

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-52984; File No. SR-Amex-2005-123)

December 20, 2005

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Amex Rule 900-ANTE to Provide a Revised Implementation Date for the ANTE System, and to Eliminate Commentary .01 to Amex Rule 935-ANTE

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 November 29, 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 and II below, which Items have been prepared by the Amex. The Amex filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposal effective upon filing with the Commission.⁵ 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 amend (i) Amex Rule 900 – ANTE to provide a revised date for the completion of the implementation of the ANTE System for all options classes; and (ii) Amex

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

⁵ The Amex has asked the Commission to waive the five-day pre-filing notice requirement and the 30-day operative delay. See Rule 19b-4(f)(6)(iii), 17 CFR 240.19b-4(f)(6)(iii).

Rule 935 – ANTE, to eliminate Commentary .01 because the implementation of increased floor broker functionality in the ANTE System has made this provision obsolete. The text of the proposed rule change is available on the Amex’s Web site (<http://www.amex.com>), at the Amex’s Office of the Secretary, 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 proposal. The text of these statements may be examined at the places specified in Item IV 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

Revised Implementation Date - - Amex Rule 900 - ANTE

On May 20, 2004, the Commission approved the Amex’s proposal to implement a new options trading platform known as the Amex New Trading Environment (“ANTE”).⁶ On May 25, 2004, the Amex began rolling out the ANTE System on its trading floor on a specialist’s post-by-specialist’s post basis. At that time, the Amex anticipated that the roll out would be completed by the end of the second quarter of 2005. The Amex subsequently extended the implementation date for the full roll-out of the ANTE System to November 30, 2005.⁷ The

⁶ See Securities Exchange Act Release No. 49747 (May 20, 2004), 69 FR 30344 (May 27, 2004) (SR-Amex-2003-89).

⁷ See Securities Exchange Act Release No. 52740 (November 4, 2005), 70 FR 69170 (November 14, 2005), (SR-Amex-2005-109).

Amex has rolled out the ANTE System to all its option classes except two: the Nasdaq 100 Index (“NDX”) and the Mini Nasdaq Index (“MNX”). There are specific reasons why these products have not been rolled out on the ANTE System. The specialist in these products is concerned that the theoretical price calculator provided by the ANTE System may not accurately price the options on these indexes. The specialist is waiting for its own theoretical index price calculator, which has been installed and is currently being tested, to successfully calculate prices for these indexes and options. The Amex expects that the MNX/NDX specialist will have the proprietary calculator in place by December 31, 2005.

The Amex is now proposing to further revise its implementation schedule to provide that the remaining two option classes will be on the ANTE System by December 31, 2005.

Maintaining two systems for the trading of options - - the legacy system (XTOPS, AODB and Auto-Ex) and ANTE - - is costly. As a result, the Exchange is working diligently to have all option classes on the ANTE System by December 31, 2005, so that it can retire its legacy systems.

Increased Floor Broker Functionality - - Amex Rule 935 – ANTE

Amex Rule 935 – ANTE (b) provides for the post trade allocation of contracts executed as the result of the submission of orders to trade with orders in the ANTE Central Book. If more than one ANTE Participant⁸ and/or a floor broker representing a customer order submits an order to trade with an order in the ANTE Central book within a period not to exceed five seconds after the initial ANTE Participant has submitted its order, all those ANTE Participants and the floor broker’s customer will be entitled to participate in the allocation of any executed contracts. The

⁸ Amex Rule 900 – ANTE (b)(45) defines ANTE Participant as the specialist and/or registered options trader(s) assigned to trade a specific options class on the ANTE System.

ANTE System was initially unable to provide the functionality necessary for floor brokers representing customer orders in the trading crowd to directly participate in the post trade allocation of orders taken off the Central Book. Commentary .01 to Amex Rule 935 – ANTE provides a temporary methodology for the specialist to disengage the post trading allocation system in a specific series, which allows the floor broker to alert the specialist within the five-second timeframe whenever the specialist’s customer wants to participate in post trade allocation, and allows the specialist to provide for the customer’s participation in post trade allocation when appropriate. The Commission approved the procedures set forth in Commentary .01 to Amex Rule 935 – ANTE as a “reasonable, temporary solution.”⁹ Effective November 18, 2005, the ANTE System gave floor brokers greater functionality to access the Central Book, and the Exchange now proposes to eliminate Commentary .01 because the implementation of greater floor broker functionality has made the procedures set forth in Commentary .01 unnecessary.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of 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 foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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

⁹ See footnote 6, supra.

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

public interest; and is designed to prohibit unfair discrimination between customers, issuers, brokers and dealers.

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

The Exchange believes that the proposed rule change will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange has neither solicited nor received comments on the proposed rule change.

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

Because the foregoing proposed rule change: (1) does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) by its terms does not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder. The Exchange has requested that the Commission waive the five-day pre-filing requirement and the 30-day operative delay period for "non-controversial" proposals.

The Commission waives the five-day pre-filing requirement and the 30-day operative delay.¹² The Amex has represented that the theoretical price calculators for the final two options classes are not installed. The Commission believes that extending the deadline for implementing Amex Rule 900 - ANTE by one month should afford the Amex the time needed to install and/or fix the theoretical price calculators. The Commission believes that it is in the interest of

¹² For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

investors and the public to delay implementation of the ANTE system until all of the components are in place and functioning properly, and to eliminate Commentary .01 to Amex Rule 935, which it is no longer necessary. Therefore, the foregoing rule change has become immediately effective and operative upon filing pursuant to Section 19(b)(3)(A)(iii) of the Act¹³ and Rule 19b-4(f)(6) thereunder.¹⁴

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-2005-123 on the subject line.

¹³ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁴ 17 CFR 240.19b-4(f)(6).

Paper comments:

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

All submissions should refer to File Number SR-Amex-2005-123. 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. Copies of such filing also will be available for inspection and copying at Amex's Office of the Secretary.

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-2005-123 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.¹⁵

Jonathan G. Katz
Secretary

¹⁵ 17 CFR 200.30-3(a)(12).