

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-55663; File No. SR-Amex-2007-39)

April 24, 2007

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Add Additional Exceptions to Rule 126A—AEMI Relating to the Generation of Intermarket Sweep Orders

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 April 20, 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 Exchange. Amex has filed this proposal pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(5) 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

Amex proposes to adopt changes to Rule 126A – AEMI in order to fully conform the list of circumstances described therein with additional exceptions (a) listed in Rule 611(b) of Regulation NMS⁵ or (b) separately granted by the Commission pursuant to exemptive orders issued pursuant to Rule 611(d) of Regulation NMS.⁶ The following resultant changes to Rule 126A – AEMI are proposed: (i) addition of the “stopped order” exception specified under Rule

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)(5).

⁵ 17 CFR 242.611(b).

⁶ 17 CFR 242.611(d).

611(b)(9) of Regulation NMS;⁷ (ii) addition of an exception for “qualified contingent trades”;⁸ and (iii) addition of an exception for certain “sub-penny trade-throughs.”⁹

The text of the proposed rule change is available on Amex’s Web site at <http://www.amex.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, 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. 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange is currently operating, and has adopted rules in connection with the operation of, its new hybrid market trading platform for equity products and exchange traded funds, designated as AEMISM (the Auction and Electronic Market Integration platform). Rule 126A – AEMI is the Exchange’s effectuation of Rule 611 of Regulation NMS (“Order Protection Rule”), whereby trading centers are required to “establish, maintain, and enforce written policies and procedures that are reasonably designed to prevent trade-throughs on that trading center of

⁷ 17 CFR 242.611(b).

⁸ See Securities Exchange Act Release No. 54389 (August 31, 2006), 71 FR 52829 (September 7, 2006).

⁹ See Securities Exchange Act Release No. 54678 (October 31, 2006), 71 FR 65018 (November 6, 2006).

protected quotations in NMS stocks,” subject to certain exceptions. Rule 126A – AEMI, in relevant part, currently requires AEMI to generate an intermarket sweep order to any away market displaying a protected quotation simultaneously with the execution of a transaction on the Amex that would constitute a trade-through, except when one or more of eight circumstances – all contemplated in Rule 611 of Regulation NMS¹⁰ – exist.

The current proposed changes are intended to expand the list of exceptional circumstances in Rule 126A – AEMI to include: (i) an additional exception from Rule 611(b)(9) of Regulation NMS¹¹ pertaining to certain “stopped orders” for which the Amex had, at the time of receipt of the order, guaranteed an execution at no worse than a specified price;¹² (ii) an additional exception for “qualified contingent trades”;¹³ and (iii) an additional exception for certain “sub-penny trade-throughs.”¹⁴

The Exchange asserts that the proposal to effect the foregoing changes to the AEMI trading system does not significantly affect the protection of investors or the public interest, does not impose any significant burden on competition, and does not have the effect of limiting the access to or availability of the system.

¹⁰ 17 CFR 242.611(b).

¹¹ 17 CFR 242.611(b)(9).

¹² Although Rule 109 – AEMI prohibits granting or accepting a stop with respect to a security traded in AEMI, this exemption may still be applicable in certain situations such as error corrections.

¹³ See Securities Exchange Act Release No. 54389 (August 31, 2006), 71 FR 52829 (September 7, 2006).

¹⁴ See Securities Exchange Act Release No. 54678 (October 31, 2006), 71 FR 65018 (November 6, 2006).

2. Statutory Basis

The proposed rule change is designed to be consistent with Regulation NMS, as well as consistent with Section 6(b) of the Act,¹⁵ in general, and furthers the objectives of Section 6(b)(5) thereunder,¹⁶ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and national market system and, in general, to protect investors and the public interest.

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

The proposed rule change will impose no 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

Because the proposed rule change does not: (1) significantly affect the protection of investors or the public interest; (2) impose any significant burden on competition; and (3) have the effect of limiting the access to or availability of an existing order entry or trading system of the Exchange, the foregoing rule change has become effective immediately pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁷ and Rule 19b-4(f)(5) thereunder.¹⁸ At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(5).

¹⁷ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁸ 17 CFR 240.19b-4(f)(5).

appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in the 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 at <http://www.sec.gov/rules/sro.shtml>; or
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-Amex-2007-39 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 No. SR-Amex-2007-39. 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 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 available publicly. All submissions should refer to File No. SR-Amex-2007-39 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.¹⁹

Florence E. Harmon
Deputy Secretary

¹⁹ 17 CFR 200.30-3(a)(12).