

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-51689; File No. SR-Amex-2005-039)

May 12, 2005

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Revisions to the Series 4 Examination 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 April 8, 2005, 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 by Amex. Amex has designated the proposed rule change as one constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of Amex pursuant to Section 19(b)(3)(A)(i) of the Act³ and Rule 19b-4(f)(1) thereunder,⁴ which renders the proposal 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

Amex is filing revisions to the study outline and selection specifications for the Limited Principal – Registered Options (Series 4) examination (“Series 4 Examination”). The proposed revisions update the material to reflect changes to the laws, rules, and regulations covered by the Series 4 Examination.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(i).

⁴ 17 CFR 240.19b-4(f)(1).

The revised study outline is filed with the proposed rule change. However, Amex has omitted the Series 4 Examination selection specifications from this filing and has submitted the specifications under separate cover to the Commission with a request for confidential treatment pursuant to Rule 24b-2 under the Act.⁵

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, Amex 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. Amex 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

Amex Rule 920 states that a member organization shall not transact any business with the public in option contracts unless those persons engaged in the management of the member organization's business pertaining to option contracts are registered with and approved by the Exchange as Options Principals. Additionally, no individual member shall transact any business directly with the public in option contracts unless he is registered with and approved by the Exchange as an Options Principal. The Series 4 Examination tests a candidate's knowledge of options trading generally, the Amex rules applicable to the trading of option contracts, and the rules of registered clearing agencies for options. The Series 4 Examination covers, among other things, equity options, foreign currency options, index options, and options on government and mortgage-

⁵ 17 CFR 240.24b-2.

backed securities.

The Series 4 Examination is shared by the Amex and the following SROs: the National Association of Securities Dealers, Inc. (“NASD”), the Chicago Board Options Exchange, Incorporated (“CBOE”), the New York Stock Exchange, Inc. (“NYSE”), the Pacific Exchange, Inc. (“PCX”), and the Philadelphia Stock Exchange, Inc. (“PHLX”). NASD has filed with the Commission similar revisions to the study outline and selection specifications for the Series 4 Examination,⁶ and Amex understands that the other SROs will be filing similar proposals shortly.

A committee of industry representatives, together with the staff of Amex and the SROs, recently undertook a periodic review of the Series 4 Examination and study outline and selection specifications. As a result of this review and as part of an ongoing effort to align the Series 4 Examination more closely to the supervisory duties of a Series 4 principal, Amex is proposing to modify the content of the Series 4 Examination to track the functional workflow of a Series 4 principal. More specifically, Amex is proposing to revise the main section headings and the number of questions on each section of the Series 4 Examination study outline as follows: Options Investment Strategies, decreased from 35 to 34 questions; Supervision of Sales Activities and Trading Practices, increased from 71 to 75 questions; and Supervision of Employees, Business Conduct, and Recordkeeping and Reporting Requirements, decreased from 19 to 16. The revised Series 4 Examination continues to cover the areas of knowledge required to supervise options activities.

Amex is proposing similar changes to the corresponding sections of the Series 4 Examination selection specifications and question bank. The number of questions on the Series 4 Examination will remain at 125 and candidates will have three hours to complete the exam. Also,

⁶ See Securities Exchange Act Release No. 51216 (February 16, 2005), 70 FR 8866 (February 23, 2005) (SR-NASD-2005-025).

each candidate must correctly answer 70 percent of the questions to receive a passing grade.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6 of the Act⁷ in general and furthers the objectives of Section 6(c)(3)⁸ which authorize Amex to prescribe standards of training, experience and competence for persons associated with Amex members.

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

The Exchange 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, as amended.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received by the Exchange on this proposal.

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

The proposed rule change has become effective pursuant to Section 19(b)(3)(A)(i) of the Act⁹ and Rule 19b-4(f)(1) thereunder,¹⁰ in that the proposed rule change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the Amex. NASD proposes to implement its revisions to the study outline and selection specifications with respect to the Series 4 Examination by no later than April 29, 2005. Amex will

⁷ 15 U.S.C. 78f.

⁸ 15 U.S.C. 78f(c)(3).

⁹ 15 U.S.C. 78s(b)(3)(A)(i).

¹⁰ 17 CFR 240.19b-4(f)(1).

announce the revisions to the study outline and selection specifications for the Series 4 Examination and the implementation date in a Notice to Members prior to the implementation date.¹¹

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such 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
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Amex-2005-039 on the subject line.

Paper comments:

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609.

All submissions should refer to File Number SR-Amex-2005-039. 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

¹¹ See Securities Exchange Act Release No. 51690 (May 12, 2005) (SR-Amex-2005-045) (delaying implementation of this change).

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 at the principal office of the 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 the File Number SR-Amex-2005-039 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.¹²

J. Lynn Taylor
Assistant Secretary

¹² 17 CFR 200.30-3(a)(12).