

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-56457; File No. SR-Amex-2007-54)

September 18, 2007

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Order Granting Accelerated Approval to Proposed Rule Change, as Modified by Amendment No. 1 Thereto, Relating to Amendments to Exchange Training and Examination Requirements

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”) and Rule 19b-4 thereunder,² notice is hereby given that on June 1, 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 and II below, which Items have been substantially prepared by the Exchange. On September 5, 2007, Amex filed Amendment No. 1 to the proposed rule change.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as modified by Amendment No. 1 thereto, from interested persons and approve the proposed rule change on an accelerated basis.

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

The Exchange proposes to amend its rules governing training and examination requirements.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Amendment No. 1 supersedes and replaces the original rule 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 III below. The Exchange 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

Amex proposes certain clarifying changes to its rules governing its training and examination requirements. These changes are in connection with implementation of a mandatory annual training program for all floor members that addresses compliance with the federal securities laws and Amex rules to help prevent and deter unlawful trading by floor members, as well as to otherwise simplify and enhance the Exchange's existing training programs.⁴

The Exchange's proposal would require all floor members to participate in a mandatory annual regulatory training program, which would include participation in any Exchange testing programs in connection with the mandatory training program. The Exchange anticipates that the mandatory training program would be organized and grouped by floor member function and therefore foresees holding separate sessions for specialists, floor brokers, and registered traders.

⁴ Pursuant to an undertaking agreed to in connection with the recent settlement of a Commission administrative proceeding (the "Order"), Amex agreed to enhance its existing regulatory training programs for floor members and certain staff members that addresses compliance with the federal securities laws and Exchange rules to help prevent and deter unlawful trading by floor members. See Exchange Act Release No. 55507; Administrative Proceeding File No. 3-12594 (March 22, 2007).

The Exchange also proposes to enhance the new member qualification program. The new member qualification program currently in place requires all prospective new members to participate in a comprehensive training program and successfully complete a corresponding examination at the conclusion of the training. Members seeking to qualify as specialists must successfully complete a separate examination as well. The new program would retain the new member training program and examination as they currently exist, but would replace the specialist examination with an in-depth training program. The Exchange represents that it has found that new specialist applicants, in preparing for the specialist examination, focus primarily on the requirements necessary to pass the examination. The Exchange believes that a more effective method of training prospective specialists would involve training specifically related to specialists' particular activities and requirements. To this end, the Exchange proposes to eliminate the specialist examination and instead institute an in-depth qualifying training program for specialist applicants.

The specialist training sessions would be structured in a manner similar to the new member training program, which covers the federal securities laws and Amex rules applicable to the prospective members' proposed functions. Likewise, the specialist training sessions would be held in small group settings to foster interaction, and to ensure that all participants actively engage in the training to help the participants become fully cognizant of the rules governing their floor activities.⁵

Lastly, in connection with floor clerk training, the Exchange proposes to eliminate the initial test requirements for new floor clerks but would maintain the annual training requirement

⁵ The Exchange would offer the training programs on a periodic basis sufficiently frequent to reasonably accommodate demand and to ensure that all floor members receive training as required by the Order and in accordance with Amex rules.

for all floor clerks (post, booth and DK) active in the business on the Exchange trading floor (other than those performing strictly ministerial functions).

Accordingly, the Exchange proposes changes to the following rules:

Rule 50

Exchange Rule 50, Commentary .01, currently governs examination requirements for regular members seeking to register as specialists and regular or options principal members seeking to register as registered traders. The Exchange notes that in recent years, the examination requirement for registered traders has been subsumed into the new member examination. As stated above, the Exchange is proposing to amend Rule 50 to replace the specialist qualifying examination with a mandatory qualifying training program, which would include participation in any Exchange testing in connection with these mandatory training programs. The requirement for registered trader applicants to pass an examination has been removed in this proposal, since such examination has been subsumed into the new member examination.

Proposed Commentary .03 to Rule 50 describes the requirement that all floor members participate in a mandatory annual regulatory training program, which would include participation in any Exchange testing programs in connection with this mandatory training program. This proposed Commentary would subject members who fail to satisfactorily complete the program to a fine and, if warranted, preclusion from the trading floor until the requirement is met.

Proposed Commentary .04 is similar to proposed Commentary .03, except that it describes the mandatory regulatory training program for clerks. This program is comparable to the mandatory continuing education program implemented through current Exchange Rule 359A. The Exchange proposes to incorporate this requirement into Rule 50, and to eliminate

Rule 359A, since both govern training requirements. The Exchange believes that having only one rule would help to simplify and clarify these requirements. In this proposal, the proposed rule text clarifies that clerks who perform strictly ministerial functions would be exempted. Sanctions for noncompliance, which are similar to those applicable to members, are also described.

