

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"/>			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
Date Expires <input type="text"/>			<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).

Proposal to enable proposed settlements of disciplinary matters to be considered by Exchange hearing officers without convening a formal hearing

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 officer.

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

Add Remove View

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

Add Remove View

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

Add Remove View

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

Add Remove View

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

Add Remove View

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

Add Remove View

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 adopt changes to Sections 1 and 2 of Article V of the Exchange’s Constitution; Rule 345 of the Exchange’s “Office Rules”; and Rules 2(a), 2(b) and 8 of the Exchange’s “Rules of Procedure in Disciplinary Matters” in order to enable settlements of disciplinary matters to be considered for approval or rejection by Exchange hearing officers without the need to convene a formal hearing. The text of the proposed rule changes 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 May 31, 2007. No further action by the Board or by 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 is proposing amendments to Sections 1 and 2 of Article V of the Exchange’s Constitution; Rule 345 of the Exchange’s Office Rules; and Rules 2(a), 2(b) and 8 of the Exchange’s Rules of Procedure in Disciplinary Matters in order to streamline the handling of settlements of disciplinary matters by permitting such matters to be addressed by a single Exchange hearing officer, who shall either approve or reject the settlement, without the need to convene a formal hearing.

Under current rules, settlements of disciplinary proceedings are handled as follows: Should a member, member organization, approved person, or a registered or

non-registered employee or prospective employee of a member or member organization (each a “respondent”), on one side, and enforcement staff of the Exchange, on the other side, enter into a stipulation of facts and consent to a specified penalty (a “Stipulation”), a formal hearing before an Exchange Disciplinary Panel (“Panel”), which may act solely through its Chair, must be convened to consider the Stipulation. Prior to that hearing, the Chair is provided with an enforcement staff memorandum outlining the Stipulation and analyzing how the agreed upon sanctions in the Stipulation are consistent with the American Stock Exchange Sanctions Guidelines and relevant precedent.¹ The subsequent hearings generally are conducted by telephone and consist of the respondent’s counsel and enforcement staff affirming their support for the Stipulation. After considering the presentation, the Chair issues a written decision either (i) approving the Stipulation, (ii) rejecting the Stipulation (if the Chair considers the penalty too lenient), or (iii) imposing a lesser penalty than that contained in the Stipulation (if the Chair considers the agreed upon penalty too severe).

The above process has proven more time consuming than the Exchange believes necessary, as it typically takes several months to schedule the hearing (as a result of various scheduling conflicts among the parties involved), yet the hearing itself only takes a few minutes and is more formal than substantive, given the negotiated settlement and submission of the detailed enforcement staff memorandum in advance of the hearing. Therefore, in order to streamline the process, the Exchange is proposing to modify its rules to allow a Stipulation to be accepted or rejected by a hearing officer without conducting a formal hearing. Further, the Exchange is also proposing that the Chair’s

¹ The respondent’s counsel (or the respondent in the event he or she is not so represented) is also concurrently provided with a copy of the memorandum.

power to impose a lesser penalty than that contained in a Stipulation be eliminated as unnecessary, in view of the fact that the Amex Adjudicatory Counsel, in any event, still retains the right to impose a lower sanction if it exercises its right to call the Chair's acceptance or rejection of the Stipulation for review.

In summary, the new proposed Stipulation consideration procedure will differ from current practice in only two substantive respects: (i) no formal hearing will now take place before the Chair, as a single hearing officer can consider the Stipulation without formal hearing; and (ii) if a hearing officer deems a penalty in a Stipulation to be too severe, he/she will now reject the Stipulation, rather than propose a lesser penalty. It is anticipated that both of these changes will provide a more efficient and expedient process for resolution of settled Exchange disciplinary matters, without compromising the quality of the process. Sections 1 and 2 of Article V of the Exchange's Constitution; Rule 345 of the Exchange's "Office Rules"; and Rules 2(a), 2(b) and 8 of the Exchange's "Rules of Procedure in Disciplinary Matters" are all accordingly proposed to be modified to accomplish the substantive changes.

