



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 the options order cancellation fee. 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 December 8, 1999. 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 proposes to revise the existing options order cancellation fee set forth in the Options Fee Schedule. The proposed revision would change the manner in which the fee is determined or calculated so that the cancellation fee of \$1.00 is assessed to the executing Clearing Member for each order cancelled through the Amex Order File (“AOF”) in excess of the number of orders that the executing Clearing Member executes through AOF in a given month. The proposal will be effective July 1, 2007.

The current options order cancellation fee set forth in the Options Fee Schedule differs in how the fee is assessed against executing Clearing Members. The fee of \$1.00 is currently charged against executing Clearing Members for every order that it cancels through the AOF in a given month when the total number of orders the

executing Clearing Member canceled through AOF in that month exceeds the total number of orders that same Clearing Member executed through AOF in that same month. The fee does not apply to executing Clearing Members that cancel fewer than 500 orders through AOF in a given month. Accordingly, an executing Clearing Member is charged \$1.00 for each cancelled order in a given month when such cancelled orders exceed executed orders through AOF unless the executing Clearing Member cancels fewer than 500 orders in such given month. The proposal seeks to change how the executing Clearing Member is assessed the order cancellation fee so that the fee pertains only to the excess of order cancellations versus order executions.

The Exchange believes that the proposal will simplify the application of the options order cancellation fee and provide greater clarity to market participants. In addition, the Exchange submits that the proposal is similar to the order cancellation fee of other options exchanges.

The Exchange asserts that the proposal is equitable as required by Section 6(b)(4) of the Securities Exchange Act of 1934 (the “1934 Act”).<sup>1</sup> The Exchange believes that charging an options order cancellation fee, where applicable, for excess order cancellations is reasonable given the increase in costs to the Exchange that may occur as a result of a large volume of order cancellations. Accordingly, the Exchange seeks, through this proposal, to better manage the application of its options order cancellation fee.

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<sup>1</sup> Section 6(b)(4) states that the rules of a national securities exchange provide for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities.

(b) *Basis*

The proposed rule change is consistent with Section 6(b)<sup>2</sup> of the Act in general and furthers the objectives of Section 6(b)(5)<sup>3</sup> 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 mechanisms of a free and open market and a national market system, and, in general, protect investors and the public interest.

4. **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 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.<sup>4</sup>

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) of the Act.

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<sup>2</sup> 15 U.S.C. 78f(b).

<sup>3</sup> 15 U.S.C. 78f(b)(5).

<sup>4</sup> 15 U.S.C. 78f(b)(2).

(b) The filing relates solely to a revision to the options order cancellation fee and as such takes effect upon filing under Subsection (ii) of Paragraph (A).

(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 similar to the Chicago Board Options Exchange, Inc. options order cancellation fee.

9. **Exhibits**

List of Exhibits Filed:

1. Notice of Proposed Rule Change for publication in the **Federal Register**.
2. Not applicable.
3. Not applicable.
4. Not applicable.
5. Text of Proposed Rule Change.



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 proposes to revise the existing options order cancellation fee set forth in the Options Fee Schedule. The proposed revision would change the manner in which the fee is determined or calculated so that the cancellation fee of \$1.00 is assessed to the executing Clearing Member for each order cancelled through the Amex Order File ("AOF") in excess of the number of orders that the executing Clearing Member executes through AOF in a given month. The proposal will be effective July 1, 2007.

The current options order cancellation fee set forth in the Options Fee Schedule differs in how the fee is assessed against executing Clearing Members. The fee of \$1.00 is currently charged against executing Clearing Members for every order that it cancels through the AOF in a given month when the total number of orders the executing Clearing Member canceled through AOF in that month exceeds the total number of orders that same Clearing Member executed through AOF in that same month. The fee does not apply to executing Clearing Members that cancel fewer than 500 orders through AOF in a given month. Accordingly, an executing Clearing Member is charged \$1.00 for each cancelled order in a given month when such cancelled orders exceed executed orders through AOF unless the executing Clearing Member cancels fewer than 500 orders in such given month. The proposal seeks to

change how the executing Clearing Member is assessed the order cancellation fee so that the fee pertains only to the excess of order cancellations versus order executions.

The Exchange believes that the proposal will simplify the application of the options order cancellation fee and provide greater clarity to market participants. In addition, the Exchange submits that the proposal is similar to the order cancellation fee of other options exchanges.

