

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-53749; File No. SR-Amex-2006-34)

May 2, 2006

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing of Proposed Rule Change Relating to Minor Rule Violations and the Bunching of Odd-Lot Orders

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 April 12, 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 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 amend Amex Rule 590 to permit violations of the rule governing the bunching of odd-lot orders (Amex Rule 208) to be sanctioned under the Exchange’s existing Minor Rule Violation Plan (“Plan”). The text of the proposed rule change is available on Amex’s Web site at <http://www.amex.com>, at the principal office of Amex, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, Amex included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it had received on the proposed rule change. The text of these statements may be examined at the places specified in

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Item IV below. 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange has had a Plan since 1976 that provides a simplified procedure for the resolution of minor rule violations. Codified in Amex Rule 590, the Plan has three distinct sections: (1) Part 1 (“General Rule Violations”), which covers substantive matters that, nonetheless, are deemed “minor” by Amex; (2) Part 2 (“Floor Decorum”), which covers floor decorum and operational matters; and (3) Part 3 (“Reporting Violations”), which covers the late submission of routine reports.

Amex Rule 208, which governs the bunching of odd-lot orders, requires members to: (1) obtain the prior approval of all interested customers before combining the orders given by several customers to buy or sell odd lots of the same stock into a round lot order; and (2) reject odd-lot orders that aggregate one or more round lots from a person trading for his own account, or accounts in which he has an interest or exercises discretion, unless the odd lots are consolidated into round lots.

The Exchange proposes that violations of Amex Rule 208 be incorporated into Part 1 of the Plan. Under the Plan, an individual (either a member, approved person, or employee of a member or member organization) may be fined \$500, and a member organization \$1,000, for a first offense. For second offenses and subsequent offenses within a rolling 24-month period from the date of the first violation, individuals may be fined \$1,000 and \$2,500 respectively, and

member organizations may be fined \$2,500 and \$5,000, respectively. No fines greater than \$5,000 may be imposed under Amex Rule 590.

The Exchange believes that inclusion of Amex Rule 208 within Part 1 of Amex Rule 590 would enable prompt resolution of violations of the odd-lot bunching rule that do not rise to the level of a formal enforcement action but warrant more significant action than issuance of a Letter of Caution.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Act,³ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁴ in particular, in that it is designed to promote just and equitable principles of trade; to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating 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.

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

The Exchange does not believe that the proposed rule change would impose 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.

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(5).

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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding, or (ii) as to which Amex consents, the Commission will:

- (A) by order approve such proposed rule change; or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

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 Number SR-Amex-2006-34 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-2006-34. 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 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 publicly available. All submissions should refer to File Number SR-Amex-2006-34 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Nancy M. Morris
Secretary

⁵ 17 CFR 200.30-3(a)(12).