

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-56629; File No. SR-Amex-2007-87)

October 9, 2007

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1, to Amend Section 107 of the Amex Company Guide to Provide an Exception to the Initial Minimum Public Distribution Listing Requirement

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”),² and Rule 19b-4 thereunder,³ notice is hereby given that on August 9, 2007, American Stock Exchange LLC (“Amex” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule changes as described in Items I and II below, which items have been prepared by the Exchange. On October 4, 2007, the Exchange submitted Amendment No. 1 to the proposed rule change. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons, and is granting accelerated approval to the proposed rule change.

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

The Exchange proposes to amend Sections 107A, 107C, 107D, 107E, and 107F of the Amex Company Guide (“Company Guide”) to provide an exception to the initial minimum public distribution listing requirement of one million trading units for certain equity linked term notes (“Equity-Linked Notes”), index-linked exchangeable notes (“Index-Linked Exchangeable Notes”), index-linked securities (“Index-Linked Securities”), commodity-linked securities

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

(“Commodity-Linked Securities”), and currency-linked securities (“Currency-Linked Securities”) (collectively, “Section 107 Securities”).

The text of the proposed rule change is available at the Exchange, the Commission’s Public Reference Room, and www.amex.com.

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 Exchange 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

The Exchange states that the purpose of this proposal is to permit the listing of certain Section 107 Securities even though the minimum public distribution requirement of one million trading units has not been met at the time of listing. This exception would be conditioned on whether the particular issue provides for the redemption of securities at the option of the holders on at least a weekly basis. In addition, the Exchange proposes to revise the text of the “General Criteria” in each of Sections 107C(a), 107D(a), 107E(a) and 107F(a) to eliminate repetitive rule text that is incorporated by reference to Section 107A of the Company Guide.

Pursuant to Section 107 of the Amex Company Guide, the Exchange may approve for listing and trading securities which cannot be readily categorized under the listing criteria for

common and preferred securities, bonds, debentures, or warrants.⁴ The general listing criteria relating to issuers and the issuance are set forth in Section 107A of the Company Guide. The Exchange in connection with a potential listing of Section 107 Securities evaluates each security against the following criteria in Section 107A: (1) a market value of at least \$4 million; and (2) a minimum public distribution requirement of one million trading units with a minimum of 400 public shareholders. Two exceptions to these initial listing requirements exist. First, the minimum public distribution requirement is not applicable to an issue traded in thousand dollar denominations. Second, the minimum public shareholder requirement does not apply to securities redeemable at the option of the holder on at least a weekly basis.

The listing criteria also provides that the issuer must have assets in excess of \$100 million and stockholder's equity of at least \$10 million, and pre-tax income of at least \$750,000 in the last fiscal year or in two of the three prior fiscal years. In the case of an issuer which is unable to satisfy the earning criteria stated in Section 101 of the Company Guide, the Exchange will require the issuer to have the following: (1) assets in excess of \$200 million and stockholders' equity of at least \$10 million; or (2) assets in excess of \$100 million and stockholders' equity of at least \$20 million.

The Exchange over the past several years added several different generic listing standards in Section 107 for Equity Linked Notes, Index-Linked Exchangeable Notes, Index-Linked Securities, Commodity-Linked Securities, Currency-Linked Securities, and trust certificate securities. These requirements are set forth in Sections 107B,⁵

⁴ See Securities Exchange Act Release No. 27753 (March 1, 1990), 55 FR 8626 (March 8, 1990) (SR-Amex-89-29).

⁵ See Securities Exchange Act Release No. 32343 (May 20, 1993), 58 FR 30833 (May 27, 1993) (SR-Amex-92-42). See also Securities Exchange Act Release Nos. 42582 (March

107C,⁶ 107D,⁷ 107E,⁸ 107F,⁹ and 107G¹⁰ of the Company Guide, respectively. In each case, an initial minimum public distribution of at least one million trading units is required, except where a security is traded in thousand dollar denominations. The Exchange submits that an exception to the minimum public distribution requirement of one million trading units is necessary for the successful listing of Section 107 Securities that provide for redemption at the option of the holders on at least a weekly basis.

Sections 107A(b), 107B(a), 107C(a), 107D(a), 107E(a) and 107F(a) currently provide an exception to new listings of Section 107 Securities from the otherwise applicable requirement that the issue have 400 public shareholders upon listing, but only if the issue provides for the redemption of securities at the option of the holders on at least at weekly basis.¹¹ The Exchange believes that, where there is a weekly redemption right, the same justification exists for an

27, 2000), 65 FR 17685 (April 4, 2000) (SR-Amex-99-42) and 47055 (December 19, 2002), 67 FR 79669 (December 30, 2002) (SR-Amex-2002-110).

⁶ See Securities Exchange Act Release No. 44621 (July 30, 2001), 66 FR 41064 (August 6, 2001) (SR-Amex-2001-23).