In addition to conforming the affected provisions to the new Stipulation consideration procedure discussed above, certain non-substantive "housekeeping" changes are also proposed for the affected provisions. These changes include elimination of repetitive or unnecessary phrasing; creation of certain defined terms for ease of reference (*i.e.* "Stipulation"); and addition of rule cross-references where deemed helpful to the reader.

(b) *Statutory Basis*

The proposed rule change is consistent with Sections 6(b)(6), 6(b)(7) and 6(d)² of the Securities Exchange Act of 1934 (the “1934 Act”) in that it is designed to ensure that members and persons associated with its members of the Exchange shall be appropriately disciplined for violation of the securities laws, the rules or regulations thereunder, or the rules of the Exchange; provide a fair procedure for imposition of such discipline; and ensure that a record is kept of such proceedings.

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 1934 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 1934 Act.³

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

(a) The Exchange believes that these proposed rule changes are non-controversial pursuant to Paragraph A of Section 19(b)(3)⁴ of the 1934 Act and Rule 19b-

² 15 U.S.C. §§ 78f(b)(6), 78f(b)(7), 78f(d).

³ 15 U.S.C. § 78f(b)(2).

⁴ 15 U.S.C. § 78s(b)(3)(A).

4(f)(6) thereunder.⁵

(b) This proposed rule change does not significantly affect the protection of investors or the public interest, does not impose any significant burden on competition, and, 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. The Exchange has already provided to, and reviewed with, Commission Staff drafts of the proposed rule change, and accordingly requests that the Commission waive the five-day pre-filing notice requirement and the 30-day operative delay period for “non-controversial” proposals so that this rule change may be immediately effective and operative.

(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 Exchange.

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.

⁵ 17 CFR § 240.19b-4(f)(6).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-Amex-2007-111)

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by American Stock Exchange LLC To Enable Settlements Of Disciplinary Matters To Be Considered For Approval Or Rejection By Exchange Hearing Officers Without The Need To Convene A Formal Hearing

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 _____, 2007, the American Stock Exchange LLC (“Amex” or “Exchange”) filed with the Securities and Exchange Commission the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. 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 adopt changes to Sections 1 and 2 of Article V of the Exchange’s Constitution; Rule 345 of the Exchange’s “Office Rules”; and Rules 2(a), 2(b) and 8 of the Exchange’s “Rules of Procedure in Disciplinary Matters” in order to enable settlements of disciplinary matters to be considered for approval or rejection by Exchange hearing officers without the need to convene a formal hearing.

The text of the proposed rule change is available on the Amex’s website at <http://www.amex.com>, the Office of the Secretary, the 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 it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization 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 proposing amendments to Sections 1 and 2 of Article V of the Exchange's Constitution; Rule 345 of the Exchange's Office Rules; and Rules 2(a), 2(b) and 8 of the Exchange's Rules of Procedure in Disciplinary Matters in order to streamline the handling of settlements of disciplinary matters by permitting such matters to be addressed by a single Exchange hearing officer, who shall either approve or reject the settlement, without the need to convene a formal hearing.

Under current rules, settlements of disciplinary proceedings are handled as follows: Should a member, member organization, approved person, or a registered or non-registered employee or prospective employee of a member or member organization (each a "respondent"), on one side, and enforcement staff of the Exchange, on the other side, enter into a stipulation of facts and consent to a specified penalty (a "Stipulation"), a formal hearing before an Exchange Disciplinary Panel ("Panel"), which may act solely through its Chair, must be convened to consider the Stipulation. Prior to that hearing, the Chair is provided with an enforcement staff memorandum outlining the Stipulation and

analyzing how the agreed upon sanctions in the Stipulation are consistent with the American Stock Exchange Sanctions Guidelines and relevant precedent.¹ The subsequent hearings generally are conducted by telephone and consist of the respondent's counsel and enforcement staff affirming their support for the Stipulation. After considering the presentation, the Chair issues a written decision either (i) approving the Stipulation, (ii) rejecting the Stipulation (if the Chair considers the penalty too lenient), or (iii) imposing a lesser penalty than that contained in the Stipulation (if the Chair considers the agreed upon penalty too severe).

