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September 19, 2007

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: Comments Regarding the Chicago Board Options
Exchange, Inc.'s Proposal to Expand the Penny Quoting
Pilot Program (SR-CBOE-2007-98)

Dear Ms. Morris:

The American Stock Exchange, LLC ("Amex" or "Exchange") appreciates this opportunity to comment on the proposal (the "Proposal") of the Chicago Board Options Exchange, Inc. (the "CBOE") relating to an expansion of the Penny Pilot Program (the "Pilot Program" or "Pilot"). The Exchange believes that the Proposal presents several issues that are outside the scope of the Pilot Program as set forth by the Securities and Exchange Commission (the "Commission" or "SEC"). Accordingly, we urge the Commission to address these issues as noted below.

The Proposal as with the proposed expansion of the Pilot Program by the other options exchanges provides that, commencing on September 28, 2007, twenty-two (22) additional, actively-traded options classes (excluding Google (GOOG), Nasdaq-100 Index (NDX) and the Russell 2000 Index(RUT)) will be included in the Pilot Program. In addition, on March 28, 2008 the options exchanges would further commence an expansion of the Pilot Program for a one-year period adding twenty-eight (28) option classes to the Pilot. As a result, the Pilot Program would then consist of sixty-three (63) options classes.

The CBOE, however, further proposed two (2) additional options classes to be included as part of the Pilot. In particular, the CBOE speciously argues that certain "related" products should be quoted in the same minimum price variation ("MPV") or increment for consistency and competitive reasons. Given that the Pilot Program is a measured response by the Commission and the industry for the purpose of studying the effects of penny quoting, the Amex believes that providing certain "single-listed" CBOE products that are "related" to Pilot Program options classes is not consistent with the

Pilot Program nor the purpose and objectives of the Securities Exchange Act of 1934. The Exchange's comments, in detail, are found below.

There are several aspects about the Proposal that the Amex finds troubling. The expansion of the Pilot Program by the options exchanges has been proposed only after the Commission carefully evaluated the results of the initial six-month Pilot Program. Based on this evaluation and taking into consideration feedback from multiple participants, the decision was made to expand the Pilot to include an additional twenty-two (22) securities which are among the most actively-traded options by volume across all six (6) options exchanges. The CBOE in its Proposal is seeking to unilaterally expand the Pilot Program with the inclusion of two (2) products that it may only list and trade due to exclusive licensing agreements. We find CBOE's behavior both inconsistent with the Pilot Program as well as the advancement of competition in the marketplace.

The CBOE is seeking to include the Mini-SPX Index Options (XSP) and the Dow Jones Industrial Average Index Options (DJX) in the Pilot as a result of both SPDR options (SPY) and Diamond options (DIA) becoming part of the Pilot Program. The CBOE "believes it is important that these products, DIA and DJX, SPY and XSP, have the same minimum increments for consistency and competitive reasons." The Amex believes that the CBOE's argument for including XSP and DJX in the Pilot Program is disingenuous because all "related" products of existing options classes should, under such analysis, be included in the Pilot Program. For example, CBOE should have also proposed to include options on the S&P 500 Index (SPX). As set forth in the Proposal, SPY, XSP, and SPX all are designed to track the performance of the S&P 500 Index so inclusion should, under CBOE's logic, be extended for "consistency and competitive reasons."

Accordingly, the Amex submits that if the CBOE is truly concerned about consistency and the furtherance of competition in the marketplace, they should be seeking to eliminate exclusive licensing arrangements and include the SPX as part of the Proposal. For the reasons discussed above, the Amex respectfully requests the Commission to require an amendment to the Proposal in order to eliminate XSP and DJX as part of the Pilot Program.

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Ms. Nancy M. Morris
Securities and Exchange Commission
September 19, 2007
Page 3

If you have any questions, please contact me at (212) 306-2500 or Jeffrey P. Burns at (212) 306-1822.

Sincerely,

A handwritten signature in black ink that reads "M. T. Bickford". The signature is written in a cursive, slightly slanted style.

Michael T. Bickford

cc: Erik Sirri, Director, Division of Market Regulation
Robert L.D. Colby, Deputy Director, Division of Market Regulation
Elizabeth K. King, Associate Director, Division of Market Regulation
Heather Seidel, Assistant Director, Division of Market Regulation