the proposal with the Commission, or such shorter time as designated by the Commission. The Commission has determined to waive the five-day period in this case.

¹¹ For purposes of waiving the 30-day operative delay, the Commission has considered the proposal's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

interest because doing so will enable the Amex's rules to immediately reflect the actual operation of AEMI and the order types available on AEMI.

At any time within 60 days of the filing of the proposed rule change, 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.

III. 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. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Amex-2008-08 on the subject line.

Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-Amex-2008-08. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). 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, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Amex. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make publicly available. All submissions should refer to File Number SR-Amex-2008-08 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Florence E. Harmon
Deputy Secretary

¹² 17 CFR 200.30-3(a)(12).