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June 15, 2004

Mr. Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0609

RECEIVED
OFFICE OF THE SECRETARY
JUN 16 2004

Re: S7-18-04 (Proposed Rule Changes of SROs)

Dear Mr. Katz:

The American Stock Exchange LLC (“Amex” or “Exchange”) appreciates this opportunity to comment on File No. S7-18-04, Proposed Rule Changes of Self-Regulatory Organizations (the “Proposal”).¹ The Amex supports the Securities and Exchange Commission’s (“Commission”) effort to foster a more efficient and transparent rule filing process by requiring self-regulatory organizations (“SRO”) to file proposed rule changes electronically and to post on their public websites a current version of their rules and proposed rule changes. The following is a summary of the Exchange’s concerns regarding certain requirements of the Proposal:

- A requirement that SROs update their websites to reflect rule changes no later than the next business day after notification of Commission approval does not provide a sufficient amount of time for SROs to coordinate the update.
- Implementation of a rule change rather than Commission approval should trigger an SRO’s obligation to update its public website. This would avoid any confusion that may arise regarding the applicability of a rule change that is not implemented immediately upon Commission approval.
- The Commission should: (1) provide immediate and electronic confirmation that a proposed rule change has been properly submitted to the Commission’s web-based filing system; and (2) develop a reliable and consistent method for delivering to SROs notification of Commission approvals and effective-upon-filing rule changes.

¹ Securities Exchange Act Release No. 49505, 69 Fed. Reg. 17864 (April 5, 2004).

The following are answers to certain questions posed by the Commission in the Proposal:

Is the requirement that SROs update their websites to reflect rule changes no later than the next business day after notification of Commission approval appropriate?

The Amex believes that the “next business day” requirement of the Proposal does not provide a sufficient amount of time for the Exchange to update its public website. By way of background, the Amex has retained an outside vendor to maintain a current and complete version of the Exchange’s rules publicly accessible through www.amex.com. When the Exchange receives notification of Commission approval for a rule change, the Amex staff promptly advises the vendor. The vendor will make the appropriate revisions to the Exchange’s rules only after the Amex staff has had an opportunity to review and approve the changes. As this process can take more than one business day, the Proposal should provide a five business day grace period after notification of Commission approval for SROs to update their rules on, or accessible through, their public websites. Five business days will provide SROs enough time to ensure that the information available to their members and the investing public regarding their rules is accurate and complete. In addition, the Amex believes that the Commission should give 30 days notice before the Proposal becomes effective to provide SROs enough time to make any procedural or technological adjustments that may be required.

If an SRO rule change is not effective until a certain period after Commission approval, should the website update be delayed until the effective date?

The Amex believes that the Proposal should require SROs to update their public websites when a rule change is implemented. Implementation of a rule change that has been approved by the Commission may be delayed pending, for example, the completion of technology upgrades. Such delays may not have been anticipated at the time of initial filing or Commission approval. In addition, the effective date of a rule change may be delayed in accordance with SEC Rules or the terms of an approval order. As a result, the Amex believes that the Commission should consider rule implementation as the event that triggers an SRO’s obligation to update its rules on its public website. This approach will ensure that SRO members and the investing public have access to current versions of SRO rules while minimizing any confusion regarding the applicability of rule changes that may not be implemented immediately upon Commission approval.

Is the proposed process for Commission notification to the SRO of its approval order of a SRO proposed rule or the Commission’s notice of an effective-upon-filing SRO rule, through SRTS or facsimile, adequate?

The Amex believes that Commission notification of approval orders or effective-upon-filing rule changes should be reliable and consistent. In this regard, the Commission should clearly define the method it will use to deliver such notification to SROs. Notification by facsimile should only be used in conjunction with an electronic method and, regardless of the method used, notification should be delivered to each person at an SRO who has submitted an External Application User Authentication Form. A reliable and consistent approach will allow

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each SRO to develop efficient internal procedures for complying with the regulatory obligations of the Proposal.

The Amex also believes that the Commission should provide SROs immediate and electronic confirmation of filing. Such confirmation will verify that a proposed rule change has been properly submitted to the Commission's web-based filing system and will confirm an SRO's duty to post the proposed rule change on its public website. Should the Commission subsequently reject an SRO's filing for failure to conform to the requirements of Rule 19b-4 or Form 19b-4, the SRO can remove the proposed rule change from its website.

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The Exchange appreciates the opportunity to comment on the Proposal. Should you have any questions or comments regarding the Exchange's comments, please do not hesitate to call me at (212) 306- 1200 or Claire P. McGrath at (212) 306-1885.

Very truly yours,



cc: Annette Nazareth
Robert Colby
Florence Harmon