

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-60297; File No. SR-NYSE Amex-2009-42)

July 13, 2009

Self-Regulatory Organizations; NYSE Amex LLC; Notice of Filing of Proposed Rule Change to Propose New Rules to Govern Electronic Complex Order Trading

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 July 9, 2009, NYSE Amex LLC (“NYSE 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 Exchange. 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 Exchange proposes new rules to govern Electronic Complex Order trading.

The text of the proposed rule change is available on the Exchange’s Internet Web site at www.nyse.com, at the Exchange’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 Exchange 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. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

1. Purpose

NYSE Amex proposes new rules that describe Electronic Complex Order Trading. Electronic Complex Orders are Complex Orders and Stock/option Orders that are entered electronically into the NYSE Amex System.

Proposed Rule 980NY describes the entry of Electronic Complex Orders in the Consolidated Book and the operation of a Complex Matching Engine. The Complex Matching Engine is the mechanism in which Electronic Complex Orders are executed against each other or against individual quotes and orders in the Consolidated Book. Electronic Complex Orders in the Consolidated Book will be available to all market participants via an electronic interface. NYSE Amex proposes that Electronic Complex Orders be ranked in the Consolidated Book in price/time priority based on the strategy and the total or net debit or credit, provided that Electronic Complex Orders on behalf of Customers shall be ranked ahead of same price Electronic Complex Orders for non-Customers.

Electronic Complex Orders eligible for execution in the Complex Matching Engine are defined to be consistent with the Linkage Plan Trade Through exemption³; they therefore may report execution prices for the individual legs of a Complex Trade that are outside of the National Best Bid or Offer. However, the Complex Matching Engine will never execute any of the legs of a Complex Trade at a price outside of the NYSE Amex best bid /offer for that leg.

³ They are also defined to be consistent with the proposed exemption described in the Proposed Options Order Protection and Locked/Crossed Market Plan (File No. 4-546, Exchange Act Release No. 34-59647)

NYSE Amex also proposes that Electronic Complex Orders attempt to execute against other Electronic Complex Orders in the Consolidated Book, before attempting to execute against the individual leg markets in the Consolidated Book, provided that for purposes of priority, where the total or net debit or credit derived from Customer orders in the individual leg market is better than or equal to the price of the Electronic Complex Order, the Customer orders in the individual leg markets will maintain priority.

NYSE Amex notes that the various options exchange rule sets recognize that investors wishing to complete a complex strategy should not be encumbered by orders for a single leg.

For instance, the markets for two call series is as follows:

XYZ July 30	2.20 - 2.40	10 x 10
-------------	-------------	---------

XYZ July 35	1.10 – 1.25	10 x 10
-------------	-------------	---------

An Electronic Complex Order is entered to Buy 10 July 30/Sell 10 July 35 for a Net Debit of 1.30. The Complex Matching Engine checks the Consolidated Book, and seeing there are no Electronic Complex Orders willing to sell the strategy, executes against the leg markets, at prices of 2.40 for the July 30 calls, and 1.10 for the July 35 calls.

With the same leg markets available, another Electronic Complex Order is sent to NYSE Amex to Buy 10 July 30/Sell 10 July 35 for a Net Debit of 1.00. Since the screen market is .95 – 1.30, the order would not execute, but route to the Consolidated Book, and post with a Debit of 1.00. This would be disseminated to all NYSE Amex market participants.

An order to Sell July 30/Buy July 35 for a credit of 1.00 arrives. It is routed directly to the Complex Matching Engine, where it is matched against the posted order with a debit of 1.00, and priced at the first available prices found in the Complex Matching Engine. For example, under this scenario, it is possible to execute at 2.20 and 1.20.

