

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-57336; File No. SR-Amex-2007-36)

February 14, 2008

Self-Regulatory Organizations; American Stock Exchange LLC; Order Approving a Proposed Rule Change, as modified by Amendment No. 1, to Eliminate a Volume Add-on to Amex Options Specialist Financial Requirements

I. Introduction

On April 10, 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”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposal to amend its rules to eliminate a volume add-on to Amex options specialist financial requirements. The Amex filed Amendment No. 1 to the proposal on December 12, 2007. The proposed rule change, as modified by Amendment No. 1, was published for comment in the Federal Register on January 14, 2008.<sup>3</sup> The Commission received no comments regarding the proposed rule change, as amended. This order approves the proposed rule change.

II. Description of the Proposal

The Amex proposes to amend Rule 950-ANTE(h). Rule 950-ANTE(h) currently requires an option specialist to maintain minimum tentative net capital in the amount of \$1,000,000 plus \$25,000 for each option issue (option class) in excess of the initial twenty-five issues in which the specialist is registered. The amendment would eliminate the \$25,000 add-on for each option class in excess of the initial twenty-five option classes.

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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 of 1934 Release No. 34-57106 (January 4, 2008), 73 FR 2291.

### III. Discussion

The Commission finds that the proposed rule change, as amended, is consistent with the requirements of the Act and the rules and regulations under the Act applicable to a national securities exchange.<sup>4</sup> In particular, the Commission finds that the proposal 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 prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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.

Amex member firms are subject to both the Amex and the Commission's net capital rule.<sup>6</sup> The multiple listing of options across markets, as well as quoting obligations of registered options traders, remote registered options traders, and supplemental registered options traders now provides multiple sources of liquidity in each options class, which diminishes the role and need to highly capitalize any one liquidity provider. Therefore, the benefits of requiring Amex options specialists to maintain net capital beyond the Commission's net capital rule have been greatly reduced. Reducing the amount of capital required to be held under the Amex net capital rule also would allow options specialists to use funds previously maintained to meet Amex net capital requirements for other purposes, lowering their cost of business and helping to ensure that they can continue to function as options specialists on the Exchange.

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

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

<sup>6</sup> Rule 15c3-1 under the Act (17 CFR 240.15c3-1).

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>7</sup> that the proposed rule change (SR-Amex-2007-36), as modified by Amendment No. 1, be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>8</sup>

Florence E. Harmon  
Deputy Secretary

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

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