

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-57485; File No. SR-Amex-2008-04)

March 12, 2008

Self-Regulatory Organizations; American Stock Exchange LLC; Order Granting Accelerated Approval of Proposed Rule Change Relating to the Dissemination of the Index Value for Index-Linked Securities

I. Introduction

On January 30, 2008, 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 proposed rule change relating to the dissemination of the index value for Index-Linked Securities.<sup>3</sup> The proposed rule change was published for comment in the Federal Register on February 20, 2008 for a 15-day comment period.<sup>4</sup> The Commission received no comments on the proposal. This order approves the proposed rule change on an accelerated basis.

II. Description of the Proposal

The Exchange proposed to amend Sections 107D(i) and Section 107(d)(h)(3)(ii) of the Amex Company Guide (“Company Guide”) to conform the index dissemination requirements relating to Index-Linked Securities to that of Index Fund Shares and Portfolio Depository Receipts (collectively, exchange-traded funds or “ETFs”).<sup>5</sup> Section 107(D)(i)(iii) of the

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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> Index-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance of an underlying index or indexes. See Amex Company Guide Sections 107D.

<sup>4</sup> See Securities Exchange Act Release No. 57325 (February 13, 2008), 73 FR 9375.

<sup>5</sup> See Commentary .02(b)(ii) to Rule 1000A—AEMI (Index Fund Shares) and Commentary .03(b)(ii) to Rule 1000—AEMI (Portfolio Depository Receipts).

Company Guide provides that the current value of an index will be widely disseminated at least every 15 seconds. The proposed amendment provides that the current value of an index or composite value of more than one index will be widely disseminated at least: (i) every 15 seconds with respect to indexes containing only securities listed on a national securities exchange; or (ii) every 60-seconds with respect to indexes containing foreign country securities. If the official index value does not change during some or all of the period when trading is occurring on the Exchange, then the last calculated official index value must remain available throughout Exchange trading hours. In addition, the Exchange proposes to amend the delisting requirements set forth in Section 107D(h)(3)(ii) to distinguish between indexes consisting solely of securities listed on a national securities exchange and those including components that are foreign country securities.

### III. Discussion and Commission's Findings

After careful consideration, 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>6</sup> In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>7</sup> which requires, among other things, that the rules of an 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 a national market system, and, in general, protect investors and the public interest.

The Commission notes that opportunities to invest in derivative securities products based not only on U.S. securities, but also on an international or global index of equity securities,

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<sup>6</sup> In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

provide additional choices to accommodate particular investment needs and objectives, to the benefit of investors. With respect to the dissemination of the value of an index that is comprised, at least in part, of non-U.S. components, the proposed 60-second standard reflects limitations, in some instances, on the frequency of intra-day trading information with respect to foreign country securities and the fact that in many cases, trading hours for overseas markets overlap only in part, or not at all, with the Exchange's trading hours. In addition, if an index or portfolio value does not change during some or all of the period when the derivative securities product trades on the Exchange, the last official calculated index value will remain available throughout Exchange trading hours. The Commission believes that such 60-second standard relating to the dissemination of the value of an index composed, at least in part, of foreign securities should apply to Index-Linked Securities as well as ETFs and finds that the Exchange's proposal is consistent with the Act on the same basis that it approved the other exchange's generic listing standards for ETFs based on international or global indexes.<sup>8</sup> In addition, the Commission notes that it has approved substantively identical dissemination requirements for Index-Linked Securities listed on another national securities exchange.<sup>9</sup>

The Commission finds good cause for approving the proposed rule change before the 30<sup>th</sup> day after the date of publication of notice of filing thereof in the Federal Register. The Commission notes that the proposal is substantively identical to a proposed rule change that the Commission approved for another national securities exchange.<sup>10</sup> In addition, the Commission

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<sup>8</sup> See, e.g., Securities Exchange Act Release Nos. 55269 (February 9, 2007), 72 FR 7490 (February 15, 2007) (SR-NASDAQ-2006-050); 55113 (January 17, 2007), 72 FR 3179 (January 24, 2007) (SR-NYSE-2006-101); and 54739 (November 9, 2006), 71 FR 66993 (November 17, 2006) (SR-Amex-2006-78).

<sup>9</sup> See Securities Exchange Act Release No. 57389 (February 27, 2008), 73 FR 11973 (March 5, 2008) (SR-NYSEArca-2008-06).

<sup>10</sup> Id.

believes that accelerated approval of the proposed rule change, which clarifies the dissemination of the value of the index underlying an issue of Index-Linked Securities, should promote the continued listing and trading of Index-Linked Securities to the benefit of investors. Therefore, the Commission finds good cause, consistent with Section 19(b)(2) of the Act, to approve the proposed rule change on an accelerated basis.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>11</sup> that the proposed rule change (SR-Amex-2008-04) is approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>11</sup> 15 U.S.C. 78s(b)(2).

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