

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-55923; File No. SR-Amex-2007-42)

June 19, 2007

Self-Regulatory Organizations; American Stock Exchange LLC; Order Granting Approval of Proposed Rule Change as Modified by Amendment No. 1 to Lower the Required Number of Letters of Reference an Applicant Must Provide

I. Introduction

On April 26, 2007, 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 the required number of letters of reference an applicant must provide. On May 3, 2007, Amex submitted Amendment No. 1 to the proposed rule change. The proposed rule change was published for comment in the Federal Register on May 18, 2007.³ The Commission received no comments on the proposal. This order approves the proposed rule change, as amended.

II. Description of the Proposal

Amex Rule 353 currently requires a member applicant to provide five letters of reference from any person seeking status as a regular, options principal member or LTP holder.⁴ The Exchange proposes to amend Rule 353 to require member applicants to provide two, as opposed

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 55756 (May 14, 2007), 72 FR 28089.

⁴ Article IV, Section 1(d) of the Amex Constitution provides that applications for associate membership shall be in a form and manner prescribed by the Exchange. Pursuant to this section, the Exchange currently requires associate member applicants to provide five letters of reference.

to five, letters of reference from responsible persons.⁵ According to the Exchange, requiring five letters of reference has proven burdensome and time-consuming for member applicants and often delays the application process. Furthermore, Amex states that the content of such references is of little consequence in an applicant's ultimate approval. Finally, with the availability of more objective background information provided through other resources, such as WEBCRD, FBI fingerprints, and credit reports, Amex believes that the need for these letters of reference has largely been diminished.

III. Discussion and Commission Findings

The Commission has carefully reviewed the proposed rule change and finds that it is consistent with the requirements 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, among other things, requires that the rules of a national securities exchange be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Commission believes that amending Amex's rules to require two, instead of five, letters of reference is reasonable and consistent with the Act. This amendment should help

⁵ The Exchange represented that it intends to reduce the requirement for associate membership applicants from five to two letters of reference to correspond to with the proposed change effecting regular, options principal members and LTP holders.

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

⁷ 15 U.S.C. 78f(b)(5).

expedite the application process without significantly diminishing Amex's standards of review with respect to the applicants. Applicants will still need to provide two references, and as Amex noted, there is now more objective background information available through other sources.

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁸ that the proposed rule change (SR-Amex-2007-42), be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Florence E. Harmon
Deputy Secretary

⁸ 15 U.S.C. 78s(b)(2).

⁹ 17 CFR 200.30-3(a)(12).