The Exchange asserts that the proposal is equitable as required by Section 6(b)(4) of the Securities Exchange Act of 1934 (the “1934 Act”).<sup>3</sup> The Exchange believes that charging an options order cancellation fee, where applicable, for excess order cancellations is reasonable given the increase in costs to the Exchange that may occur as a result of a large volume of order cancellations. Accordingly, the Exchange seeks, through this proposal, to better manage the application of its options order cancellation fee.

## 2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,<sup>4</sup> in general, and furthers the objectives of Section 6(b)(5),<sup>5</sup> in particular, in that it is 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.

### 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.

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<sup>3</sup> Section 6(b)(4) states that the rules of a national securities exchange provide for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities.

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

<sup>5</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 by the Exchange on this proposal.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>6</sup> and Rule 19b-4(f)(2)<sup>7</sup> 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 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 [rulecomments@sec.gov](mailto:rulecomments@sec.gov). Please include File Number SR- Amex-2007-63 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

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<sup>6</sup> 15 U.S.C. 78s (b)(3)(A)(ii).

<sup>7</sup> 17 CFR 240.19b-4(f)(2)

submissions should refer to File Number SR–Amex–2007–63. 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– 2007-63 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>8</sup>

Nancy M. Morris  
Secretary

Dated:

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

**SR Amex 2007-63  
EXHIBIT 5**

AMERICAN STOCK EXCHANGE LLC  
Text of Options Fee Schedule

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

**Options Fee Schedule**

**I Options Transaction Fee**<sup>(1)(5)(12)</sup>  
(per contract side)

Type	Firm <sup>(2)</sup>	Specialist Market Maker (ROTs) <sup>(7)(10)</sup>	Supplemental Registered Options Traders (SROTs) <sup>(7)</sup>	Non-Member Market Makers <sup>(8)</sup>	Broker/Dealer	Customer
Equity Options	\$ 0.19	\$0.10	\$0.13	\$0.20	\$0.19	No Charge
Exchange-Traded Fund Share Options (excluding QQQQ Options)	\$0.19	\$0.10	\$0.13	\$0.20	\$0.19	\$0.08
QQQQ Options	\$0.19	\$0.10	\$0.13	\$0.20	\$0.19	No Charge
Trust Issued Receipt (HOLDR) Options	\$0.19	\$0.10	\$0.13	\$0.20	\$0.19	\$0.08
Index Options (excluding MNX and NDX Options)	\$0.38	\$0.21	\$0.26	\$0.21	\$0.15	\$0.38
MNX and NDX Options	\$0.15	\$0.21	\$0.26	\$0.21	\$0.15	\$0.15

**II Options Comparison Fee**<sup>(1)(5)</sup>  
(per contract side)

Equity Options	\$0.04	\$0.05	\$0.05	\$0.05	\$0.04	No Charge
Exchange-Traded Fund Share Options (excluding QQQQ Options)	\$0.04	\$0.05	\$0.05	\$0.05	\$0.04	\$0.04
QQQQ Options	\$0.04	\$0.05	\$0.05	\$0.05	\$0.04	No Charge
Trust Issued Receipt (HOLDR) Options	\$0.04	\$0.05	\$0.05	\$0.05	\$0.04	\$0.04
Index Options (including MNX and NDX Options)	\$0.04	\$0.05	\$0.05	\$0.05	\$0.04	\$0.04



