

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-55756; File No. SR-Amex-2007-42)

May 14, 2007

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing of Proposed Rule Change as Modified by Amendment No. 1 Amending the Required Number of Letters of Reference an Applicant Must Provide

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on April 26, 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 Amex. On May 3, 2007, Amex submitted Amendment No. 1 to the proposed rule change.<sup>3</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Amex Rule 353 to require member applicants to provide two, instead of five, letters of reference. The text of the proposed rule change is available at the Amex’s Office of the Secretary, at the Commission’s Public Reference Room, and on the Amex’s Web site at [www.amex.com](http://www.amex.com).

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

---

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> In Amendment No. 1, the Exchange clarified that pursuant to Article IV, Section 1(d) of the Amex Constitution, applicants for associate membership are also currently required to provide five letters of reference.

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 Statutory Basis for, the Proposed Rule Change

1. Purpose

Amex Rule 353 currently requires a member applicant to provide five letters of reference from any person seeking status as a regular, options principal member or LTP holder.<sup>4</sup> The Exchange proposes to amend Rule 353 to require member applicants to provide two, as opposed to five, letters of reference from responsible persons.<sup>5</sup> Requiring five letters of reference has proven burdensome and time-consuming for member applicants and often delays the application process. Furthermore, the content of such references is of little consequence in an applicant's ultimate approval. Finally, with the availability of more objective background information

---

<sup>4</sup> Article IV, Section 1(d) of the Amex Constitution provides that applications for associate membership shall be in a form and manner prescribed by the Exchange. The Exchange also currently requires associate member applicants to provide five letters of reference, as is set forth in Rule 353.

<sup>5</sup> The Exchange stated that it intends to reduce the requirement for associate membership applicants from five to two letters of reference to correspond to with the proposed change effecting regular, options principal members or LTP holders. Telephone conversation among Nyieri Nazarian, Associate General Counsel, Amex; Jennifer Colihan, Special Counsel, Commission, Division of Market Regulation ("Division"); and Kristie Diemer, Special Counsel, Commission, Division on May 2, 2007.

provided through other resources, such as WEBCRD, FBI fingerprints, and credit reports, Amex believes that the need for these letters of reference has largely been diminished.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6 of the Act<sup>6</sup> in general and furthers the objectives of Section 6(b)(5)<sup>7</sup> 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 of a free and open market and a national market system.

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

This 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

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 Amex consents, the Commission will:

- (A) by order approve such proposed rule change, or

---

<sup>6</sup> 15 U.S.C. 78f.

<sup>7</sup> 15 U.S.C. 78f(b)(5).

- (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](mailto:rule-comments@sec.gov). Please include File Number SR-Amex-2007-42 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-2007-42. 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. 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-2007-42 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

Florence E. Harmon  
Deputy Secretary

---

<sup>8</sup> 17 CFR 200.30-3(a)(12).