

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-52646; File No. SR-Amex-2005-068)

October 20, 2005

Self-Regulatory Organizations; American Stock Exchange LLC; Order Granting Approval of Proposed Rule Change and Amendment Nos. 1 and 2 Thereto Relating to Amendments to Amex Rules 26 and 27

On June 17, 2005, the American Stock Exchange LLC (“Amex” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to: (i) combine the Equities, Options and Special Allocations Committees into a single Allocations Committee; (ii) change the composition of the new Allocations Committee; and (iii) provide the Performance Committee with sole authority to reallocate securities in connection with specialist unit transfers resulting from business transactions. On June 30, 2005, Amex filed Amendment No. 1 to the proposed rule change.³ On August 19, 2005, Amex filed Amendment No. 2 to the proposed rule change.⁴ The proposed rule change, as amended, was published for comment in the Federal Register on September 1, 2005.⁵ The Commission received no comments on the proposal. This order approves the proposed rule change, as amended.

The proposed rule change would combine the existing Equity, Options and Special

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ In Amendment No. 1, the Exchange made a technical correction to the proposed amendment to Amex Rule 26 and proposed to amend Amex Rule 27 to reflect that, in the case of an equity security, the list of qualified specialists shall consist of five specialists.

⁴ In Amendment No. 2, the Exchange proposed to amend Amex Rule 27 to clarify: (1) the composition of the Allocations Committee for equities and other securities admitted for trading on the Exchange except Exchange Traded Funds (“ETFs”) and options; and (2) that the Allocations Committee may be chaired by the Chief Executive Officer’s designee.

⁵ See Securities Exchange Act Release No. 52334 (August 25, 2005), 70 FR 52146.

Allocations Committees into a single Allocations Committee for equities, options and other listed securities. The proposal would create a single Allocations Committee consisting of the Chief Executive Officer (or his or her designee⁶), a representative of an upstairs member firm and either: (i) four (4) brokers for equities and other securities admitted to trading on the Exchange except for Exchange Traded Funds and options; (ii) two (2) brokers and two (2) Registered Traders for ETFs; or (iii) two (2) brokers and two (2) Registered Options Traders for options. The Chief Executive Officer (or his or her designee) would chair the Allocations Committee and would not vote except to make or break a tie. In the absence of the Chief Executive Officer (or his or her designee), a Floor Governor or a Senior Floor Official may chair the Allocation Committee. In addition, the Exchange proposes to permit the Performance Committee to reallocate securities in connection with specialist unit transfers resulting from business transactions.

The Commission finds that the proposed rule change, as amended, is consistent with the requirements of Section 6 of the Act,⁷ and the rules and regulations thereunder applicable to a national securities exchange.⁸ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,⁹ 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 foster cooperation and coordination with

⁶ The Exchange represents that the designee of the Chief Executive Officer would be an Exchange employee knowledgeable about the securities business and capable of representing the views of the Chief Executive Officer. Telephone conversation of October 12, 2005, between Jeffery Burns, Associate General Counsel, Amex, and David Michehl, Attorney, Division of Market Regulation, Commission.

⁷ 15 U.S.C. 78f(b).

⁸ In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁹ 15 U.S.C. 78f(b)(5).

persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. The Commission believes that, by combining the Equities, Options and Special Allocations Committees into a single Allocations Committee and streamlining the composition of the Allocations Committee, the proposed rule change is designed to reduce potential inefficiencies in connection with the securities allocation process. In addition, the Commission believes that, by providing the Performance Committee with the sole authority to reallocate securities in connection with specialist unit transfers, the proposed rule change is designed to streamline the reallocation process in these special circumstances.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,¹⁰ that the proposed rule change (SR-Amex-2005-068), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Jonathan G. Katz
Secretary

¹⁰ 15 U.S.C. 78s(b)(2).

¹¹ 17 CFR 200.30-3(a)(12).