Type	Firm <sup>(2)</sup>	Specialist, Market Maker (ROTs) <sup>(7)(10)</sup>	Supplemental Registered Options Traders (SROTs) <sup>(7)</sup>	Non-Member Market Makers <sup>(8)</sup>	Broker/Dealer	Customer
Vanguard ETF Options – VCR, VDC, VDE, VFH, VHT, VIS, VGT, VAW, VPU, VOX, VNQ, VBK, VBR, VO, VV, VUG, VTV, VB and VIG	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	No Charge
streetTRACKS ETF Options – ELR, EMM, EMG, EMV and DSC	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	No Charge
Russell Index and ETF Options – RUT and XLG	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	No Charge
ICF, VXF, DXS, PPA, SDY, XBI, XHB and XSD	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	No Charge
Rydex ETF Options – RPG, RPV, RFG, RFV, RZG and RZV	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	No Charge
OEF, PFM PZJ and GDY	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	No Charge
<b>VI Options Order Cancellation Fee<sup>(4)</sup></b>	\$1.00	\$1.00	N/A	\$1.00	\$1.00	\$1.00
<b>VII Broker-Dealer Auto-Ex Fees (per contract side)</b>						
<b>Options Transaction Fee</b>						
Equity Options	\$0.50	\$0.50	N/A	\$0.50	\$0.50	N/A
Exchange-Traded Fund Share Options (including QQQQ Options)	\$0.50	\$0.50	N/A	\$0.50	\$0.50	N/A
Trust Issued Receipt (HOLDR) Options	\$0.50	\$0.50	N/A	\$0.50	\$0.50	N/A
Index Options (including MNX and NDX Options)	\$0.50	\$0.50	N/A	\$0.50	\$0.50	N/A
<b>Options Comparison Fee</b>						
Equity Options	\$0.04	\$0.05	N/A	\$0.05	\$0.04	N/A
Exchange-Traded Fund Share Options (including QQQQ Options)	\$0.04	\$0.05	N/A	\$0.05	\$0.04	N/A
Trust Issued Receipt (HOLDR) Options	\$0.04	\$0.05	N/A	\$0.05	\$0.04	N/A
Index Options (including MNX and NDX Options)	\$0.04	\$0.05	N/A	\$0.05	\$0.04	N/A
<b>Options Floor Brokerage Fee</b>						
Equity Options	\$0.03	\$0.05	N/A	\$0.05	\$0.03	N/A

Type	Firm <sup>(2)</sup>	Specialist, Market Maker (ROTs) <sup>(7)(10)</sup>	Supplemental Registered Options Traders (SROTs) <sup>(7)</sup>	Non-Member Market Makers <sup>(8)</sup>	Broker/Dealer	Customer
Exchange-Traded Fund Share Options (including QQQQ Options)	\$0.03	\$0.05	N/A	\$0.05	\$0.03	N/A
Trust Issued Receipt (HOLDR) Options	\$0.03	\$0.05	N/A	\$0.05	\$0.03	N/A
Index Options (including MNX and NDX Options)	\$0.03	\$0.05	N/A	\$0.05	\$0.03	N/A

(1) **Fee Reduction and Cap Programs—(a) Fee Reduction Program**—Options contracts executed as either an accommodation trade (also known as “Cabinet Trades”) or part of the following strategies: (i) reversals and conversions; (ii) dividend strategies; (iii) box spreads, (iv) butterfly spreads, (v) merger spreads and (vi) short stock interest spreads (“Spread Trades”) for the accounts of non-member market makers and non-member broker-dealers, will be subject to a reduced transaction fee so that the options transaction fee, the options comparison fee and the options floor brokerage fee are reduced by \$0.03, \$0.01 and \$0.02, respectively.

(b) **QQQQ Fee Reduction Program**—In connection with QQQQ option transactions only, \$0.09 in options transaction fees, \$0.01 in options comparison fees and \$0.02 in options floor brokerage fees will not be imposed on the accounts of non-member market makers and non-member broker-dealers for Cabinet Trades and/or Spread Trades.

(c) **Fee Cap Program—(i) For Cabinet Trades, Reversals and Conversions, Box Spreads, and Butterfly Spreads:** Specialists’, registered options traders’, non-member market makers’, firms’, and member and non-member broker-dealers’ option transaction, comparison and floor brokerage fees are limited to an aggregate fee amount of \$2,000 per trade. **(ii) For Dividend Strategies, Merger Spreads and Short Stock Interest Spreads**—Specialists, registered options traders, non-member market makers, firms, and member and non-member broker-dealers option transaction, comparison and floor brokerage fees are limited to an aggregate fee of \$100 for all dividend strategies, merger spreads and short stock interest spreads executed on the same trading day in the same option class. Such options transaction, comparison and floor brokerage fees are further limited to \$12,500 per month per initiating firm. Dividend strategies are transactions done to achieve a dividend arbitrage involving the purchase, sale and exercise of in-the-money options of the same class, executed prior to the date on which the underlying stock goes ex-dividend. The Fee Cap Program for dividend strategies, merger spreads and short stock interest spreads shall be on a pilot basis expiring February 1, 2008. The marketing fee shall not apply to strategy trades (i.e. dividend spreads, merger spreads, short stock interest spreads) executed manually. **(iii) Customer Transactions in Index Option Box Spreads**—options transaction, comparison and floor brokerage fees charged for customer transactions in index option box spreads will be limited to an aggregate fee amount of \$2,000 per trade. **(iv) Options Licensing Fees**—The Fee Cap Program does not include Options Licensing fees and such fees will not be included in the calculation of the \$2,000 per trade fee caps, the daily \$1,000 per class fee cap or the monthly \$50,000 per initiating firm fee cap.

