

Proposed Rule Change by American Stock Exchange  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial <input checked="" type="checkbox"/>	Amendment <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) <input type="checkbox"/>	Section 19(b)(3)(A) <input checked="" type="checkbox"/>	Section 19(b)(3)(B) <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action <input type="checkbox"/>		Date Expires <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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**Description**  
Provide a brief description of the proposed rule change (limit 250 characters).

The American Stock Exchange LLC proposes to revise its rules relating to the prohibition against the entry of multiple options orders.

**Contact Information**  
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name  Last Name   
 Title   
 E-mail   
 Telephone  Fax

**Signature**  
Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date   
 By  Vice President and Associate General Counsel  
 (Name) (Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

**Form 19b-4 Information**

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change**

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

**1. Text of the Proposed Rule Change**

(a) The American Stock Exchange LLC (“Amex” or “Exchange”) proposes to revise Amex Rule 933—ANTE(e) prohibiting the entry via the Amex New Trading Environment system (“ANTE”) of multiple orders for any account of the same beneficial owner in the same option within any fifteen (15) second period. The text of the proposed rule change appears in Exhibit 5.

(b) Not applicable

(c) Not applicable

**2. Procedures of the Self-Regulatory Organization**

The proposed rule change was approved by the Exchange’s Board of Governors on July 20, 2005. No further action by the Board or the membership of the Exchange is required to be taken.

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

(a) Purpose

The Exchange proposes that the amendment to the Rules pursuant to this proposal be effective on May 8, 2006.

The Exchange proposes to revise Rule 933—ANTE(e) in order to increase the number of orders handled through ANTE. Currently, Rule 933—ANTE(e) prohibits the entry of multiple orders for any account of the same beneficial owner in the same option class within any fifteen (15) second period. The original purpose of the Rule in connection with the Exchange’s Automatic Execution System (“Auto-Ex”)<sup>1</sup> was to assist Exchange specialists and Registered Options Traders (“ROTs”) in managing their risk of multiple executions of orders delivered in rapid succession. Prior to the introduction of ANTE, specialists and ROTs would find it very difficult to timely revise their quotations. As a result, the Exchange as well as the other options

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<sup>1</sup> The Auto-Ex system was established to provide small customer orders with an immediate single price execution.

exchanges at the time adopted rules to prohibit the entry of multiple orders for any account of the same beneficial owner within fifteen (15) seconds for the purpose of protecting investors and other market participants from the potential negative consequences that might result from Order Entry Firms or off-floor broker-dealers “picking off” specialists and/or ROTs. The Exchange believed that if persons were allowed to effectively increase the size of Auto-Ex eligible orders by entering more than one such order at intervals of less than 15 seconds, Amex specialists and ROTs would be unable to make markets with the same liquidity as if there were effective limits on the size and frequency of Auto-Ex eligible orders.

The Amex has substantially improved its electronic trading systems such that the risk associated with multiple orders in the same option delivered for any account of the same or an affiliated beneficial account holder has become more manageable through electronic means. Specifically, ANTE now allows specialists and ROTs to submit proprietary electronic quotes through ANTE and to revise their quotes electronically which reduces the risk of multiple executions of orders delivered in rapid succession before the specialist or ROT is able to revise their quotation. In addition, a revised or updated version of ANTE has incorporated a risk management tool to allow specialists and ROTs to set criteria for the system to adjust their quotes (the “Quote Risk Manager”) if a certain number of trades are executed within a certain period of time. The Commission recently approved the Exchange’s Quote Risk Manager.<sup>2</sup> Due to the substantial increase in automated option order handling and risk mitigation tools provided by ANTE, the Amex submits that the fifteen (15) second prohibition currently included in its Rule 933—ANTE(e) is unnecessary.

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<sup>2</sup> See Securities Exchange Act Release No. 53148 (January 19, 2006), 71 FR 4386 (January 26, 2006) (Amex No. 2005-131).