The above process has proven more time consuming than the Exchange believes necessary, as it typically takes several months to schedule the hearing (as a result of various scheduling conflicts among the parties involved), yet the hearing itself only takes a few minutes and is more formal than substantive, given the negotiated settlement and submission of the detailed enforcement staff memorandum in advance of the hearing. Therefore, in order to streamline the process, the Exchange is proposing to modify its rules to allow a Stipulation to be accepted or rejected by a hearing officer without conducting a formal hearing. Further, the Exchange is also proposing that the Chair's power to impose a lesser penalty than that contained in a Stipulation be eliminated as unnecessary, in view of the fact that the Amex Adjudicatory Counsel, in any event, still retains the right to impose a lower sanction if it exercises its right to call the Chair's acceptance or rejection of the Stipulation for review.

In summary, the new proposed Stipulation consideration procedure will differ from current practice in only two substantive respects: (i) no formal hearing will

¹ The respondent's counsel (or the respondent in the event he or she is not so represented) is also concurrently provided with a copy of the memorandum.

now take place before the Chair, as a single hearing officer can consider the Stipulation without formal hearing; and (ii) if a hearing officer deems a penalty in a Stipulation to be too severe, he/she will now reject the Stipulation, rather than propose a lesser penalty. It is anticipated that both of these changes will provide a more efficient and expedient process for resolution of settled Exchange disciplinary matters, without compromising the quality of the process. Sections 1 and 2 of Article V of the Exchange's Constitution; Rule 345 of the Exchange's "Office Rules"; and Rules 2(a), 2(b) and 8 of the Exchange's "Rules of Procedure in Disciplinary Matters" are all accordingly proposed to be modified to accomplish the substantive changes.

In addition to conforming the affected provisions to the new Stipulation consideration procedure discussed above, certain non-substantive "housekeeping" changes are also proposed for the affected provisions. These changes include elimination of repetitive or unnecessary phrasing; creation of certain defined terms for ease of reference (*i.e.* "Stipulation"); and addition of rule cross-references where deemed helpful to the reader.

(2) Statutory Basis

The proposed rule change is consistent with Sections 6(b)(6), 6(b)(7) and 6(d)² of the Securities Exchange Act of 1934 (the "1934 Act") in that it is designed to ensure that members and persons associated with its members of the Exchange shall be appropriately disciplined for violation of the securities laws, the rules or regulations thereunder, or the rules of the Exchange; provide a fair procedure for imposition of such discipline; and ensure that a record is kept of such proceedings.

² 15 U.S.C. §§ 78f(b)(6), 78f(b)(7), 78f(d).

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 1934 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

The foregoing rule change has become effective immediately pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6)⁴ thereunder. At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary of appropriate in the public interest, for the protection of investors, or otherwise in the furtherance of the purposes of the Securities Exchange Act of 1934

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 1934 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 rulecomments@sec.gov. Please include File No. SR-Amex-2007-111 on the subject line.

³ 15 U.S.C. § 78s(b)(3)(A).

⁴ 17 CFR § 240.19b-4(f)(6).

Paper Comments:

Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549–0609.

All submissions should refer to File No. SR-Amex-2007-111. 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. 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-2007-111 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.⁵

Dated:

Nancy M. Morris
Secretary

⁵ 17 CFR § 200.30-3(a)(12).

AMERICAN STOCK EXCHANGE LLC

Proposed Rule Change

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

* * * *

CONSTITUTION OF THE AMERICAN STOCK EXCHANGE LLC

Article V

Discipline of Members

Sec. 1. Procedures

(a) No change.

