

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-56032; File No. SR-Amex-2007-66)

July 9, 2007

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Extend the Quarterly Options Series Pilot Program

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 June 28, 2007, the American Stock Exchange LLC (“Exchange” or “Amex”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been substantially prepared by the Exchange. The Exchange has designated this proposal as non-controversial under Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposed rule change 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 seeks a one-year extension of the pilot program allowing the listing and trading of options series that expire at the close of business on the last business day of a calendar quarter (“Pilot Program”). The text of the proposed rule change is available on the Exchange’s Web site (<http://www.amex.com>), at the Exchange’s principal office, 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)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

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 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 Pilot Program, which began in July 2006, allows the Amex to list and trade options series that expire at the close of business on the last business day of a calendar quarter ("Quarterly Options Series").⁵ The Exchange is proposing to extend the Pilot Program from July 10, 2007, through and including July 10, 2008.

The Exchange also proposes to incorporate certain changes to its rules regarding Quarterly Options Series as recently filed by the other options Exchanges and approved by the Commission.⁶ In this regard, the Exchange proposes to amend Rule 903C, Series of Stock Index Options, to provide that the strike price of each Quarterly Options Series will be fixed at a price per share, with at least two, but not more than five, strike prices above, and two, but not more than five, strike prices below the value of the underlying security at the time that a Quarterly

⁵ See Securities Exchange Act Release No. 54137 (July 12, 2006), 71 FR 41283 (July 20, 2006) ("Pilot Program Release").

⁶ See Exchange Act Release No. 54762 (November 16, 2006), 71 FR 67663 (November 22, 2006) (SR-CBOE-2006-93) (Order approving proposed rule change); see also Exchange Act Release No. 55301 (February 15, 2007), 72 FR 8238 (February 23, 2007) (SR-Phlx-2007-08) (Notice of filing and immediate effectiveness of proposed rule change).

Options Series is opened for trading on the Exchange. The Exchange further proposes to eliminate the restriction that it may only list strike prices for a Quarterly Options Series based on an underlying index that are within \$5 from the closing price of the underlying index on the preceding day. In place of this restriction, the Exchange proposes to include language in Rule 903C that would allow the Exchange to open additional strike prices of a Quarterly Options Series that are above (below) the value of the underlying index, provided that the total number of strike prices above (below) the value of the underlying index, including the additional strike prices, is no greater than five. The Exchange believes that so limiting the number of Quarterly Options Series based on an underlying index that may be opened ensures that the addition of the new series through this Pilot Program would have only a negligible impact on the Exchange's and Option Price Reporting Authority's ("OPRA") quoting capacity. The opening of any new Quarterly Options Series shall not affect the series of options of the same class previously opened.

The Pilot Program report ("Report"), which is attached as Exhibit 3 to the Form 19b-4 filed with the Commission, provides data regarding the Pilot Program as required in the Pilot Program Release. Under the terms of the Pilot Program, the Exchange may select five (5) option classes on which Quarterly Options Series may be opened on any Quarterly Options Opening Date. Also under the terms of the Pilot Program, the Exchange may list Quarterly Options Series on any option class that is selected by another securities exchange with a similar Pilot Program under its rules. As noted in the Report, the five classes which the Exchange is currently trading were all selected by another securities exchange. The Exchange has not selected any additional classes of quarterly options for the Pilot at this time.

As the data in the Report indicates, the Amex volume trends in Quarterly Options as compared to all options in the Pilot securities shows higher utilization rates throughout the year. Specifically, for the last 3 months of the Pilot, from March to May 2007, the five (5) option classes selected by the Amex for Quarterly Options accounted for 10.4% of total options volume, as compared to 3.8% for the first three months. Furthermore, a look at open interest reveals that, on average, Quarterly Options account for 13.4% of total open interest in the Pilot Program classes. The open interest in Quarterly Options has generally trended higher during the time period evaluated. In January 2007, open interest in Quarterly Options totaled 1,620,610, a figure which grew to 3,574,263 in May. These numbers give further proof of increased investor use of the Quarterly Options. Accordingly, the Exchange believes that an extension of the Pilot Program for one-year through July 10, 2008, is warranted in order to satisfy the institutional demand for such options and to provide additional flexibility as well as an additional risk management tool to investors.

The Exchange notes that it possesses adequate systems capacity to support the trading of Quarterly Options Series.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act⁷ in general, and furthers the objectives of Section 6(b)(5) of the Act⁸ in particular, in that it is designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public interest.

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

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

The Exchange does not believe that the proposed rule change will 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.

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

The Exchange has designated the proposed rule change as one that: (1) does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) does not become operative for 30 days from the date of filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. Therefore, the foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁹ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁰

The Exchange has asked the Commission to waive the operative delay to permit the Pilot Program extension to become effective prior to the 30th day after filing.¹¹

The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because it will allow the benefits of the Pilot

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6).

¹¹ As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change at least five business before doing so.

Program to continue without interruption.¹² Therefore, the Commission designates the proposal operative upon filing.¹³

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate the 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 furtherance of the purposes of the Act.

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

¹² For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹³ As set forth in the Pilot Program Release, if the Exchange were to propose an extension, an expansion, or permanent approval of the Pilot Program, the Exchange would submit, along with any filing proposing such amendments to the program, a report that would provide an analysis of the Pilot Program covering the entire period during which the Pilot Program was in effect. The report would include, at a minimum: (1) data and written analysis on the open interest and trading volume in the classes for which Quarterly Option Series were opened; (2) an assessment of the appropriateness of the option classes selected for the Pilot Program; (3) an assessment of the impact of the Pilot Program on the capacity of the Exchange, OPRA, and market data vendors (to the extent data from market data vendors is available); (4) any capacity problems or other problems that arose during the operation of the Pilot Program and how the Exchange addressed such problems; (5) any complaints that the Exchange received during the operation of the Pilot Program and how the Exchange addressed them; and (6) any additional information that would assist in assessing the operation of the Pilot Program. The report must be submitted to the Commission at least sixty (60) days prior to the expiration date of the Pilot Program. See Pilot Program Release, supra note 5.

- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-Amex-2007-66 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-2007-66. 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 Commissions 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, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. 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-2007-66 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.¹⁴

Florence E. Harmon
Deputy Secretary

¹⁴ 17 CFR 200.30-3(a)(12).