

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-51815; File No. SR-Amex-2005-55)

June 9, 2005

Self-Regulatory Organizations; American Stock Exchange, LLC; Notice of Filing of Proposed Rule Change Relating to the Continuation of a Quote Assist Feature in Options on a Pilot Basis

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 May 19, 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 the Amex. 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 extend its pilot program implementing a quote-assist feature retroactively from April 30, 2005 to May 18, 2005. The text of the proposed rule change is available on the Amex’s Web site (www.amex.com), at the Amex’s principal office, and at the Commission's Public Reference Room.

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 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Item IV below. The 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

Exchange Rule 958A(e) currently requires all option specialists to execute or display customer limit orders that improve the bid or offer by price or size immediately upon receipt, unless one of the exceptions set forth in the rule applies. “Immediately upon receipt” is defined in the rule “as soon as practicable which shall mean, under normal market conditions, no later than 30 seconds after receipt.”³

In order to assist the specialists in complying with Amex Rule 958A(e) as described above, at the end of June 2004, the Exchange provided specialists with an automated quote assist feature as part of the Amex Options Display Book (also referred to as “AODB”) on a pilot program basis.⁴ The pilot program expired on April 30, 2005, and was extended on May 18, 2005, for those products not on the ANTE System.⁵ The Exchange proposes in this filing to retroactively extend the quote assist feature pilot program from April 30, 2005, to May 18, 2005, for those products not yet trading on the ANTE System. There are currently only three option classes not yet trading on the ANTE System. These products, which are all index options, will be put on the ANTE System once issues relating to the System’s quote calculation methodology for these products are corrected.

³ See Securities Exchange Act Release No. 51062 (January 21, 2005), 70 FR 4163 (January 28, 2005).

⁴ See Securities Exchange Act Release No. 49797 (June 3, 2004), 69 FR 32637 (June 10, 2004).

⁵ See SR-Amex-2005-54, filed May 18, 2005.

The quote assist feature automatically displays eligible limit orders within a configurable time that can only be set on a floor-wide basis by the Exchange. While all customer limit orders are expected to be displayed immediately, the quote assist feature can be set to automatically display limit orders at or close to the end of the 30-second time frame, or within any other shorter time frame established by the Exchange. In the event that there are instances in which the specialist has not yet addressed the order within the applicable 30-second period, the quote assist feature will automatically display the eligible customer limit order in the limit order book at or close to the end of that period. The quote assist feature helps to ensure that eligible customer limit orders are displayed within the required time period then in effect. Commentary .01 to Amex Rule 950 (g) requires the specialist to maintain and keep active the limit order quote assist feature. The Exchange has established the time frame within which the quote assist feature displays eligible customer limit orders, which time frame does not exceed the customer limit order display requirement set forth in Amex Rule 958A(e).

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6 of the Act,⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁷ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. The quote assist feature provides a mechanism to ensure that eligible customer limit orders are displayed within the appropriate time frame.

⁶ 15 U.S.C. 78f.

⁷ 15 U.S.C. 78f(b)(5).

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

The Exchange believes that the proposed rule change will impose no burden on competition.

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 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 Exchange 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 Number SR-Amex-2005-55 on the subject line.

Paper comments:

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-9303.

All submissions should refer to File Number SR-Amex-2005-55. 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 Section, 100 F Street, NE, Washington, DC 20549. Copies of such filing also 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 File Number SR-Amex-2005-55 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.⁸

J. Lynn Taylor
Assistant Secretary

⁸ 17 CFR 200.30-3(a)(12).