Hearing before Disciplinary Panel

(b) Except as provided in Section 2 of this Article, Exchange disciplinary proceedings shall be conducted in the following manner:

(1) *Disciplinary Panel*. In any disciplinary proceeding involving charges against a member, member organization, approved person, or a registered or non-registered employee or prospective employee of a member or member organization (each a “respondent”), a hearing shall be held with respect to such charges before an Exchange Disciplinary Panel. Such Disciplinary Panel shall consist of not less than three nor more than five persons: a hearing officer (selected pursuant to Section 1(b)(3) of this Article) who shall be chairman of the Panel, with the remainder of the Disciplinary Panel being members of the hearing board (selected pursuant to Section 1(b)(2) of this Article); provided, however, that, without convening such Disciplinary Panel, (i) the chairman of the Panel may preside over a disciplinary proceeding in which the [member, member organization, approved person, or a registered or non-registered employee or prospective employee of a member or member organization]respondent fails to answer the charges or otherwise defend himself, [or enters into a]and (ii) any hearing officer, without conducting a formal hearing, may accept or reject a respondent’s written stipulation of facts and consent to a specified penalty before a hearing on the merits has begun, [without convening a full Disciplinary Panel]as specified in Section 2 of this Article (in the case of a respondent member, member

organization or approved person) or Exchange Rule 345(k) (in the case of a respondent employee or prospective employee of a member or member organization).

(2) through (6) No change.

(c)-(g) No Change.

Sec. 2. Delegation of Disciplinary Powers

Stipulation of Facts and Consent to Penalty

In lieu of the procedures set forth in paragraph 6 of Section 1(b) of this Article, a [Disciplinary Panel] hearing officer, selected in accordance with the provisions of Section 1(b)(3) of this Article, [at a] may, without conducting a formal hearing [called for that purpose may], determine whether any member, member organization or approved person [is guilty of having] has committed an offense or offenses on the basis of a written stipulation of facts and consent to a specified penalty proposed to be entered into between such member, member organization or approved person and any authorized officer of the Exchange (a “Stipulation”), and may (i) fix and impose the penalty agreed to in such [stipulation and consent or any lesser penalty] Stipulation or (ii) reject the Stipulation. A written notice of the [result] hearing officer’s determination shall be served upon the member, member organization or approved person in the manner provided in subsection (b)(6) of Section 1 of this Article, and a copy thereof shall be sent to each member of the Amex Adjudicatory Council. The determination of the [Disciplinary Panel and any penalty imposed] hearing officer shall become final and conclusive ten days after notification thereof to the [accused] respondent, provided, however, that if a request for review by the Amex Adjudicatory Council of such determination [or penalty, or both,] is filed as hereinafter provided, [the] any penalty shall be stayed pending the result of such review. If the [Disciplinary Panel] hearing officer rejects the [stipulation and consent to a specified penalty] Stipulation, the matter shall proceed as if the [stipulation and consent] Stipulation had not been entered into, and such [stipulation and consent] Stipulation shall be disregarded in any subsequent proceeding. [A written notice of such rejection by the Disciplinary Panel shall be served upon the member, member organization or approved person in the manner provided in subsection (b) of Section 1 of this Article.]

Upon the written request of any member of the Amex Adjudicatory Council, the Council shall review the determination of[, or the penalty imposed by, a Disciplinary Panel] a hearing officer in connection with a [written stipulation of facts and consent to a specified penalty] Stipulation. Any such request [for review of such determination or penalty] shall be [made in writing and] filed with the Secretary of the Exchange within ten days after notification of the determination [and penalty, if any,] is served upon the [accused] respondent member, member organization or approved person. Upon review, the Amex Adjudicatory Council may fix and impose the penalty agreed to in such [stipulation and consent, or] Stipulation, impose a lesser penalty, or reject such [consent] Stipulation entirely, as it deems appropriate.