Finally, the Exchange proposes to add new Commentary .05 to Rule 50 to state that the Exchange will submit a rule filing with the Commission, pursuant to Section 19(b) of the Act, proposing any new, or deleting any current, testing requirements outlining the content of such exam. The Exchange also committed to issue a formal notice to its membership notifying it of any changes in the current testing requirements. In addition, the Exchange moved the reference to study guides as noted in Commentary .03 to proposed Commentary. 05.

Rule 110 and Rule 110-AEMI

Exchange Rule 110 and Rule 110-AEMI govern requirements for Registered Traders. Members applying to register as Registered Traders are required to pass a Registered Trader Examination as prescribed by the Exchange. In recent years, the examination requirement for Registered Traders has been subsumed into the New Member Examination. The Exchange therefore proposes to amend both Rule 110 and Rule 110-AEMI to eliminate this obsolete reference. Pursuant to proposed Rule 50, Registered Traders would be required to participate in an Exchange-sponsored mandatory training program, which would include participation in any Exchange testing in connection with this mandatory training program.

Rule 353

Exchange Rule 353 governs regular and options principal membership and limited trading permit requirements and references relevant examination requirements. If a candidate is

going to be active on the Floor, he or she must pass an examination before being permitted to execute orders on the Floor. Specialist candidates must pass an additional examination after a period of training. The Exchange proposes to eliminate the additional examination required of specialist candidates after a period of training as referenced in Rule 353. This proposed rule would instead reference the new mandatory qualifying training program for specialist applicants. The Exchange believes that the new mandatory qualifying training program for specialists will be more effective in training new specialist applicants on the requirements applicable to their respective member functions.

Rule 359A

Exchange Rule 359A governs mandatory continuing education for all floor members and mandatory continuing education and initial test requirements for floor clerks of members and member firms. Rule 359A presently requires all floor members and floor clerks of members (post, booth and DK) to participate in the Exchange-sponsored mandatory continuing education program, which is conducted online. Rule 359A would be eliminated under this proposal. The rules governing mandatory continuing education and regulatory training would be incorporated into Rule 50, and the initial test requirements for new floor clerks would be eliminated.

Finally, the Exchange notes that, pursuant to the Order, all floor members, as well as members of Amex's regulatory staff who are responsible for the surveillance, investigation, examination and discipline of floor members, would be required to participate in mandatory annual regulatory training.

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 mechanisms of a free and open market and a national market system, and, in general, protect investors and the public interest. Furthermore, the proposed rule change is consistent with the objectives of Section 6(b)(6)⁸ in that it is designed to appropriately discipline or sanction members for violation of the provisions of this title, the rules or regulations thereunder, or the rules of the Exchange.

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. 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-

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

⁸ 15 U.S.C. 78f(b)(6).

54 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-2007-54. 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 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at the principal office of 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-2007-54 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

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

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

exchange.⁹ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹⁰ which requires, among other things, that the Exchange's rules be 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. The proposed rule change institutes a mandatory annual training program for Amex floor members. The Commission believes that this proposal should allow the Exchange to more effectively train its members to ensure compliance by its members with Exchange rules and the federal securities laws.

In addition, the Commission believes the proposed rule change is consistent with the objectives of Section 6(b)(6)¹¹ of the Act because it is designed to allow Amex to discipline or sanction members under its Minor Rule Violation Fine System for violation of the provisions of the rules of the Exchange.

The Commission finds good cause, consistent with Section 19(b)(2) of the Act,¹² to grant accelerated approval to the proposed rule change before the thirtieth day after the publication of notice thereof in the Federal Register. As noted above, the proposed rule change is in response to a Commission Order requiring Amex to enhance its training program to help ensure compliance by its members with Exchange rules and federal securities laws. The Commission believes that mandatory training of Amex floor members should be implemented as soon as

⁹ In approving this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ 15 U.S.C. 78f(b)(6).

¹² 15 U.S.C. 78s(b)(2).

possible so that floor members are made aware of their duties and obligations under the federal securities laws as well as the rules of the Amex.

V. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,¹³ that the proposed rule change (SR-Amex-2007-54), as modified by Amendment No. 1, be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Florence E. Harmon
Deputy Secretary

¹³

Id.

¹⁴

17 CFR 200.30–3(a)(12).