(d) **Fee Reimbursement Form** - To qualify for the Fee Reduction and Cap Programs, a Fee Reimbursement Form must be submitted to the Exchange within three business days of the transactions.

(2) Firm charges in any one month will be limited to an aggregate fee of \$75,000 for all equity, exchange-traded fund share, trust issued receipt and index option transactions exclusive of any options licensing fee. This fee cap will limit charges for firms based on the options transaction fee, the option comparison fee and the option floor brokerage fee.

(3) The marketing fee will be collected on those specialist, registered option trader and supplemental registered options trader transactions involving electronically executed customer orders from firms accepting payment for directing their orders to the Exchange. In addition, specialists and registered options traders will also be subject to a marketing fee for manually executed customer orders of 1,000 contracts or greater. If a specialist or supplemental registered options trader has negotiated a payment to a firm of less than the marketing fee, the difference between the marketing fee and the actual payment will be refunded to the specialist, registered options traders and supplemental registered options traders. Also excludes options transactions between and among registered options traders and specialists.

(4) A fee of \$1.00 will be assessed to the executing Clearing Member for each order cancelled through the Amex Order File (AOF) in excess of the number of orders that the executing Clearing Member executes through AOF in a given month. [The executing clearing member is charged \$1.00 for every order that it cancels through the Amex Order

File in a given month when the total number of orders the executing clearing member canceled through AOF in that month exceeds the total number of orders that same Clearing Member executed through AOF in that same month.] This fee will not apply to executing Clearing Members that cancel fewer than 500 orders through AOF in a given month.

(5) Pursuant to a pilot program that will expire on July 31, 2007, the fees applicable to specialists, market maker (ROTs) include members of other options exchanges executing Linkage transactions except for Satisfaction Orders.

(6) Specialists allocated certain ETF options or index options may be required to make an additional payment(s) to the Exchange for the purpose of recouping the Exchange's non-reimbursed costs under certain index license agreements. Annual license fees paid by the Exchange in order to list and trade certain ETF and index options that are guaranteed regardless of the trading volume may subject the specialist allocated to such options to this additional payment.

(7) Options allocated to specialists, registered options traders, remote registered options traders and supplemental registered options traders in connection with the Exchange's Broker-Dealer Auto-Ex Program are not subject to the options transactions fee, the options comparison fee, the options floor brokerage fee, the options marketing fee and the options licensing fee.

(8) The term "**non-member market maker**" means a market maker as defined in Section 3 (a)(38) of the Securities Exchange Act of 1934 registered in the same options class on such other options exchange.

(9) **Customer Volume Trade Discount:** For a customer transaction of greater than 2,000 contracts in index, ETF and TIR options the transaction, comparison and floor brokerage fees will be imposed only on the first 2,000 contracts.

(10) The fees applicable to specialist, market maker (ROTs) also include remote registered options traders except for those charged in connection with the Exchange's Broker-Dealer Auto-Ex Fee and cancellation fees.

(11) The \$0.35 options marketing fee applies to those series of Equity Options, Exchange Traded Fund Share Options and Trust Issued Receipt Options that quote and trade in one cent increments under the penny pilot program. The \$0.40 options marketing fee applies to those series of Equity Options, Exchange Traded Fund Share Options (including SPY Options), Trust Issued Receipt Options, NDX and RUT Options that are manually executed customer orders of 1,000 contracts or greater.

(12) **SROT Fee Rebate Program:** An SROT that has customer orders directed to it electronically that are executed on the Exchange will be provided fee rebates for transaction charges incurred according to the following table:

Monthly Directed Order Volume (in contracts)	*Rebate per Contract
0 – 1,000,000	\$0.05
1,000,001 – 2,000,000	\$.10
2,000,001 – 3,000,000	\$.125
3,000,001 and up	\$.15

\* Rebates would be capped at 100% of transaction charges