

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54039; File No. SR-Amex-2006-58)

June 23, 2006

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing of a Proposed Rule Change Relating to an Amendment to Amex Rule 27

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 June 9, 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 Amex. 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 amend Amex Rule 27 to revise the number and composition of the Allocation Committee (the “Allocations Committee” or the “Committee”).

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

The text of the proposed rule change also appears below. Proposed new language is underlined; proposed deletions are in [brackets].

Rule 27. Allocations Committee

(a) The Allocations Committee allocates equity securities of operating companies, equity options admitted to dealings on the Exchange and all other securities to be admitted for trading on the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Exchange. It consists of [~~six~~] eight persons drawn from a roster of approximately 75 persons and is comprised as follows: the Chief Executive Officer (or his or her designee), a representative of an upstairs member firm and either (i) [~~four (4)~~] six (6) brokers for equities and other securities admitted to trading on the Exchange except for Exchange Traded Funds and options; (ii) [~~two (2)~~] three (3) brokers and [~~two (2)~~] three (3) Registered Traders for Exchange Traded Funds; or (iii) [~~two (2)~~] three (3) brokers and [~~two (2)~~] three (3) Registered Options Traders for options. The Allocations Committee is chaired by the Chief Executive Officer (or his or her designee) who does not vote except to make or break a tie. In the absence of the Chief Executive Officer (or his or her designee), a Floor Governor or a Senior Floor Official may chair the Committee. The minimum quorum for the transaction of business by the Allocations Committee shall be four persons. The upstairs member firm representative may attend meetings by telephone.

(b) through (i) No Change.

Commentary

.01 through .05 No Change.

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 Amex 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 IV below. The 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

The Exchange proposes to change the number and composition of the Allocation

Committee from six (6) to eight (8) members. Currently, the Committee consists of the Chief Executive Officer (or his or her designee), a representative of an upstairs member firm and either: (i) four (4) brokers for equities and other securities admitted to trading on the Exchange except for Exchange Traded Funds and options; (ii) two (2) brokers and two (2) Registered Traders for Exchange Traded Funds; or (iii) two (2) brokers and two (2) Registered Options Traders for options. The Exchange proposes an amendment to Amex Rule 27 to revise the number and composition of the Allocations Committee so that the Committee consists of the Chief Executive Officer of the Exchange (or his or her designee), a representative of an upstairs member firm and either: (i) six (6) brokers for equities and other securities admitted to trading on the Exchange except for Exchange Traded Funds and options; (ii) three (3) brokers and three (3) Registered Traders for Exchange Traded Funds; or (iii) three (3) brokers and three (3) Registered Options Traders for options. The minimum quorum requirement would remain at four (4) persons.³

Article II, Section 3 of the Amex Constitution provides the Board of Governors (“Board”) with the authority to allocate and reallocate the equity securities of operating companies (“equities”), options and other securities listed on the Exchange. The Board, in connection with the allocation and reallocation of equities, Exchange Traded Funds, options and other securities admitted to trading on the Exchange, has delegated this authority to the Allocations Committee.⁴ In October 2005, the Commission approved an Exchange proposal to combine the separate Equities Allocation Committee, Options Allocation Committee and Special

³ The Commission notes that the Allocations Committee is chaired by the Chief Executive Officer (or his or her designee) who does not vote except to make or break a tie. See Amex Rule 27(a).

⁴ See Amex Rule 27(a).

Allocation Committee into one (1) Allocations Committee.⁵ Pursuant to the Approval Order, the number and composition of the Allocations Committee was changed from eleven (11) to the current six (6) members.

The Exchange states that the experience of the Exchange to date has revealed that due to the smaller number of members of the Allocations Committee, the minimum quorum requirement of four (4) persons to conduct business has become overly burdensome. In many cases, the Allocations Committee fails to meet the minimum quorum requirement to transact business. Accordingly, the Exchange believes that this proposal to increase the number of Allocations Committee Members from the current six (6) to eight (8) will provide greater flexibility and efficiency in the securities allocation process.

The Exchange believes that this proposal is necessary because of the difficulty in meeting the minimum quorum requirement with a reduced number of Committee members adopted in October 2005. Accordingly, the Exchange believes that the proposed change to the number and composition of the Allocations Committee is needed to ensure that the Allocations Committee is better able to meet the minimum quorum requirement.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b) of the Act,⁶ in general, and with Section 6(b)(5) of the Act,⁷ in particular, in that it is 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

⁵ See Securities Exchange Act Release No. 52646 (October 20, 2005), 70 FR 61854 (October 26, 2005) (“Approval Order”).

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

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

The Exchange 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

The Exchange did not receive any written comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- A. by order approve such proposed rule change; or
- B. institute proceedings to determine whether the proposed rule change should be disapproved.

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-2006-58 on the subject line.

Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-Amex-2006-58. 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. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. 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-2006-58 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Nancy M. Morris
Secretary

⁸ 17 CFR 200.30-3(a)(12).