

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-56210; File No. SR-Amex-2007-58)

August 6, 2007

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Order Granting Accelerated Approval to Proposed Rule Change Modifying an Aspect of the Definition of Independent Director

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”) and Rule 19b-4 thereunder,² notice is hereby given that on June 8, 2007, 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 and II below, which Items have been prepared by the Exchange. This order provides notice of the proposed rule change and approves the proposed rule change on an accelerated basis.

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

The Exchange proposes to amend Section 121A(2)(b) of its Company Guide (“Guide”) to modify an aspect of the definition of “independent director.”

The text of the proposed rule change is available at Amex, the Commission’s Public Reference Room, and <http://www.amex.com>.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 III 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

Under current Section 121A(2)(b) of the Guide, a director of a listed issuer is generally precluded from being considered “independent” if that director has received more than \$60,000 in compensation from the issuer or any parent or subsidiary of the issuer during any period of twelve consecutive months within the three years preceding the determination of independence.³ The Exchange proposes to raise this amount to \$100,000, which is the same amount specified by both the New York Stock Exchange LLC (“NYSE”)⁴ and NASDAQ Stock Market LLC (“Nasdaq”)⁵ in their comparable provisions.

The Exchange believes that the current \$60,000 threshold was originally based on the disclosure threshold set by the Commission in Regulation S-K, Item 404.⁶ The Exchange notes that the Commission last year adopted a proposal to raise the threshold in Item 404 of Regulation

³ See Section 121A(2)(b) of the Guide.

⁴ See Section 303A.02(b)(ii) of the NYSE Listed Company Manual.

⁵ See Nasdaq Rule 4200(a)(15)(B).

⁶ 17 CFR 229.404.

S-K to \$120,000⁷ and recently approved Nasdaq's proposal to raise the compensation threshold in its definition of independent director from \$60,000 to \$100,000.⁸ As a result, the Exchange believes that it would be appropriate to also raise its compensation threshold.

Further, the Exchange believes that by making its "bright line" test with respect to the maximum amount of compensation a director can receive from the issuer (or any parent or subsidiary) consistent with the equivalent tests of NYSE and Nasdaq, it will provide a uniform standard for issuers to understand and apply. However, the Exchange notes that even if a director passes the "bright line" test as proposed to be amended, an issuer's board of directors must still make an affirmative determination that such director has no relationship whatsoever with the issuer that would interfere with the director's exercise of independent judgment.⁹

2. Statutory Basis

The Exchange states that the proposed rule change is consistent with Section 6(b) of the Act¹⁰ in general, and furthers the objectives of Section 6(b)(5) of the Act¹¹ 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

⁷ See Securities Exchange Act Release No. 54302A (August 29, 2006), 71 FR 53158 (September 8, 2006).

⁸ See Securities Exchange Act Release No. 55463 (March 13, 2007), 72 FR 13327 (March 21, 2007) (SR-NASDAQ-2006-041).

⁹ See Section 121A(2) of the Guide.

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

According to the Exchange, the proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed rule change will promote greater uniformity with the corporate governance standards of other markets.

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. 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-2007-58 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-2007-58. 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, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. 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 available publicly. All submissions should refer to File Number SR-Amex-2007-58 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

IV. Commission's Findings and Order Granting Accelerated Approval of the Proposed Rule Change

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.¹² In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹³ 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 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. The proposed rule change would raise the amount of compensation that precludes a director from being an "independent director" from \$60,000 to \$100,000. The Commission believes that this change will promote greater uniformity among the corporate governance listing standards of

¹² In approving this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹³ 15 U.S.C. 78f(b)(5).

national securities exchanges because it aligns Amex’s rule with the equivalent rules at Nasdaq¹⁴ and the NYSE.¹⁵

The Commission finds good cause, consistent with Section 19(b)(2) of the Act,¹⁶ for approving this proposed rule change before the thirtieth day after the publication of notice thereof in the Federal Register. As noted above, the proposed rule change would harmonize Amex’s standard concerning the maximum amount of compensation an independent director could receive from the issuer (or its parent or subsidiary) with the standard of other markets. As such, the Commission believes the proposal raises no new regulatory issues and that no reasonable purpose would be served by delaying its implementation.

V. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,¹⁷ that

¹⁴ See Nasdaq Rule 4200(a)(15)(b) and IM-4200 – “Definition of Independence.”

¹⁵ See Section 303A.02(b)(ii) of the NYSE Listed Company Manual.

¹⁶ 15 U.S.C. 78s(b)(2).

¹⁷ Id.

the proposed rule change (SR-Amex-2007-58), be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁸

Florence E. Harmon
Deputy Secretary

¹⁸ 17 CFR 200.30-3(a)(12).