

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54844; File No. SR-Amex-2006-88)

November 30, 2006

Self-Regulatory Organizations; American Stock Exchange LLC; Order Approving Proposed Rule Change to Extend the Term of Index-Linked Securities

On September 20, 2006, the American Stock Exchange LLC (“Amex” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to amend Section 107D(b) of the Amex Company Guide³ to extend the maximum duration of index-linked securities (“Index-Linked Securities”) from ten (10) years to thirty (30) years. The proposed rule change was published for comment in the Federal Register on October 27, 2006.⁴ The Commission received no comment letters on the proposal.

Section 107D of the Amex Company Guide currently sets forth eleven criteria that the issue and the issuer must meet in order to list and trade Index-Linked Securities pursuant to the generic listing standards.⁵ One of the criteria the Exchange considers for the listing and trading of Index-Linked Securities pursuant to 107D is that the term of the issue must be a minimum term of one year but not greater than ten years. Proposed Section 107D(b) would extend the duration of the term of the issue from ten years to thirty years.

The Commission finds that the proposed rule change is consistent with the requirements

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Section 107D provides for the listing and trading of Index-Linked Securities pursuant to Rule 19b-4(e) under the Act (the “generic listing standards”).

⁴ See Securities Exchange Act Release No. 54629 (October 19, 2006), 71 FR 63056.

⁵ The Exchange may submit a rule filing pursuant to Section 19(b)(2) of the Act to permit the listing and trading of index linked securities that do not otherwise meet the generic listing criteria set forth in Section 107D.

of the Act and the rules and regulations thereunder applicable to a national securities exchange.⁶ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,⁷ which requires, among other things, that Exchange rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. Amending Section 107D should provide the Exchange with more flexibility in responding to the increased demand from issuers to list and trade Index-Linked Securities that are greater than ten years in duration. The Commission notes that corporate bonds and other fixed-income products historically have been issued with terms of up to, or greater

⁶ In approving the proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

⁷ 15 U.S.C. 78f(b)(5).

than, thirty years.⁸ In addition, the Commission has approved amendments to the generic listing standards for equity-linked notes that removed the maximum term limits for those securities.⁹

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,¹⁰ that the proposed rule change (SR-Amex-2006-88) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Nancy M. Morris
Secretary

⁸ See also Section 104 of the Amex Company Guide setting forth the standards for listing debt securities.

⁹ See Securities Exchange Act Release No. 42110 (November 5, 1999), 64 FR 61677 (November 12, 1999) (SR-Amex-99-33); 41992 (October 7, 1999), 64 FR 56007 (October 15, 1999) (SR-NYSE-99-22); 42313 (January 4, 2000), 65 FR 2205 (January 13, 2000) (SR-CHX-99-19).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ 17 CFR 200.30-3(a)(12).