* * * *

OFFICE RULES

Rule 345

Determinations Involving Employees and Prospective Employees

(a) – (j) No change.

(k) In lieu of the procedures set forth in paragraph (d) of this rule, [an Exchange Disciplinary Panel] a hearing officer, selected in accordance with the provisions of [Sections] Section 1(b)(3) of Article V of the Constitution, [at a] may, without conducting a formal hearing [called for that purpose may], determine whether an employee or prospective employee of a member or member organization [is guilty of having] has committed an offense or offenses on the basis of a written stipulation of facts and consent to a specified penalty proposed to be entered into between such employee or prospective employee and any authorized officer of the Exchange (a “Stipulation”), and may (i) fix and impose the penalty or prescribe such other action to be taken by the Exchange in accordance with paragraph (a) or (b) of this rule as shall be agreed to in such [stipulation and consent, or impose any lesser penalty or prescribe any lesser action permitted under paragraph (a) or (b) of this rule] Stipulation or (ii) reject the Stipulation. A written notice of the [result] hearing officer’s determination shall be served upon the employee or prospective employee in the manner provided in paragraph (c) of this rule and a copy thereof shall be sent to each member of the Amex Adjudicatory Council. The determination of the [Disciplinary Panel and any penalty or other action prescribed] hearing officer shall become final and conclusive ten days after notification thereof to the employee or prospective employee, provided, however, that if a request for review of such determination [or, of any penalty or other action prescribed by the Disciplinary Panel,] is filed as hereinafter provided, [the] any penalty or other action prescribed by the [Disciplinary Panel] hearing officer shall be stayed pending the result of such review. If the [Disciplinary Panel] hearing officer rejects the [stipulation and consent to a specified penalty] Stipulation, the matter shall proceed as if the [stipulation and consent] Stipulation had not been entered into, and such [stipulation and consent] Stipulation shall be disregarded in any subsequent proceeding. [A written notice of such rejection by the Disciplinary Panel shall be served upon the employee or prospective employee in the manner provided in paragraph (c) of this rule.]

Upon the written request of any member of the Amex Adjudicatory Council, the Amex Adjudicatory Council shall review the determination of[, or the penalty or other action prescribed by, a Disciplinary Panel] a hearing officer in connection with a [written stipulation of facts and consent to a specified penalty] Stipulation. Any such request [for review of such determination, penalty or other action] shall be [made in writing and] filed with the Secretary of the Exchange within ten days after notification of the determination[and penalty, if any,] is served upon the employee or prospective employee. Upon review, the Amex Adjudicatory Council may fix and impose the penalty

or prescribe such action to be taken by the Exchange in accordance with paragraph (a) or (b) of this rule as shall have been agreed to in such [stipulation and consent]Stipulation, impose any lesser penalty or prescribe any lesser action permitted under paragraph (a) or (b) of this rule, or reject [each stipulation and consent]such Stipulation entirely, as it deems appropriate. [The quorum and vote required for such action by the Amex Adjudicatory Council shall be the quorum and vote provided in Section 6(h) of Article II of the Constitution.]

(l) – No change.

* * * *

RULES OF PROCEDURE IN DISCIPLINARY MATTERS

Rule 2(a)

