SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-61535; File No. SR-NYSEAmex-2010-14)

February 18, 2010

Self-Regulatory Organizations; NYSE Amex LLC; Notice of Filing of Proposed Rule Change Amending Position Limits for Certain Exchange Traded Funds

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on February 17, 2010, 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 to (a) amend the Position Limits for certain highly liquid Exchange Traded Funds ("ETFs"); (b) memorialize a previously approved provision that was never inserted in the Exchange's Rules, as well as clarify its applicable scope, and (c) amend certain rules to define certain contract terms. The text of the proposed rule change is available on NYSE Amex's Web site at (http://www.nyse.com), on the Commission's Web site at http://www.sec.gov, at NYSE Amex, 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 self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments

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

2 17 CFR 240.19b-4.

it received on the proposed rule change. The text of those 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 parts 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 this filing is to (a) eliminate Position Limits in certain highly active ETFs, (b) memorialize a previously approved provision that was never inserted in the Exchange's Rules, as well as clarify its applicable scope, and (c) amend certain rules to define certain contract terms. The provision at issue - allowing for option contracts on ETFs that overly 1,000 shares ("Jumbo options") - was approved in 1998, but did not include changes to Rule Text at that time.[3] In order to resume listing these products, the Exchange is proposing to restrict the listing of Jumbo options to four specific ETFs that have no Position Limit (as proposed below), and also define how strike prices and premiums will be expressed for Jumbo contracts by amending Rule 903 and Rule 959NY.[4]

Position Limits

Four ETFs have been approved under NYSE Amex Rule 904 to have exceptional Position Limits. These are NASDAQ 100 Tracking Stock (QQQQ); SPDR S&P 500 ETF (SPY); iShares Russell 2000 Index Fund (IWM); and DIAMONDS Trust (DIA). NYSE Amex proposes that these four ETFs have no Position Limit.

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3 Exchange Act Release No. 40157, File No. SR-Amex-96-44 (July 1, 1998) 63 FR 37426 (July 10, 1998).

4 SR-Amex-96-44 was also silent on the manner of expressing strike prices and premium bids and offers, thus it is necessary to define them in this filing.

Position and Exercise limits were introduced as a means of forestalling the potential manipulation of an equity's price by someone that established a large option position. This concern was mitigated with cash settled index options since the contract settled for cash as opposed to physical shares of stock. Additionally, those index options whose position limits have been eliminated are based on a broad based index comprised of many equities further mitigating concerns about manipulation through the establishment and subsequent exercise of a large options position. This resulted in a repeal of position and exercise limits for the options on the aforementioned broad based indexes.[5]

While ETF options are physically settled, NYSE Amex feels that there are specific aspects related to an ETF's structure that serve to mitigate any concerns about manipulation and allow eliminating position limits on a narrow subset of the ETF option universe. First, ETF's are structured as open-ended trusts or mutual funds that can continually issue new shares as required to satisfy demand. This is in sharp contrast to an equity that has a float that is only increased by corporate action and is not a function of investor demand. Second, the ETF itself is comprised of a basket of stocks, specifically those that comprise a benchmark broad based index.

Additionally, in approving the elimination of position and exercise limits for RUT, NDX, DJX, and SPX options, the Commission considered the capitalization of the components of each of these indexes and the deep and liquid markets for the securities underlying each index significantly reduced concerns of market manipulation or disruption in the underlying markets.

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[5] See Securities Exchange Act Release No. 56351 (September 4, 2007); see also Securities Exchange Act Release No. 52649 (October 21, 2005), 70 FR 62146 (October 28, 2005) (SR-Amex-2005-063) ("NDX Approval Order"); see also Securities Exchange Act Release No. 46393 (August 21, 2002), 67 FR 55289 (August 28, 2002) (SR-Amex-2002-31) ("XMI/XII Permanent Approval Order").

