

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54266; File No. SR-Amex-2006-58)

August 2, 2006

Self-Regulatory Organizations; American Stock Exchange LLC; Order Granting Approval of a Proposed Rule Change Relating to an Amendment to Amex Rule 27

On June 9, 2006, 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”)¹ and Rule 19b-4 thereunder,² a proposed rule change to amend Amex Rule 27 to revise the number and composition of the Allocation Committee (“Allocations Committee” or “Committee”). The proposed rule change was published for comment in the Federal Register on June 30, 2006.³ The Commission received no comments on the proposal. This order approves the proposed rule change.

Currently, the Committee consists of six members. Specifically, the Chief Executive Officer (or his or her designee), a representative of an upstairs member firm and either: (i) four brokers for equities and other securities admitted to trading on the Exchange except for Exchange Traded Funds and options; (ii) two brokers and two Registered Traders for Exchange Traded Funds; or (iii) two brokers and two Registered Options Traders for options.

The Exchange proposes to change the number and composition of the Allocation Committee from six to eight members. The Exchange proposes to amend Amex Rule 27 to revise the number and composition of the Allocations Committee so that the Committee consists of the Chief Executive Officer of the Exchange (or his or her designee), a representative of an upstairs member firm and either: (i) six brokers for equities and other securities admitted to

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 54039 (June 23, 2006), 71 FR 37627.

trading on the Exchange except for Exchange Traded Funds and options; (ii) three brokers and three Registered Traders for Exchange Traded Funds; or (iii) three brokers and three Registered Options Traders for options. The minimum quorum requirement would remain at four persons.⁴ According to the Exchange, because a small number of members now comprise the Allocations Committee, the minimum quorum requirement of four persons to conduct business has become overly burdensome.⁵ The Exchange represents that the Allocations Committee often fails to meet the minimum quorum requirement to transact business.

The Commission finds that the proposed rule change is consistent with the requirements of Section 6 of the Act,⁶ and the rules and regulations thereunder applicable to a national securities exchange.⁷ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,⁸ which requires, among other things, that the Exchange's rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. The Commission believes that increasing the number of members of the Committee, from six to eight

⁴ The Commission notes that the Allocations Committee is chaired by the Chief Executive Officer (or his or her designee) who does not vote except to make or break a tie. See Amex Rule 27(a).

⁵ In October 2005, the Commission approved an Exchange proposal to combine three separate Allocation Committees into a single Committee and reduce the composition of the Committee to six members. See Securities Exchange Act Release No. 52646 (October 20, 2005), 70 FR 61854 (October 26, 2005).

⁶ 15 U.S.C. 78f(b).

⁷ In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁸ 15 U.S.C. 78f(b)(5).

members, will provide greater flexibility and efficiency to the Allocations Committee to better achieve the minimum four person quorum requirement to transact business.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁹ that the proposed rule change (SR-Amex-2006-58) is approved.

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

Nancy M. Morris
Secretary

⁹ 15 U.S.C. 78s(b)(2).

¹⁰ 17 CFR 200.30-3(a)(12).