⁷ See Securities Exchange Act Release No. 51258 (February 25, 2005), 70 FR 10700 (March 4, 2005) (SR-Amex-2005-001)

⁸ See Securities Exchange Act Release No. 55794 (May 22, 2007), 72 FR 29558 (May 29, 2007) (SR-Amex-2007-45).

⁹ Id.

¹⁰ See Securities Exchange Act Release No. 50355 (September 13, 2004), 69 FR 56252 (September 20, 2004).

¹¹ See Securities Exchange Act Release No. 55733 (May 10, 2007), 72 FR 27602 (May 16, 2007) (SR-Amex-2007-34).

exception from the minimum public distribution requirement to have one million units issued at the time of listing.

The Exchange believes that a weekly redemption right will ensure a strong correlation between the market price of Section 107 Securities and the performance of the underlying asset, such as a single security, basket of securities and/or securities index, as holders will be unlikely to sell their securities for less than their redemption value if they have a weekly right to be redeemed for their full value. In addition, in the case of certain Section 107 Securities with a weekly redemption feature, the issuer may have the ability to issue new securities from time to time at market prices prevailing at the time of sale, at prices related to market prices or at negotiated prices. This provides a ready supply of new securities, thereby reducing the potential that Section 107 Security market prices will be affected by a scarcity of available securities. In addition, the ability to issue new securities may assist in maintaining a strong correlation between the market price and indicative value of such securities during the trading day, as investors will unlikely be willing to pay more than the indicative value in the open market if they can acquire the securities from the issuer at such price. The Exchange states that this is based largely on potential arbitrage opportunities that should mitigate the effect of any price differentials.

The Exchange believes that the ability to list Section 107 Securities with these characteristics without an initial minimum holder and initial minimum public distribution requirement is important to the successful listing of such securities. Issuers issuing these types of Section 107 Securities generally do not intend to do so by way of an underwritten offering, but instead, initially distribute the securities similar to the manner in which exchange-traded funds, or “ETFs,” are brought to market. In the case of an ETF, shares are initially launched or

distributed without a significant distribution event with the share float increasing over time as securities in creation unit size are issued from the issuer at net asset value (“NAV”). Because of market dynamics and the purchasing behavior of investors, it is difficult for an issuer to be able to guarantee a specific number of units on the date of listing in order to meet the initial minimum one million trading unit requirement. However, the Exchange believes that this difficulty in ensuring the sale of one million units on the listing date is not indicative of a likely long-term lack of liquidity in the securities or, for the reasons set forth in the prior paragraph, of a difficulty in establishing a pricing equilibrium in the securities or a successful two-sided market.

Accordingly, the Exchange submits that the existence of a weekly redemption option justifies this limited exception to the minimum public distribution requirement.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹² in general, and furthers the objectives of Section 6(b)(5) of the Act,¹³ in particular in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaging in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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.

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

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

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(5).

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, by Amex.

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 e-mail to rule-comments@sec.gov. Please include File Number SR-Amex-2007-87 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-Amex-2007-87. 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 Exchange. 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 available publicly. All submissions should refer to File number SR-Amex-2007-87 and should be submitted by [insert date 21 days from date of publication in the Federal Register].

IV. Commission's Findings and Order Granting Accelerated Approval of the Proposed Rule Change

After careful consideration, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange¹⁴ and, in particular, the requirements of Section 6 of the Act.¹⁵ Specifically, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹⁶ which requires, among other things, that the rules of a national securities exchange be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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.

¹⁴ In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁵ 15 U.S.C. 78f.

¹⁶ 15 U.S.C. 78f(b)(5).

The Commission believes that this proposal should benefit investors by providing an exception to the minimum public distribution requirements for Section 107 Securities with a weekly redemption right. The Commission believes that the market price of Section 107 Securities with a weekly redemption right should exhibit a strong correlation to the performance of the relevant underlying index or asset, since holders of such securities will be unlikely to sell them for less than their redemption value if they have a weekly right to be redeemed for their full value. The Commission believes that this exception is reasonable and should allow for the listing and trading of certain Section 107 Securities that would otherwise not be able to be listed and traded on the Exchange.

The Commission finds good cause for approving the proposed rule change prior to the 30th day after the date of publication of the notice of filing thereof in the Federal Register. The Commission does not believe that the Exchange's proposal raises any novel regulatory issues.¹⁷ In addition, the Commission believes that accelerating approval of this proposal should benefit investors by creating, without undue delay, additional competition in the market for Section 107 securities.

Therefore the Commission finds good cause, consistent with Section 19(b)(2) of the Act,¹⁸ to approve the proposed rule change on an accelerated basis.

¹⁷ See Securities Exchange Act Release No. 56271 (August 16, 2007), 72 FR 47107 (August 22, 2007) (SR-NYSE-2007-74).

¹⁸ 15 U.S.C. 78s(b)(2).

V. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,¹⁹ that the proposed rule change, as amended (SR-Amex-2007-87), be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²⁰

Florence E. Harmon
Deputy Secretary

¹⁹ 15 U.S.C. 78s(b)(2).

²⁰ 17 CFR 200.30-3(a)(12).