Shares in these four underlying ETFs have exceptionally high trading volume, demonstrating extraordinary liquidity. The volume for each of these ETFs for the last six months of 2009 was at least a full order of magnitude greater than the standard for the highest current position limit tier (250,000 contracts on 100 million shares traded):

ETF	Jul - Dec 2009 Total Share Vol.	Jul - Dec 2009 Avg. Daily Share Vol.
SPY	22,828,864,134	198,511,862
IWM	6,480,281,641	54,002,347
DIA	1,409,445,977	11,745,383
QQQQ	12,562,364,006	104,686,367

Additionally, the options trading volume in these issues is comparable to index option trading in similar products (including their counterpart indexes) which have no Position Limit:

Nat'l Rank	Symbol	Company Name	ADV	Current Position Limit
1	SPY	SPDR Trust Series 1	1,383,317	300,000
3	SPX	S&P 500 Index	651,303	Unlimited
4	QQQQ	Powershares QQQ Trust	613,406	900,000
6	IWM	iShares Russell 2000 Index Fund	323,983	500,000
20	RUT	Russell 2000 Index	97,046	Unlimited
24	DIA	DIAMONDS Trust Series I	80,622	300,000
49	OEX	S&P 100 Index	46,766	Unlimited
57	NDX	Nasdaq 100 Stock Index	40,470	Unlimited
147	DJX	Dow Jones Industrial Average Index	15,696	Unlimited

Jumbo Options Contracts

SR-Amex-96-44 ("96-44") provided that the Exchange could list contracts overlying 1000 shares of an ETF, 100 shares of an ETF, or both. To eliminate confusion, NYSE Amex is proposing to add a Commentary to Rule 901-Option Contracts to Be Traded.

At the time that 96-44 was approved, the number of ETFs was limited, and the Exchange contemplated listing options on only the most active ETFs. Since that time, the universe of ETFs has grown substantially, with some becoming very actively traded, and others with relatively low volume. The Exchange proposes to designate four very active ETFs as eligible for 1,000 share contracts, and also restrict Jumbo contracts to only those ETFs that have been approved to have no Position Limit. Pursuant to this filing, the Exchange proposes to designate the following four ETFS as eligible to trade as Jumbo options: NASDAQ 100 Tracking Stock (QQQQ); SPDR S&P 500 ETF (SPY); iShares Russell 2000 Index Fund (IWM); and DIAMONDS Trust (DIA).

Contract Terms

To avoid investor confusion with contracts in the same ETF that overly 100 shares, NYSE Amex is further proposing to amend Rules 903 and 959NY to define how strike prices will be set and premiums defined for contracts overlying 1,000 shares. Because a standard option contract is identified in terms of 100 shares and related values on a per-share basis, the option strike prices result in being equal to 1/100th of the deliverable value, and premiums are equal to 1/100th of the total cost of the contract.

NYSE Amex proposes to maintain this ratio for Jumbo contracts in such a way as to avoid confusion between standard contracts and Jumbo contracts.

Commentary .10 to Rule 903 proposes that strike prices be set at 1/100th of the total contract deliverable value. Thus, a Jumbo contract to deliver an ETF at $45 per share would carry a total deliverable value of $45,000, and the strike price would be set at 450.

Similarly, proposed sub-paragraph (c) to Rule 959NY would maintain that bids and offers in Jumbo contracts would be set at 1/100th of the total value of the contract. Thus if an ETF with a Jumbo contract strike price of 450 was trading at $46 per share, the intrinsic $1 per share value of the Jumbo contract would be expressed as "10", and denote a total contract value of $1,000.

The table below demonstrates the difference between a Jumbo contract and a standard contract for options to call or put shares at $45 per share, with a bid or offer of $3.20 per share:

Jumbo Contracts vs. Standard Contracts		
	Standard	Jumbo
Share Deliverable Upon Exercise	100 shares	1,000 shares
Strike Price of $45/per share	45	450
Bid or Offer of $3.20 per share	3.20	32.00
Total Value of Deliverable	$4,500	$45,000
Total Value of Contract	$320	$3,200

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b)[6] of the Securities Exchange Act of 1934 (the "Act"), in general, and furthers the objectives of Section 6(b)(5)[7] in particular in that it is designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and to perfect the mechanism for a free and open market and a national market system and, in general, to protect

6 15 U.S.C. 78f(b).

7 15 U.S.C. 78f(b)(5).

investors and the public interest, by providing additional methods to trade highly liquid options, and provide greater ability to mitigate risk in managing large portfolios by removing unnecessary position limits.

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

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 the 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 No. SR-NYSEAmex-2010-14 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-NYSEAmex-2010-14. 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 Web site viewing and printing in the Commission's Public Reference Room, 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 available publicly. All submissions should refer to File Number SR-NYSEAmex-2010-14 and should be submitted on or before [insert date 15 days from the date of publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[8]

Florence E. Harmon
Deputy Secretary

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[8] 17 CFR 200.30-3(a)(12).