(b) Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934, as amended (the “Act”),<sup>3</sup> in general and furthers the objectives of Section 6(b)(5) of the Act<sup>4</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 regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

**4. 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.

**5. 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.

**6. Extension of Time Period for Commission Action**

The Exchange does not consent to an extension of the time period for Commission consideration of the proposed rule change specified in Section 19(b)(2) of the Act.

**7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)**

(a) This filing is made pursuant to Paragraph (A) of Section 19(b)(3) and Rule 19b-4(f)(6) thereunder.

(b) The Exchange believes that the proposed rule change (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden

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<sup>3</sup> 15 U.S.C. 78f(b).

<sup>4</sup> 15 U.S.C. 78f(b)(5).

on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided that the Exchange has given the Commission notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange requests that the Commission waive the 30-day delayed operative date of Rule 19b-4(f)(6) such that the proposed rule change is operative on May 8, 2006. The Philadelphia Stock Exchange, Inc. (“Phlx”) has eliminated similar prohibitions against the entry of multiple orders for any account of the same beneficial owner within a fifteen (15) second period. Accordingly, the Exchange believes that this rule change qualifies for immediate effectiveness as a “non-controversial” rule change pursuant to Rule 19b-4(f)(6) because the proposal raises no new regulatory issues, and is concerned solely with a matter that is not likely to engender adverse comments or require the degree of review attendant with more controversial filings. Waiver of this period will allow the Exchange to implement this proposal on May 8, 2006.

(c) Not applicable.

(d) Not applicable.

**8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission**

The proposed rule change is not based on the rules of another self-regulatory organization nor of the Commission.

**9. Exhibits**

List of Exhibits Filed:

1. Form of Notice of Proposed Rule Change for publication in the *Federal Register*.

2. Not applicable.
3. Not applicable.
4. Not applicable.
5. Text of the proposed rule change.

**EXHIBIT 1**

**SECURITIES AND EXCHANGE COMMISSION**  
**(Release No. 34-\_\_\_\_\_; File No. SR-Amex -2006-45)**

**Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by American Stock Exchange LLC Relating to the Prohibition Against the Entry of Multiple Options Orders.**

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Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, 15 U.S.C 78s(b)(1), notice is hereby given that on \_\_\_\_\_, 2006, the American Stock Exchange LLC (“Amex” or “Exchange”) filed with the Securities and Exchange Commission (the “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 revise Amex Rule 933—ANTE(e) prohibiting the entry via the Amex New Trading Environment system (“ANTE”) of multiple orders for any account of the same beneficial owner in the same option within any fifteen (15) second period.

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 the Statutory Basis for, the Proposed Rule Change

(1) Purpose

The Exchange proposes that the amendment to the Rules pursuant to this proposal be effective on May 8, 2006.

The Exchange proposes to revise Rule 933—ANTE(e) in order to increase the number of orders handled through ANTE. Currently, Rule 933—ANTE(e) prohibits the entry of multiple orders for any account of the same beneficial owner in the same option class within any fifteen (15) second period. The original purpose of the Rule in connection with the Exchange's Automatic Execution System ("Auto-Ex")<sup>1</sup> was to assist Exchange specialists and Registered Options Traders ("ROTs") in managing their risk of multiple executions of orders delivered in rapid succession. Prior to the introduction of ANTE, specialists and ROTs would find it very difficult to timely revise their quotations. As a result, the Exchange as well as the other options exchanges at the time adopted rules to prohibit the entry of multiple orders for any account of the same beneficial owner within fifteen (15) seconds for the purpose of protecting investors and other market participants from the potential negative consequences that might result from Order Entry Firms or off-floor broker-dealers "picking off" specialists and/or ROTs. The Exchange believed that if persons were allowed to effectively increase the size of Auto-Ex eligible orders by entering more than one such order at intervals of less than 15 seconds, Amex specialists and ROTs would be unable to make markets with the same liquidity as if there were effective limits on the size and frequency of Auto-Ex eligible orders.

