

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-53519; File No. SR-Amex-2006-26)

March 20, 2006

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Extension of Time for Exercising Expiring Options and Submitting Contrary Exercise Advices

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 March 14, 2006, 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 Exchange. 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 it 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

The Amex, pursuant to Section 19(b)(1) of the Act⁵ and Rule 19b-4 thereunder,⁶ proposes to amend Amex Rule 980 “Exercise of Options Contracts” to add two additional minutes to the time frame within which one may make a final decision to exercise or not exercise an option, or

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 15 U.S.C. 78s(b)(1).

⁶ 17 CFR 240.19b-4.

to deliver a contrary exercise advice (“CEA”)⁷ to the Exchange. The proposal is intended to conform Amex Rule 980 to the recent industry-wide change in the close of trading for equity options and narrow-based index options from 4:02 p.m. to 4:00 p.m. (EST).⁸ The Exchange further proposes to amend the text of Amex Rule 980 to correspond to the more appropriate classification of Eastern Time (“ET”) rather than New York Time (“NY Time”). The text of the proposed rule change is available on the Amex’s Web site at (<http://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 Exchange 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 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

The purpose of the proposed rule change is to amend Amex Rule 980 to add two additional minutes to the time frame within which one may make a final decision to exercise or

⁷ Amex Rule 980(b)(ii) defines a CEA as a communication either: (A) to not exercise an option that would be automatically exercised under the Options Clearing Corporation’s (“OCC”) Ex-by-Ex procedure, or (B) to exercise an option that would not be automatically exercised under the OCC’s Ex-by-Ex procedure.

⁸ See Securities Exchange Act Release No. 53244 (February 7, 2006), 71 FR 8008 (February 15, 2006) (approving SR-Amex-2006-003, which amended Amex Rules 1, 918 – ANTE, 936C – ANTE and 903C to adjust the close of normal trading hours in equity options and narrow-based index options from 4:02 p.m. to 4:02 p.m. (ET)).

not exercise an option, or to deliver a CEA to the Exchange. This proposal is intended to conform Amex Rule 980 to the recent industry-wide change to the close of trading for equity and narrow-based index options from 4:02 p.m. to 4:00 p.m. (ET). The Exchange further proposes to amend the text of Amex Rule 980 to correspond to the more appropriate classification of ET rather than NY Time.

Currently, Amex Rule 980(c) establishes that on the business day immediately prior to an expiration date, option holders may make final decisions to exercise or not exercise options, and members and member organizations may accept exercise instructions and submit a CEA to the Exchange as late as 5:30 p.m. or 6:30 p.m. NY Time, pursuant to the circumstances set forth in Rule 980(c). Amex Rule 980(g) establishes that where, on the last business day before the day of expiration, the Exchange provides advance notice of a modified time for the close of trading in equity options, the deadline to make a final decision to exercise or not exercise an expiring option and to deliver a CEA to the Exchange will be 1 hour 28 minutes or 2 hours 28 minutes after the announced modified closing time, instead of the 5:30 p.m. or 6:30 p.m. (ET). The Exchange proposes to add two minutes to each of these timeframes to correspond to the two-minute difference in trading time created by the change in the close of trading time from 4:02 p.m. to 4:00 p.m. (ET).

This proposal seeks only to change the exercise timeframes for equity options, not index options, because Amex Rule 980C governing index options does not have pre-set times.⁹

According to the Exchange, the proposed rule change is based on similar rule changes submitted

⁹ Amex Rule 980C provides that a memorandum to exercise any American-style index option must be received or prepared by the member organization no later than five (5) minutes after the close of trading on that day and must be time stamped at the time it is received or prepared.

by the Pacific Exchange, Inc., the Philadelphia Stock Exchange, Inc., the International Securities Exchange, Inc., and the Chicago Board Options Exchange, Incorporated.¹⁰

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act¹¹ in general, and furthers the objectives of Section 6(b)(5) of the Act¹² in particular, because 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, 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 public interest.

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.

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

The Amex 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

¹⁰ See Securities Exchange Act Release Nos. 53249 (February 7, 2006), 71 FR 8035 (February 15, 2006) (SR-PCX-2005-138); 53407 (March 3, 2006), 71 FR 12764 (March 13, 2006) (SR-Phlx-2006-12); 53439 (March 7, 2006), 71 FR 13643 (March 16, 2006) (SR-ISE-2006-11); 53438 (March 7, 2006), 71 FR 13641 (March 16, 2006) (SR-CBOE-2006-19).

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

competition; and (3) by its terms does not become operative for 30-days after the date on which it was filed, 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 Act¹³ and Rule 19b-4(f)(6) thereunder.¹⁴

A proposed rule change filed under Rule 19b-4(f)(6)¹⁵ normally does not become operative prior to 30-days after the date of filing. However, Rule 19b-4(f)(6)(iii) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Amex has asked the Commission to waive the 30-day operative delay and the 5-day pre-filing requirement. The Commission believes that waiving the 30-day operative delay and the 5-day pre-filing requirement is consistent with the protection of investors and the public interest because such waiver will allow the Amex to immediately clarify its rule and conform it to the industry-wide close of trading times now in effect. Accelerating the operative date will allow for a more efficient and effective market operation by offering clarity and internal consistency with existing Amex rules. For these reasons, the Commission designates the proposed rule change as effective and operative immediately upon filing with the Commission.¹⁶

At any time within 60-days after the filing of the proposed rule change, the Commission may summarily abrogate the rule change if it appears to the Commission that such action is

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(6).

¹⁵ Id.

¹⁶ For the purposes only of waiving the 30-day operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

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-2006-26 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE Washington, DC 20549-1090.

All submissions should refer to File Number SR-Amex-2006-26. 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 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-2006-26 and should be submitted on or before [insert date 21 days after publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁷

Nancy M. Morris
Secretary

¹⁷ 17 CFR 200.30-3(a)(12).