

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-53478; File No. SR-Amex-2006-21)

March 14, 2006

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to a Rebate of the Exchange's Options Cancellation Fee

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on February 24, 2006, the American Stock Exchange LLC (“Amex” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Amex has filed the proposed rule change as one establishing or changing a due, fee, or other charge imposed by the Amex under Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2)⁴ thereunder, which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to rebate the options cancellation fee collected by the Exchange for the months of September and October 2005. The text of the proposed rule change is available on the Amex’s Internet Web site at (<http://www.amex.com>), at the principal office of the Amex, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Amex included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Amex has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

(1) Purpose

In November 2001, the Amex established a fee for the cancellation of options orders.⁵ Pursuant to this fee, a clearing firm is subject to a charge of \$1.00 for every order it cancels in any month in which the total number of orders cancelled by that clearing firm exceeds the total number of orders executed by that firm in that month. The fee does not apply to clearing firms that cancel fewer than 500 orders in a given month. The options cancellation fee was deemed to be necessary given the often disproportionate number of order cancellations received relative to order executions and the increased costs associated with the practice of immediately following an order routed through Exchange systems with a cancel request for that order.

The Amex's billing system receives only completed transaction data and does not receive data regarding orders that have been cancelled. Therefore, the information

⁵ See Securities Exchange Act Release No. 45110 (November 27, 2001) 66 FR 63080 (December 4, 2001) (notice of filing and immediate effectiveness of SR-Amex-2001-90).

necessary to determine whether the cancellation fee should be charged is compiled outside the billing system. It came to the Exchange's attention a few months ago that the options cancellation fee was not currently being charged and may never have been charged, even though some clearing firms may have triggered the charge. The problem was corrected, and, beginning with options orders and cancellations entered in September 2005, the Exchange began billing the cancellation fee to the clearing firms when appropriate. Unfortunately, notice of the application of this fee, almost four years after the fee was adopted, was not widely disseminated to the clearing firms. Many clearing firms first learned of the application of the fee when they received their September 2005 invoices. As a result, the clearing firms were unable to notify their customers of the fee or convert their billing systems to charge back this fee to their customers.

The Exchange now proposes to rebate the amounts billed and collected pursuant to the options cancellation fee for the months of September and October 2005. The clearing firms were fully notified by November 1, 2005; therefore, the Exchange believes that it is only necessary to rebate the fees billed and collected for the months of September and October. The Exchange believes that the rebate of options cancellation fees for a limited period of time is appropriate given its failure to fully inform the clearing firms of the application of the fee.

(2) Statutory Basis

The Amex believes that the proposed rule change is consistent with Section 6(b) of the Act,⁶ in general, and furthers the objectives of Section 6(b)(4) of the Act,⁷ in

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(4).

particular, in that it is intended to assure the equitable allocation of reasonable dues, fees and other charges among its members and issuers and other persons using its facilities.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Amex does not believe that the proposed rule change imposes any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change establishes or changes a due, fee, or other charge imposed by the Exchange, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁸ and Rule 19b-4(f)(2) thereunder⁹. At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in the furtherance of the purposes of the Act.

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(2).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-Amex-2006-21 on the subject line.

Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-Amex-2006-21. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room.

Copies of such filing also will be available for inspection and copying at the principal office of the Amex. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-Amex-2006-21 and should be submitted on or before [insert date 21 days from the date of publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Nancy M. Morris
Secretary

¹⁰ 17 CFR 200.30-3(a)(12).