

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-55048; File No. SR-Amex-2006-119)

January 5, 2007

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing of a Proposed Rule Change Relating to the Definition of Complex Trade as Applied to Trades Through the Options Intermarket Linkage

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 December 28, 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 substantially 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 Amex proposes to revise Amex Rule 940(b)(3) to amend the definition of “Complex Trade.” The text of the proposed rule change appears below, with additions underlined and deletions in [brackets]:

Options Intermarket Linkage

Rule 940 (a) No Change

(b) Definitions—The following terms shall have the meaning specified in this Rule solely for the purpose of this Section 4:

(1) – (2) No Change

(3) "Complex Trade" means the execution of an order in an option series in conjunction with the execution of one or more related order(s) in different options series in the same underlying

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

security occurring at or near the same time for the purpose of executing a particular investment strategy and for an equivalent number of contracts, provided that the number of contracts of the legs of a spread, straddle or combination order may differ by a permissible ratio [for the equivalent number of contracts and for the purpose of executing a particular investment strategy]. The permissible ratio for this purpose is any ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00).

(4) through (20) No Change

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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 Exchange 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 Exchange has substantially 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 Amex proposes to revise Amex Rule 940(b)(3) to amend the definition of “Complex Trade.” For the purpose of the Options Intermarket Linkage (the “Linkage”), the Amex defines a “Complex Trade” as a trade reflecting the execution of an order in an options series in conjunction with one or more other orders in different series in the same underlying security “for the equivalent number of contracts.” A Complex Trade is exempt from the trade-through rule provided by Amex Rule 942(b)(7).

In contrast to the Linkage definition of Complex Trade, the definition of “ratio order” set forth in Amex Rule 950—ANTE(e)(vii) does not require that there be an equivalent number of contracts in the orders. Specifically, Rule 950—ANTE(e)(vii) permits ratios that are equal to or greater than one-to-three and less than or equal to three-to-one. The Exchange applies modified priority rules to ratio orders as well as other complex orders, including spread orders, straddle orders, and combination orders.³

This proposal will conform the Linkage definition of Complex Trade in Amex Rule 940(b)(3) to the Amex’s definition of a ratio order. According to the Amex, the other options exchanges also will adopt a similar definition, thereby resulting in a uniform application of the definition of Complex Trade across exchanges. The Amex believes that this uniformity will facilitate efficient executions of Complex Trades on all markets. In addition, the Exchange submits that the proposal will align the Linkage rules with the Amex’s internal market rules to facilitate the trading of complex orders.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,⁴ in general, and furthers the objectives of Section 6(b)(5),⁵ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, 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, to protect investors and the public interest.

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

³ See Amex Rule 950—ANTE(d), Commentary .01.

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(5).

The Amex believes that the proposed rule change will impose no 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

The Amex neither solicited nor received written comments with respect to the proposed rule change.

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 the self-regulatory organization 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 No. SR-Amex-2006-119 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-Amex-2006-119. 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 Exchange. 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-2006-119 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.⁶

Florence E. Harmon
Deputy Secretary

⁶ 17 CFR 200.30-3(a)(12).