

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-55296; File No. SR-Amex-2007-14)

February 14, 2007

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Options Fee Schedule

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 January 30, 2007, 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 substantially prepared by the Amex. The Amex has filed the proposal pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposal 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 Exchange proposes to amend its options fee schedule (the “Fee Schedule”) to (i) reduce the daily maximum aggregate fee charged for all dividend strategies, merger spreads and short stock interest spreads to \$100, (ii) reduce the monthly maximum aggregate fee charged for such trades to \$12,500, (iii) replace the term “dividend spread” with “dividend strategies,” (iv) extend the fee cap pilot program until February 1, 2008, and (v) increase the licensing fee for the Russell Index and Russell ETF Options (together the “Russell Index Options”) from \$0.10 to

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)(2).

\$0.15 per contract side. The text of the proposed rule change is available at the Exchange, the Commission's Public Reference Room, and www.amex.com.

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 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

Fee Cap Program

Currently, specialists, registered options traders, non-member market makers, firms, and member and non-member broker-dealers option transaction, comparison and floor brokerage fees are limited to an aggregate fee of \$1,000 for all dividend spreads,⁵ merger spreads and short stock interest spreads executed on the same trading day in the same option class.⁶ In addition, such fees are also limited to \$50,000 per month per initiating firm. In order to attract additional order flow to the Exchange, this proposal seeks to reduce the daily aggregate to \$100 and the monthly aggregate to \$12,500. The Exchange submits that the reduced fees may increase the trading opportunities for its members as well as enable the Exchange to attract new business.

⁵ A "dividend spread" is any trade done within a defined time frame in which a dividend arbitrage can be achieved between any two (2) deep-in-the-money options.

⁶ These fees are charged only to Exchange members.

This proposal will also amend the Fee Schedule to expand dividend spreads to “dividend strategies.” Dividend strategies are transactions done to achieve a dividend arbitrage involving the purchase, sale and exercise of in-the-money options of the same class, executed prior to the date on which the underlying stock goes ex-dividend. The proposed amendment is similar to the definition currently used by the Chicago Board Options Exchange (“CBOE”) as well as other exchanges.⁷

The fee cap program is currently operated on a six (6) month pilot basis. The proposal seeks to extend the pilot for an additional year, through February 1, 2008. To date, the Exchange believes that the fee cap program has been beneficial, and submits, that a one (1) year extension is warranted.

Russell Index Option License Fee

The proposal also seeks to increase the licensing fees for the Russell Index Options. Currently, the licensing fees for the Russell Index Options are \$0.10 per contract side. The Exchange proposes to increase this fee to \$0.15 per contract side as a result of an increase in the license agreement for the Russell Index Options.

As detailed in the original filing regarding license fees for Russell Index Options,⁸ the Exchange typically pays an index license fee to a third party as a condition to the listing and trading of such index options. In many cases, the Exchange is required to pay a significant licensing fee to the index provider that may not be reimbursed. In an effort to recoup the costs associated with certain index licenses, the Exchange has established a per contract licensing fee for the orders of specialists, registered options traders, firms, non-member market makers and

⁷ See CBOE Fee Schedule and Philadelphia Stock Exchange Fee Schedule.

⁸ See Securities Exchange Act Release No. 53968 (June 9, 2006), 71 FR 34971 (June 16, 2006) (SR-Amex-2006-56).

broker-dealers, that is collected on every option transaction in designated products in which such market participant is a party.⁹

The purpose of the proposal is to charge a licensing fee of \$0.15 per contract side for Russell Index Options for specialist, registered options trader, firm, non-member market maker and broker-dealer orders executed on the Exchange. In all cases, the fees are charged only to Exchange members through whom the orders are placed.

The proposal will allow the Exchange to recoup its costs in connection with the index license fee for the trading of Russell Index Options. The Exchange notes that the Amex in recent years has revised a number of fees to better align Exchange fees with the actual cost of delivering services and reduce Exchange subsidies of such services. Implementation of this proposal is consistent with the reduction and/or elimination of these subsidies.

The Exchange asserts that the proposal is equitable as required by Section 6(b)(4) of the Act.¹⁰ Further, the Exchange believes that charging an options licensing fee, where applicable, to all market participant orders except for customer orders is reasonable given the competitive pressures in the industry.

2. Statutory Basis

The Exchange asserts that the proposal is equitable as required by Section 6(b)(4) of the Act.

⁹ See Securities Exchange Act Release No. 52493 (September 22, 2005), 70 FR 56941 (September 29, 2005) (SR-Amex-2005-087).

¹⁰ 15 U.S.C. 78f(b)(4). Section 6(b)(4) of the Act states that the rules of a national securities exchange provide for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities.

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

The proposed rule change does 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

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

The foregoing proposed rule change is subject to Section 19(b)(3)(A)(ii) of the Act¹¹ and subparagraph (f)(2) of Rule 19b-4 thereunder¹² because it establishes or changes a due, fee, or other charge applicable only to a member imposed by the self-regulatory organization.

Accordingly, the proposal is effective upon the Commission's receipt of the filing. 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:

¹¹ 15 U.S.C. 78s(b)(3)(A)(ii).

¹² 17 CFR 240.19b-4(f)(2).

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-2007-14 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-2007-14. 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 the 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-2007-14 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.¹³

Florence E. Harmon
Deputy Secretary

¹³ 17 CFR 200.30-3(a)(12).