Selection of Chairman of Disciplinary Panel

Whenever the Chief Executive Officer of the Exchange shall be advised that a charge or charges have been served upon a member, member organization, approved person, or a registered or non-registered employee or prospective employee of a member or member organization, or that a written stipulation of facts and consent to a specified penalty has been entered into between any such person or persons and an authorized officer of the Exchange, or that a member or member organization has been suspended or expelled from any other securities exchange or any national securities association, or has been suspended or barred from being associated with any member of such exchange or association, or has been suspended or barred by any governmental securities agency from dealing in securities or being associated with any broker or dealer in securities and such member or member organization has not consented in writing to similar action by the Exchange, or that an employee or prospective employee of a member or member organization has been suspended or expelled from any other securities exchange or any national securities association, or has been suspended or barred from being associated with any member of such exchange or association, or has been suspended or barred by any governmental securities agency from dealing in securities or being associated with any broker or dealer in securities and such employee or prospective employee has not consented in writing to similar action by the Exchange, the Chief Executive Officer, (or such person(s) as the Chief Executive Officer may designate with Board approval), shall select a hearing officer, appointed pursuant to Section 1(b)(3) of Article V of the Constitution, to act as a chairman of a Disciplinary Panel [which shall conduct a hearing with respect to such matter]and take such further action as may be authorized pursuant to the Constitution and rules of the Exchange. To the extent practicable, such selection shall be made on a rotating basis from among the Exchange Officials designated to serve on Exchange Disciplinary Panels, but in the discretion of the Chief Executive Officer may also include other persons appointed as hearing officers.

Rule 2(b)**Selection of Persons on Hearing Board for Service on Panels**

The chairman of an Exchange Disciplinary Panel, promptly after his selection to serve in such capacity, shall review the charge or charges and the answer, if any, to be considered by the Panel, or the written stipulation of facts and consent to a specified penalty or other written statement of the disciplinary matter to be considered in the event no charge or charges have been served, and shall determine the number of persons to be selected to serve on such panel, which number shall be not less than two nor more than four.

Thereafter he shall select, from among the persons on the hearing board appointed by the Chief Executive Officer of the Exchange, the individuals to serve on the Panel, consistent with the provisions of Section 1(b)(2) of Article V of the Constitution. In making such selections the chairman shall, to the extent practicable, choose individuals whose background, experience and training qualified them to consider and make determinations regarding the subject matter to be presented to the Panel. He shall also consider such factors as the availability of individuals on the hearing board, the extent of their prior service on Disciplinary Panels and any relationship between an individual on the hearing board and the [accused]respondent which might make it inappropriate for such person to serve on the Panel. Promptly after the selection of the persons to serve on the Disciplinary Panel, the chairman of the Panel shall cause written notice thereof to be given to the [accused]respondent. If any person involved in the disciplinary proceeding shall have knowledge of a relationship between himself and any person selected for service on the Panel which might result in such person being unable to render a fair and impartial decision, he shall give prompt written notice thereof to the chairman of the Panel, specifying the nature of such relationship and the grounds for contesting the qualification of such person to serve on the Panel. The decision of the chairman of the Panel shall be final and conclusive with respect to the qualification of any persons to serve on the Panel. Notwithstanding anything in the foregoing to the contrary, consistent with Section 1(b)(1) of Article V of the Constitution, without convening a Disciplinary Panel, (i) the chairman of [the]such Panel may preside over a disciplinary proceeding in which the [accused]respondent fails to answer the charges or otherwise defend himself, [or enters into]and (ii) any hearing officer, without conducting a formal hearing, may accept or reject a written stipulation of facts and consent to a specified penalty before a hearing on the merits has begun, [without convening a full Disciplinary Panel.]as specified in Section 2 of Article V of the Constitution (in the case of a respondent member, member organization or approved person) or Exchange Rule 345(k) (in the case of a respondent employee or prospective employee of a member or member organization).

• • • **Commentary** -----

.01 No Change

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Rule 8

Record of Proceedings

[(a)]A stenographic record shall be made of every meeting of a Disciplinary Panel at which evidence or testimony is received (including a proceeding presided over by a Panel Chairman alone pursuant to Section 1(b)(1)(i) of Article V of the Constitution), and a transcript thereof shall be prepared.

[(b) Where a meeting of a Disciplinary Panel has been convened pursuant to Article V, Section 2 of the Exchange Constitution or Exchange Rule 345(k) for the purpose of considering a written stipulation of facts and consent to a specified penalty, a record may be made by tape recording. Records of such meetings need not be transcribed except upon the request of a party to the proceeding, the Exchange or the Panel, or upon a request by the Amex Adjudicatory Council for review of the determination of the Panel.]