

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, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 am and 3 pm. 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-Amex-2007-90 and should be submitted on or before September 21, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56318; File No. SR-Amex-2007-48]

Self-Regulatory Organizations; American Stock Exchange, LLC; Notice of Filing of Proposed Rule Change Modifying the Options Listing Criteria for Underlying Securities

August 24, 2007.

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 May 17, 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. On August 21, 2007, Amex amended the proposed rule change.³ 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 Commentary .01(4) to Amex Rule 915 and add new Commentary .01(6) to Amex Rule 915 for the purpose of permitting the Exchange to list and trade individual equity options that are otherwise ineligible for listing and trading if such option is listed and traded on another national securities exchange.

The text of the proposed rule change is available on the Amex's Web site at <http://www.amex.com>, at Amex's Office of the Secretary 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 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 proposal seeks to revise the options original listing guidelines so that, as long as the options maintenance listing standards set forth in Amex Rule 916 are met *and* the option is listed and traded on another national securities exchange, the Amex would be able to list and trade the option. Commentary .01 to Amex Rule 915 sets forth the guidelines that an underlying individual equity security must meet before the Exchange may initially list options on that security. The Amex states that these guidelines or requirements are uniform among the options exchanges.

Commentary .01(4) to Amex Rule 915 relates to the minimum market price

that an underlying security must trade at for an option to be listed on it. Paragraph (4) of this Commentary .01 permits the listing of individual equity options on both "covered" and "uncovered" underlying securities.⁴ In the case of an underlying security that is a "covered security" as defined under section 18(b)(1)(A) of the 1933 Act, the closing market price of the underlying security must be at least \$3 per share for the five (5) previous consecutive business days prior to the date on which the Amex submits an option class certification to The Options Clearing Corporation ("OCC").⁵ In connection with underlying securities deemed to be "uncovered," Exchange rules require that such underlying security be at least \$7.50 for the majority of business days during the three (3) calendar months preceding the date of selection for such listing. In addition, an alternative listing procedure for "uncovered" securities also permits the listing of such options so long as: (1) The underlying security meets the guidelines for continued approval contained in Amex Rule 916; (2) options on such underlying security are traded on at least one other registered national securities exchange; and (3) the average daily trading volume ("ADTV") for such options over the last three calendar months preceding the date of selection has been at least 5,000 contracts. Paragraphs (1) through (3) of Commentary .01 to Rule 915 further set forth minimum requirements for an underlying security such as shares outstanding, number of holders and trading volume.

The existing alternative listing procedure was originally adopted by the Exchange in 2002. At that time, the Commission permitted the Amex to eliminate the \$7.50 standard (currently \$3 for covered securities) for an underlying security when such option is otherwise listed and traded on another options exchange and has an ADTV over the last three (3) calendar months of at least 5,000 contracts. The Exchange submits that the alternative listing procedure has limited usefulness. The options exchange (or exchanges) that may be fortunate enough to list an option that at first met the original

⁴ Section 18(b)(1)(A) of the Securities Act of 1933 ("1933 Act") provides that "[a] security is a covered security if such security is listed, or authorized for listing, on the New York Stock Exchange or the American Stock Exchange, or listed or authorized for listing, on the National Market System of the Nasdaq Stock Market (or any successor to such entities) * * *." See 15 U.S.C. 77r(b)(1)(A).

⁵ For purposes of this proposal, the market price of an underlying security is measured by the closing price reported in the primary market in which the underlying security is traded. See proposed Commentary .01(4) to Amex Rule 915.

¹² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Amendment No. 1 replaced and superseded the original filing in its entirety.

listing standards but subsequently fails to do so, is provided a trading monopoly inconsistent with the multiple trading of options, fostering competition and the maintenance of a national market system. Under the proposal, an option may be multiply-listed and traded as long as one other options exchange is trading the particular option and such underlying security of the option meets existing continued listing guidelines or requirements.

The Amex notes that the requirements for listing additional series of an existing listed option (*i.e.*, continued listing guidelines) are less stringent, largely because, in total, the Exchange's guidelines assure that options will be listed and traded on securities of companies that are financially sound and subject to adequate minimum standards.

The Amex believes that although the continued listing requirements are uniform among the options exchanges, the application of both the original and continued listing standards in the current market environment have had an anti-competitive effect. Specifically, the Exchange notes that on several occasions it has been unable to list and trade options classes that trade elsewhere because the underlying security of such option did not at that time meet original listing standards. However, the other options exchange(s) may continue to trade such options (and list additional series) based on the lower maintenance listing standards, while the Amex may not list any options on such underlying security. This clearly is anti-competitive and inconsistent with the aims and goals of a national market system in options.

To address this situation, the Exchange proposes to add new Commentary .01(6) to Amex Rule 915 and amend the alternative original listing requirement set forth in Commentary .01(4) to Amex Rule 915. Specifically, Commentary .01(6) would be added to provide that notwithstanding that a particular underlying security may not meet the requirements set forth in Paragraphs 1 through 4 of Commentary .01 to Amex Rule 915, the Exchange nonetheless could list and trade an option on such underlying security if: (i) The underlying security meets the guidelines for continued listing in Amex Rule 916; and (ii) options on such underlying security are listed and traded on at least one other registered national securities exchange. Commentary .01(4)(b) would be amended to delete reference to the alternative original listing guideline for "uncovered" securities. In connection

with the proposed changes, the Exchange represents that the procedures currently employed to determine whether a particular underlying security meets the initial listing criteria will similarly be applied to the continued listing criteria.

