

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-55006; File No. SR-Amex-2006-57)

December 22, 2006

Self-Regulatory Organizations; American Stock Exchange LLC; Order Approving Proposed Rule Change Relating to Stop Orders for Exchange Traded Funds and Trust Issued Receipts

On August 18, 2006, the American Stock Exchange LLC (“Amex”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend the rules applicable to stop orders for exchange traded funds and trust issued receipts. The proposed rule change was published for comment in the Federal Register on October 17, 2006.<sup>3</sup> The Commission received no comments regarding the proposal.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>4</sup> In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>5</sup> which requires, among other things, that the rules of a national securities exchange be designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market, and, in general, to protect investors and the public interest. The Commission believes that the rule change, to amend Commentary .04(b) to Amex Rule 154 to provide that a specialist who elects a stop order on his book by selling stock to the existing bid or buying stock at the existing offer for his own account is not required

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 54584 (October 6, 2006), 71 FR 61111.

<sup>4</sup> In approving this proposal, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>5</sup> 15 U.S.C. 78f(b)(5).

to obtain floor official approval if the transaction is 0.10 point or less away from the prior transaction,<sup>6</sup> will benefit investors by facilitating a more efficient and orderly marketplace. The Commission notes that Amex will continue to conduct its existing surveillances to monitor specialists' compliance with the specific requirements of Commentary .04 to Amex Rule 154 (i.e., obtaining floor official approval when required and executing the stop order at the same price as the electing trade) as well as their agency obligations to the impacted stop orders.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>7</sup> that the proposed rule change (SR-Amex-2006-57) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>6</sup> This exception would only apply to transactions in Exchange-Traded Fund Shares and Trust Issued Receipts.

<sup>7</sup> 15 U.S.C. 78s(b)(2).

<sup>8</sup> 17 CFR 200.30-3(a)(12).