



Neal L. Wolkoff
Chairman and Chief Executive Officer
American Stock Exchange LLC
86 Trinity Place
New York, New York 10006-1872
T 212 306 2200
F 212 306 1152
neal.wolkoff@amex.com

April 16, 2007

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington D.C. 20549

Re: Comments in Connection with the NASDAQ Stock Market LLC ("Nasdaq")
Proposal Relating to the Portability of Three-Character Trading Symbols
(SR-NASDAQ-2007-031)

Dear Ms. Morris:

The American Stock Exchange, LLC ("Amex" or "Exchange") appreciates this opportunity to comment on the Nasdaq proposal relating to the portability of three-character trading symbols.¹ We note that the Nasdaq proposal seeks to permit companies having one-, two- or three-character trading symbols that may transfer to the Nasdaq from another domestic marketplace to continue to use such trading symbol (the "Proposal").

Over the last 100 years, one-, two- and three-character trading symbols have become widely synonymous with a company listing on either the Amex or the New York Stock Exchange ("NYSE"). In addition, the marketplace further identifies the one-, two- and three-character trading symbol with the distinct and different trading platforms of the Amex as well as the NYSE, i.e. the specialist auction market rather than the Nasdaq dealer market. Accordingly, the one-, two- and three-character trading symbols have come to be identified with a particular marketplace as well as the type of market structure evident in the specialist auction system.

For many years, the Amex along with several other exchanges has worked to facilitate symbol requests for a variety of issuers as well as listed options. Although this effort has yet to be memorialized in an adopted National Market System ("NMS") Plan, various developments over the past year have sought greater regulatory clarity and structure to the process. First, at the request of the Commission, the Amex and the other exchanges, Nasdaq and the National Association of Securities Dealers ("NASD") have met on several occasions to attempt to provide greater structure in connection with the symbol reservation and assignment process.² We believe that great strides have been made regarding the potential adoption of a NMS Plan for the Selection and Reservation of Securities Symbols (the "Plan"). However, Nasdaq by submitting the Proposal, seeks to frontrun or usurp any potential Plan by unilaterally providing for the portability of one-,

¹ See Securities Exchange Act Release No. 55563 (March 30, 2007), 72 FR 16391 (April 4, 2007).

² See letter from Annette L. Nazareth, Director, Division of Market Regulation, to Neal L. Wolkoff, Acting Chief Executive Officer, Amex, dated February 7, 2005.

two- and three-character trading symbols. The Amex submits that the Proposal only seeks to accommodate the needs and desires of the Nasdaq without consideration of the marketplace generally. For example, merely providing for the portability of trading symbols, by rule, without an appropriate apparatus, may inevitably lead to investor confusion and regulatory uncertainty.

Although Nasdaq seems concerned with a potential "shortage" of symbols, the industry is currently working to adopt and implement a trading symbol reservation apparatus. This will likely result in greater transparency and regulatory clarity for the marketplace. We do not believe that a "real" and immediate symbol shortage exists for Nasdaq. For example, there are over 11 million possible combinations of five (5) character symbols and over 450,000 four (4) character symbols.

A real immediate and present danger will occur if Nasdaq is permitted to assign one-, two- and three-character trading symbols largely due to the fact that corporate issuers are reluctant to go forward with four (4) or five (5) character trading symbols. Within this context, the Exchange believes that the proper forum for resolving trading symbol issues remains through an NMS Plan with proper Securities and Exchange Commission (the "Commission" or "SEC") oversight.

The Amex has listed over 150 companies during the last three (3) years that have transferred from Nasdaq markets. To date, no corporate issuer has ever asked us to keep the four (4) or five (5) character trading symbol. In fact, Nasdaq is anxious to remove its four (4) and five (5) character trading symbols and be identified with one (1), two (2) or three (3) character trading symbols. The addition of another exchange requiring one-, two- or three-character trading symbols is expected to create a shortage of potential trading symbols, unless an adequate legal and regulatory structure is adopted.

Nasdaq asserts that its Proposal "will promote competition among exchanges and reduce investor confusion" but fails to disclose how the portability of one-, two- and three-character trading symbols will actually achieve the stated goal. In fact, given the historical precedent that one-, two- and three-character trading symbols were typically reserved for the Amex and NYSE, we submit that investor confusion would occur if the Nasdaq Proposal is adopted as filed. Similarly, Nasdaq also believes that "issuers should have the freedom of choice and competition" but once again fails to explain how the current trading symbol system fails to promote competition or prohibit issuer choice. The Amex submits that we are not aware of a trading symbol serving as an "anchor" to an issuer desiring to transfer marketplaces. To date, we are also unaware of any Amex-listed company reversing its original decision to transfer to another exchange or marketplace based on the use of its historical trading symbol.

Nasdaq also claims that blanket portability of trading symbols will "encourage issuers to evaluate exchanges on the basis of objective criteria, including the most efficient trading platform for investors and the lowest costs for shareholders." This analysis is woefully incomplete. Issuers seek to list on a particular exchange for a variety of reasons, including, but not limited to, marketplace prestige, listing costs and fees, market structure, reliable technology and shareholder costs. In addition, issuers may also seek to have a trading symbol that either mimics the name of the company or is otherwise

Ms. Nancy M. Morris, Secretary
Securities and Exchange Commission
April 16, 2007
Page 3 of 3

identifiable with the company. Such an analysis is not unreasonable, and in fact, exchanges (including Nasdaq) may on occasion market itself to certain issuers indicating that a particular symbol is reserved or may potentially be reserved. Nasdaq's incomplete analysis of the listing decisions of issuers should not be left unanswered.

Nasdaq cites a recent example of a transfer from the Amex to the Nasdaq for the proposition that trading symbol portability is beneficial to the marketplace. In this case, Delta Financial Corporation (DFC) was *permitted* to retain its symbol "DFC" upon transfer to the Nasdaq. The Amex agreed to release the trading symbol based on the company's preference to retain its historical trading symbol. This decision on the part of the Exchange was based on the particular facts and circumstances relating to DFC and should not be deemed to be an adopted policy of the Amex regarding symbol portability. Although Nasdaq cites that there have been no trading problems due to the transfer, DFC is a microcap company, and not the best proxy for all companies that may be affected by the issue.

The Exchange is further concerned about the potential impact investor "confusion" may have. The Nasdaq Proposal provides little thought or discussion on how the proposed trading symbol portability may confuse investors, listed companies and the financial community, including market data vendors. Clearly, there are interested parties and stakeholders (other than the exchanges and Nasdaq) concerned with trading symbols. As a result, we reiterate our belief that the proper forum to decide these issues is through a NMS Plan dedicated to trading symbols and their reservation.

We respectfully request the Commission initiate proceedings to determine disapproval proceedings of the Nasdaq Proposal and permit the exchanges, Nasdaq and the NASD to continue their cooperative work on a NMS Plan. This will insure an appropriate analysis and discussion regarding trading symbols and the reservation apparatus, so that potential impacts and risks of portability to the marketplace are adequately addressed.

If you have any questions or comments regarding this letter, please contact the undersigned at (212) 306-2200 or John McGonegal at (212) 306-1652.

Regards,

A handwritten signature in black ink, appearing to read "Neal Wolkoff", is written over a vertical red line.

Neal L. Wolkoff
Chairman and Chief Executive Officer
The American Stock Exchange LLC

cc: Chairman Christopher Cox
Commissioner Paul S. Atkins
Commissioner Roel C. Campos
Commissioner Annette L. Nazareth
Commissioner Kathleen L. Casey
Erik Sirri, Director, Division of Market Regulation
Robert L. Colby, Deputy Director, Division of Market Regulation