

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-56318; File No. SR-Amex-2007-48)

August 24, 2007

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing of Proposed Rule Change Modifying the Options Listing Criteria for Underlying Securities

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 May 17, 2007, 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, II, and III below, which Items have been substantially prepared by the Exchange. On August 21, 2007, Amex amended the proposed rule change.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The Exchange proposes to amend Commentary .01(4) to Amex Rule 915 and add new Commentary .01(6) to Amex Rule 915 for the purpose of permitting the Exchange to list and trade individual equity options that are otherwise ineligible for listing and trading if such option is listed and traded on another national securities exchange.

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

¹ 15 U.S.C. 78s(b)(1)

² 17 CFR 240.19b-4.

³ Amendment No. 1 replaced and superceded the original filing in its entirety.

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 IV below. 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposal seeks to revise the options original listing guidelines so that as long as the options maintenance listing standards set forth in Amex Rule 916 are met and the option is listed and traded on another national securities exchange, the Amex would be able to list and trade the option. Commentary .01 to Amex Rule 915 sets forth the guidelines that an underlying individual equity security must meet before the Exchange may initially list options on that security. The Amex states that these guidelines or requirements are uniform among the options exchanges.

Commentary .01(4) to Amex Rule 915 relates to the minimum market price that an underlying security must trade at for an option to be listed on it. Paragraph (4) of this Commentary .01 permits the listing of individual equity options on both “covered” and “uncovered” underlying securities.⁴ In the case of an underlying security that is a “covered

⁴ Section 18(b)(1)(A) of the Securities Act of 1933 (“1933 Act”) provides that “[a] security is a covered security if such security is listed, or authorized for listing, on the New York Stock Exchange or the American Stock Exchange, or listed or authorized for listing, on the National Market System of the Nasdaq Stock Market (or any successor to such entities)” See 15 U.S.C. 77r(b)(1)(A).

security” as defined under section 18(b)(1)(A) of the 1933 Act, the closing market price of the underlying security must be at least \$3 per share for the five (5) previous consecutive business days prior to the date on which the Amex submits an option class certification to The Options Clearing Corporation (“OCC”).⁵ In connection with underlying securities deemed to be “uncovered,” Exchange rules require that such underlying security be at least \$7.50 for the majority of business days during the three (3) calendar months preceding the date of selection for such listing. In addition, an alternative listing procedure for “uncovered” securities also permits the listing of such options so long as: (1) the underlying security meets the guidelines for continued approval contained in Amex Rule 916; (2) options on such underlying security are traded on at least one other registered national securities exchange; and (3) the average daily trading volume (“ADTV”) for such options over the last three calendar months preceding the date of selection has been at least 5,000 contracts. Paragraphs (1) through (3) of Commentary .01 to Rule 915 further set forth minimum requirements for an underlying security such as shares outstanding, number of holders and trading volume.

The existing alternative listing procedure was originally adopted by the Exchange in 2002. At that time, the Commission permitted the Amex to eliminate the \$7.50 standard (currently \$3 for covered securities) for an underlying security when such option is otherwise listed and traded on another options exchange and has an ADTV over the last three (3) calendar months of at least 5,000 contracts. The Exchange submits that the alternative listing procedure has limited usefulness. The options exchange (or exchanges) that may be fortunate enough to list an option that at first met the original listing standards but subsequently fails to do so, is

⁵ For purposes of this proposal, the market price of an underlying security is measured by the closing price reported in the primary market in which the underlying security is traded. See proposed Commentary .01(4) to Amex Rule 915.

provided a trading monopoly inconsistent with the multiple trading of options, fostering competition and the maintenance of a national market system. Under the proposal, an option may be multiply-listed and traded as long as one other options exchange is trading the particular option and such underlying security of the option meets existing continued listing guidelines or requirements.

The Amex notes that the requirements for listing additional series of an existing listed option (i.e., continued listing guidelines) are less stringent, largely because, in total, the Exchange's guidelines assure that options will be listed and traded on securities of companies that are financially sound and subject to adequate minimum standards.

The Amex believes that although the continued listing requirements are uniform among the options exchanges, the application of both the original and continued listing standards in the current market environment have had an anti-competitive effect. Specifically, the Exchange notes that on several occasions it has been unable to list and trade options classes that trade elsewhere because the underlying security of such option did not at that time meet original listing standards. However, the other options exchange(s) may continue to trade such options (and list additional series) based on the lower maintenance listing standards, while the Amex may not list any options on such underlying security. This clearly is anti-competitive and inconsistent with the aims and goals of a national market system in options.

To address this situation, the Exchange proposes to add new Commentary .01(6) to Amex Rule 915 and amend the alternative original listing requirement set forth in Commentary .01(4) to Amex Rule 915. Specifically, Commentary .01(6) would be added to provide that notwithstanding that a particular underlying security may not meet the requirements set forth in Paragraphs 1 through 4 of Commentary .01 to Amex Rule 915, the Exchange nonetheless could

list and trade an option on such underlying security if: (i) the underlying security meets the guidelines for continued listing in Amex Rule 916; and (ii) options on such underlying security are listed and traded on at least one other registered national securities exchange. Commentary .01(4)(b) would be amended to delete reference to the alternative original listing guideline for “uncovered” securities. In connection with the proposed changes, the Exchange represents that the procedures currently employed to determine whether a particular underlying security meets the initial listing criteria will similarly be applied to the continued listing criteria.

Amex believes that this proposal is narrowly tailored to address the circumstances where an options class is currently ineligible for listing on the Amex while at the same time, such option is trading on another options exchange(s). The Amex notes that when an underlying security meets the maintenance listing guidelines and at least one other exchange lists and trades options on the underlying security, the option is available to the investing public. Therefore, the Amex notes that the current proposal will not introduce any inappropriate additional listed options classes. The Exchange submits that the adoption of the proposal is essential for competitive purposes and to promote a free and open market for the benefit of investors.

2. Statutory Basis

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

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

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

The proposed rule change will impose no 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.

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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

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. 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-2007-48 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-2007-48. 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 at (<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 am and 3:00 pm. Copies of the 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 available publicly. All submissions should refer to File Number SR-Amex-2007-48 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

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

Nancy M. Morris
Secretary

⁸ 17 CFR 200.30-3(a)(12).