The Exchange proposes, however, that if Customer orders in the individual leg markets are pricing the strategy at the same price as the posted Electronic Complex Order, an Electronic Complex Order sent to be executed against the posted order will instead execute against the individual Customer orders in the leg markets. For instance, suppose that before the second order described above arrives, the individual leg markets in the options change as follows, with Customer orders at the best prices in the Consolidated Book:

XYZ July 30	2.20 – 2.40	10 x 10
XYZ July 35	1.10 - 1.20	10 x10

The Customer orders in the individual leg markets are now pricing the strategy at the same price as the posted Electronic Complex Order. Even though the Electronic Complex Order net debit has been disseminated and advertised, the Customer orders in the individual leg markets will maintain priority over the posted Electronic Complex Order. The Complex Matching Engine will execute the incoming Electronic Complex Order with a credit of 1.00 against the 1.00 debit price of the Customer orders in the leg markets, and then any residual will be matched against the Electronic Complex Order in the Consolidated Book at the same 1.00 debit.

Electronic Complex Orders that are not executable are entered into the Consolidated Book. The Complex Matching Engine will monitor the markets in the individual legs of Electronic Complex Orders in the Consolidated Book. If the market prices in the legs move so that the Electronic Complex Order is now executable in full (or in a permissible ratio), the Electronic Complex Order will be executed against the individual orders and quotes in the leg markets.

The Exchange proposes that Specialists not be afforded any guaranteed allocation either in the execution of a complex strategy nor if present at the NYSE Amex BBO when an Electronic Complex Order executes against the individual leg markets. There is no obligation for Specialists (or any Market Maker) to quote prices for complex strategies; therefore there is no need for a guaranteed allocation. A market participant that establishes a price for a strategy should be rewarded for setting that price by being granted time priority, provided that Electronic Complex Orders on behalf of Customers are ranked ahead of same price Complex Orders for non-Customers. Similarly, the Specialist's quotes in the individual leg markets are available to all orders, but are not advertising a particular strategy. They should not be granted a guaranteed allocation in any of the leg markets resulting from the execution of a Complex Order. Complex Orders will thus execute against Customer Orders in the individual legs of the Consolidated Book, and then against non-Customer trading interest in the leg markets on a size pro-rata basis.

For purposes of the firm quote rule, Electronic Complex Orders in the Consolidated Book shall be considered "firm" at the posted debit or credit.⁴

The Exchange also proposes clarifying Commentaries to the proposed Rule. Commentary .01 clarifies that Complex bids and offers may be expressed and executed in one cent increments, regardless of the minimum price variation of the component series. Commentary .02 clarifies that at least one leg of a Complex Order transaction must trade at a price that is at least one minimum price variation better than all Customer bids and offers in the Consolidated Book for the that series.

⁴ See Exchange Act Rule 602

Proposed Commentary .03 outlines special provisions for Stock/option orders. Among these are that a Complex Order with a stock component is considered a Stock/option order. Additionally, a Stock/option order may not trade on the price of a Customer order in the Consolidated Book in the option leg unless it trades with the Customer order.

Commentary .03 also outlines that the stock component must be executed in accordance with the rules of the executing venue, and that Stock/option orders may be executed in one cent increments regardless of the minimum price increment in the option leg.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,⁵ in general, and furthers the objectives of Section 6(b)(5)⁶ 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 facilitating transactions in securities, and to remove impediments to and perfect the mechanism for a free and open market and a national market system. NYSE Amex believes the proposed rule, related to Electronic Complex Orders, are appropriate in that Complex Orders are widely recognized by market participants as invaluable, both as an investment, and a risk management strategy. The proposed rule will provide the opportunity for a more efficient mechanism for carrying out these strategies.

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

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

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

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

No written comments were 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 self-regulatory organization 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-NYSE Amex-2009-42 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSE Amex-2009-42. 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, 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 such filing also will be available for inspection and copying at the principal office of the Exchange. 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 publicly available. All submissions should refer to File Number SR-NYSE Amex-2009-42 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁷

Florence E. Harmon
Deputy Secretary

⁷ 17 CFR 200.30-3(a)(12).