SECURITIES AND EXCHANGE COMMISSION
September 27, 2007
Self-Regulatory Organizations; American Stock Exchange LLC; Boston Stock Exchange, Inc; Chicago Board Options Exchange, Incorporated and International Securities Exchange, LLC: Notice of Filing of Proposed Rule Changes Relating to the Definition of a Complex Trade; NYSE Arca, Inc.: Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto Relating to the Definition of a Complex Trade

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 27, 2007, September 13, 2007, June 12, 2007, June 1, 2007, and July 6, 2007, the American Stock Exchange LLC ("Amex"), the Boston Stock Exchange, Inc. ("BSE"), the Chicago Board Options Exchange, Incorporated ("CBOE"), the International Securities Exchange, LLC ("ISE"), and NYSE Arca, Inc. ("NYSE Arca") (each, an "Exchange" and, collectively, the "Exchanges"), respectively, filed with the Securities and Exchange Commission ("Commission") the proposed rule changes as described in Items I, II and III below, which Items have been substantially prepared by the Exchanges. On July 11, 2007, NYSE Arca filed Amendment No. 1 to its proposed rule change.\(^3\) The Commission is publishing this notice to solicit comments on the proposed rule changes, as amended, from interested persons.

I. **Self-Regulatory Organizations’ Statement of the Terms of Substance of the Proposed Rule Changes**

The Exchanges propose to amend the definition of “complex trade” set forth in their respective rules pertaining to the Intermarket Options Linkage ("Linkage") to include stock-

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\(^3\) Amendment No. 1 to SR-NYSEArca-2007-65 effected technical corrections to the proposed rule change.
option trades. The text of the proposed rule changes is available at the Exchanges’ Web sites, the Exchanges’ principal offices, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organizations’ Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

In their filings with the Commission, each Exchange included statements concerning the purpose of, and basis for, their proposed rule changes and discussed any comments they received on the proposed rule changes. The text of these statements may be examined at the places specified in Item IV below. The Exchanges have prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organizations’ Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

1. Purpose

Under Section 8(c)(iii)(G) of the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage (“Linkage Plan”), the Linkage Plan participants (“Participants”) may amend the definition of the term “complex trade” from time to time. The Participants have agreed to update the definition of “complex trade” to extend the associated trade-through liability exemption to cover certain stock-option trades. Accordingly, each of the Exchanges has submitted a proposal that would amend each of the Exchange’s definition of “complex trade,” set forth in the Exchange’s respective rules pertaining to the Linkage, to include the execution of a

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stock option order to buy or sell a stated number of units of an underlying stock or a security convertible into the underlying stock ("convertible security") coupled with the purchase or sale of option contract(s) on the opposite side of the market representing either (A) the same number of units of the underlying stock or convertible security, or (B) the number of units of the underlying stock or convertible security necessary to create a delta neutral position, but in no case in a ratio greater than 8 option contracts per unit of trading of the underlying stock or convertible security established for that series by the Options Clearing Corporation.  

2. **Statutory Basis**

The Exchanges believe the proposed rule changes are consistent with the Act and the rules and regulations under the Act applicable to national securities exchanges and, in particular, the requirements of Section 6(b) of the Act. Specifically, the Exchanges believe the proposed rule changes are consistent with the requirements of Section 6(b)(5) of the Act, which provides that the rules of an exchange 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.

B. **Self-Regulatory Organizations’ Statement on Burden on Competition**

The Exchanges propose to amend their respective rules that define “complex trade” for Linkage purposes, namely Amex Rule 940(b)(3), Boston Options Exchange Rule Chapter XII, Section 1(c), CBOE Rule 6.80(4), ISE Rule 1900(3), and NYSEArca Rule 6.92(a)(4).

The Phlx has filed a proposed rule change with the Commission to amend its definitions of “synthetic option” and “complex trade” to conform such definitions with the related “stock option” and “complex trade” definitions of the Exchanges. See SR-Phlx-2007-40.


The Exchanges believe that the proposed rule changes would impose no burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organizations’ Statement on Comments on the Proposed Rule Changes Received from Members, Participants or Others

The Exchanges have neither solicited nor received comments on these proposals.

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 organizations consent, the Commission will:

(A) by order approve such proposed rule changes, or

(B) institute proceedings to determine whether the proposed rule changes 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 changes are 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

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 Numbers SR-Amex-2007-65; SR-BSE-2007-45; SR-CBOE-2007-64; SR-ISE-2007-44; and SR-NYSEArca-2007-65. These file numbers 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 submissions, all subsequent amendments, all written statements with respect to the proposed rule changes that are filed with the Commission, and all written communications relating to the proposed rule changes 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 the filings also will be available for inspection and copying at the principal offices of the Exchanges. 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 Numbers SR-Amex-2007-65; SR-BSE-2007-45; SR-CBOE-2007-64; SR-ISE-2007-44; and SR-NYSEArca-2007-65 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.⁹

Florence E. Harmon
Deputy Secretary