Amex believes that this proposal is narrowly tailored to address the circumstances where an options class is currently ineligible for listing on the Amex while at the same time, such option is trading on another options exchange(s). The Amex notes that when an underlying security meets the maintenance listing guidelines and at least one other exchange lists and trades options on the underlying security, the option is available to the investing public. Therefore, the Amex notes that the current proposal will not introduce any inappropriate additional listed options classes. The Exchange submits that the adoption of the proposal is essential for competitive purposes and to promote a free and open market for the benefit of investors.

2. Statutory Basis

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

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 such 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 Number SR-Amex-2007-48 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-2007-48. 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 at (<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, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. 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

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

submissions should refer to File Number SR-Amex-2007-48 and should be submitted on or before September 21, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Nancy M. Morris,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56321; File No. SR-FINRA-2007-003]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend NASD Rules 4632C, 6130C and 6130

August 24, 2007.

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 August 3, 2007, the Financial Industry Regulatory Authority, Inc. ("FINRA") (f/k/a National Association of Securities Dealers, Inc. ("NASD")) 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 FINRA. FINRA has designated 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 rendered 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

FINRA proposes to amend NASD Rules 4632C and 6130C relating to the NASD/NSX Trade Reporting Facility (the "NASD/NSX TRF") to reflect certain changes in the facility's functionality and to conform, to the extent practicable, to the trade reporting rules relating to FINRA's other Trade

Reporting Facilities (the "TRFs").⁵ FINRA also is proposing to amend NASD Rule 6130(a) to clarify that the NASD/Nasdaq Trade Reporting Facility (the "NASD/Nasdaq TRF") and the OTC Reporting Facility will compare and submit to the National Securities Clearing Corporation ("NSCC") trades reported as other than regular way settlement.

The text of the proposed rule change is available at the FINRA, the Commission's Public Reference Room, and <http://www.finra.org>.

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

In its filing with the Commission, FINRA 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. FINRA 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 TRFs,⁶ including the NASD/NSX TRF, provide members mechanisms for reporting trades in exchange-listed securities executed otherwise than on an exchange. Currently, the functionality offered by the NASD/NSX TRF differs from the functionality offered by some of the other TRFs and, as a result, the rules relating to the NASD/NSX TRF differ from the rules relating to the other TRFs. Specifically, pursuant to NASD Rule 4632C(a)(8), the NASD/NSX TRF does not accept trade reports for Stop Stock Transactions (as such term is defined in Rule 4200C), transactions occurring at prices based on average-weighting or other special pricing formulae or transactions that reflect a price different from the current

market when the execution price is based on a prior reference point in time. In addition, pursuant to NASD Rule 6130C(a), the NASD/NSX TRF does not accept trades reported as other than regular way settlement (i.e., Cash, Next Day and Seller's Option). Under the current rules, members must use an alternative electronic mechanism to report these transactions to FINRA.

FINRA is proposing to expand the NASD/NSX TRF's functionality such that members will be able to report the above-described transactions to the NASD/NSX TRF. FINRA is proposing to amend NASD Rules 4632C and 6130C to reflect this change in functionality and conform, to the extent practicable, the NASD/NSX TRF rules to the rules relating to the other TRFs.

FINRA also is proposing to amend NASD Rule 6130(a) to clarify that the "System" (defined in Rule 6110 to include the NASD/Nasdaq TRF and the OTC Reporting Facility) will compare and submit to NSCC trades reported as other than regular way settlement. This amendment is consistent with current practice and reflects recent changes in the way that such trades are processed by NSCC.⁷ Additionally, this amendment conforms the text of NASD Rule 6130(a) to the text of amended NASD Rule 6130C(a), to the extent practicable.⁸

FINRA has filed the proposed rule change for immediate effectiveness. FINRA will announce the operative date of the proposed rule change on its Web site, which date will be at least 30 days after the date of filing.

2. Statutory Basis

FINRA believes that its proposal is consistent with the provisions of Section 15A(b)(6) of the Act,⁹ which requires, among other things, that FINRA rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. FINRA believes that the proposed rule change is in the public interest and

⁷ See Securities Exchange Release No. 54816 (November 27, 2006), 71 FR 69604 (December 1, 2006) (order approving SR-NSCC-2006-09).

⁸ The corresponding rules relating to the other TRFs differ in this regard. NASD Rule 6130D(a) provides that trades reported as other than regular way settlement will not be accepted by the NASD/BSE TRF. NASD Rule 6130E(a) provides that trades reported as other than regular way settlement will be accepted by the NASD/NYSE TRF, but will not be submitted to clearing. The NASD/NYSE TRF will not submit any trades (including regular way settlement trades) to clearing; members must have a Qualified Service Representative ("QSR") agreement or similar arrangement in place to clear trades submitted to the NASD/NYSE TRF.

⁹ 15 U.S.C. 78o-3(b)(6).

⁸ 17 CFR 200.30-3(a)(12).

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 Effective July 30, 2007, FINRA was formed through the consolidation of NASD and the member regulatory functions of NYSE Regulation. Accordingly, the NASD/NSX TRF is now doing business as the FINRA/NSX TRF. The formal name change of each TRF is pending and once completed, FINRA will file a separate proposed rule change to reflect those changes in the Manual.

⁶ In addition to the NASD/NSX TRF, there are three other TRFs in operation: the NASD/Nasdaq TRF, the NASD/BSE Trade Reporting Facility (the "NASD/BSE TRF") and the NASD/NYSE Trade Reporting Facility (the "NASD/NYSE TRF"). As noted in footnote 5 above, the formal name change of each TRF is pending.