

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-53232; File No. SR-Amex-2006-008)

February 6, 2006

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Specialist Transaction Fee

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 1, 2006, 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 prepared by the Amex. The Exchange has designated this proposal as one establishing or changing a due, fee or other charge imposed by the Exchange under Section 19(b)(3)(A),³ and Rule 19b-4(f)(2) 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 Exchange proposes to revise its Specialist Transaction Fee.

The text of the proposed rule change is available on the Amex’s Web site at

<http://www.amex.com>, the Office of the Secretary, the Amex, and at 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)(2).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, Amex included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposal. 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

Effective with transactions beginning October 3, 2005, the Exchange increased the Specialist Transaction Fee from \$.00005 to \$.00007 of the total value of a specialist's transactions in equities.⁵ After further consideration, analysis of the impact of the fee increase and discussions with its members, the Exchange proposes to rollback the increase in the Specialist Transaction Fee to \$.00005. The increase in the Specialist Transaction Fee implemented in October 2005 was part of a number of changes to the Equity Fee Schedule, the purpose of which was to generate additional revenue for the Exchange and to create additional incentives for market participants to send order flow to the Amex. For market participants other than the specialists, the changes in the aggregate contributed to the increase in revenue for the Exchange. The changes to fees imposed on the specialists, which also generated an increase in revenue, included an increase in the Specialist Transaction Fee and the elimination of a rarely used exemption from the Transaction Fee for trades in paired securities.

⁵ See Securities Exchange Act Release No. 52701 (October 28, 2005), 70 FR 67504 (November 7, 2005) (notice of filing and immediate effectiveness of SR-Amex 2005-101).

According to the Exchange, the Specialist Transaction Fee is based on the dollar value of equity shares executed by the specialist. As a result, specialists trading high-priced and/or high volume securities account for a disproportionate amount of the revenue generated by the fee. The recent increase in the fee exacerbated this result. Rolling back the increase will alleviate, in part, this disproportionate impact on certain specialists. The rollback of the increase in the Specialist Transaction Fee will result in a decrease in the additional revenues expected to be generated by the recent changes to the Equity Fee Schedule. The Exchange represents that this decrease will not result in an increase or other revisions to fees charged to other market participants.

Notwithstanding the proposed reduction in the Specialist Transaction Fee,⁶ the Exchange believes that the recent changes to the Equity Fee Schedule continue to be an equitable allocation of reasonable fees among its members, issuers and other users of its facilities.

In a separate filing, submitted pursuant to Section 19(b)(2) of the Act,⁷ the Exchange is also requesting approval to rebate the amount of increase in the Specialist Transaction Fee collected since October 3, 2005.⁸

2. Statutory Basis

The Amex believes that the proposed rule change is consistent with Section 6(b) of the Act,⁹ in general, and furthers the objectives of Section 6(b)(4) of the Act,¹⁰ in particular, in that it

⁶ Amex clarified that although it refers in this sentence to the proposed rollback of the Specialist Transaction Fee from \$.00007 to \$.00005 as a “rebate,” it is more accurately characterized here as a “reduction” in the Specialist Transaction Fee. Telephone conversation between Claire McGrath, Senior Vice President and General Counsel, Amex, and Johnna B. Dumler, Attorney, Division of Market Regulation, Commission, on February 6, 2006.

⁷ 15 U.S.C. 78s(b).

⁸ See SR-Amex-2005-130.

is designed to assure the equitable allocation of reasonable dues, fees and other charges among its members and issuers and other persons using its facilities. Specifically, the Exchange is proposing to eliminate a recent fee increase that it believes disproportionately impacts some members.

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

The Amex 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.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹¹ and subparagraph (f)(2) of Rule 19b-4 thereunder,¹² since it establishes or changes a due, fee or other charge imposed by the Exchange.

At any time within 60 days of the filing of such 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 the furtherance of the purposes of the Act.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(4).

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(2).

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-2006-008 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-2006-008. 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 Section. 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 available publicly. All submissions should refer to File No. SR-Amex-2006-008 and should be submitted on or before [insert date 21 days from date of publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

Nancy M. Morris
Secretary

¹³ 17 CFR 200.30-3(a)(12).