The Amex has substantially improved its electronic trading systems such that the risk associated with multiple orders in the same option delivered for any account of the same or an affiliated beneficial account holder has become more manageable through electronic means. Specifically, ANTE now allows specialists and ROTs to submit proprietary electronic

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<sup>1</sup> The Auto-Ex system was established to provide small customer orders with an immediate single price execution.

quotes through ANTE and to revise their quotes electronically which reduces the risk of multiple executions of orders delivered in rapid succession before the specialist or ROT is able to revise their quotation. In addition, a revised or updated version of ANTE has incorporated a risk management tool to allow specialists and ROTs to set criteria for the system to adjust their quotes (the “Quote Risk Manager”) if a certain number of trades are executed within a certain period of time. The Commission recently approved the Exchange’s Quote Risk Manager.<sup>2</sup> Due to the substantial increase in automated option order handling and risk mitigation tools provided by ANTE, the Amex submits that the fifteen (15) second prohibition currently included in its Rule 933—ANTE(e) is unnecessary.

(2) Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934, as amended (the “Act”),<sup>3</sup> in general and furthers the objectives of Section 6(b)(5) of the Act<sup>4</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 regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a 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 does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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<sup>2</sup> See Securities Exchange Act Release No. 53148 (January 19, 2006), 71 FR 4386 (January 26, 2006) (Amex No. 2005-131).

<sup>3</sup> 15 U.S.C. 78f(b).

<sup>4</sup> 15 U.S.C. 78f(b)(5).

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 rule change becomes effective on May 8, 2006 pursuant to Section 19(b)(3)(A)<sup>5</sup> of the Securities Exchange Act of 1934 and Rule 19b-4(f)(6)<sup>6</sup> under the Act because: (i) it does not significantly affect the protection of investors or the public interest; (ii) it does not impose any significant burden on competition; and (iii) by its terms, it does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided that the self-regulatory organization has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change.

A proposed rule change filed under Rule 19b-4(f)(6) may not become operative prior to thirty (30) days after the date of filing. However, Rule 19b-4(f)(6)(iii) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange seeks to have the proposed rule change become effective on May 8, 2006 to allow the entry of multiple orders for any account of the same beneficial owner in the same option class within any fifteen (15) second period.

The Commission believes that it is consistent with the protection of investors and the public interest for the proposed rule change to become operative on May 8, 2006. At any time within sixty (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

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<sup>5</sup> 15 U.S.C. Section 78s(b)(3)(A).

<sup>6</sup> 17 CFR 240.19b-4(f)(6).

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:

Electronic Comment:

Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or send an e-mail to [rulecomments@sec.gov](mailto:rulecomments@sec.gov). Please include File Number SR-Amex-2006-45 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-2006-45. 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 Section, 100 F Street, NE, Washington, DC 20549. 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– 2006–45 and should be submitted on or before [insert date 21 days from date of publication].

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

Nancy M. Morris  
Secretary

Dated:

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<sup>7</sup> 17 CFR 240.19b-4.

**EXHIBIT 5**

AMERICAN STOCK EXCHANGE LLC

Proposed Rule Change

It is proposed that the following provisions of the American Stock Exchange Rules be amended as set forth below. [Bracketing] indicates text to be deleted and underlining indicates text to be added.

**Rule 933—ANTE**

**Automatic Matching and Execution of Options Orders**

(a) – (d) No change.

(e) The Options Trading Committee shall determine the size parameters of orders eligible for automatic matching and execution. The Committee may determine to set the eligible order size parameter in any option class as the disseminated quote size. [An automatic matching and execution eligible order for any account in which the same person is directly or indirectly interested may only be entered at intervals of no less than 15 seconds between entry of each such order in a call class and/or a put class for the same option. Members and member organizations are responsible for establishing procedures to prevent orders in a call class and/or a put class for the same option for any account in which the same person is directly or indirectly interested from being entered at intervals of less than 15 seconds.]

(f)– (g) No change

*Commentary* ... No change.