

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

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|---|------------------------------------|-------------------------------------|---|---|--|
| 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) | |

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|---|---|
| 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).

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

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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

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 extend through September 27, 2007 the current pilot program for the quoting of a limited number of options classes in pennies (the “Penny Quoting Pilot Program” or “Pilot Program”).

(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 26, 2006. 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 Amex is proposing to extend the current Penny Quoting Pilot Program through September 27, 2007. The Exchange believes that an extension of the Pilot Program is appropriate for the purpose of further studying the effects of penny quoting. In this manner, a measured and deliberate expansion of the Pilot Program, if warranted, can be better implemented by the options exchanges.

As approved by the Commission, the current Penny Quoting Pilot Program consists of thirteen (13) options classes.¹ The quoting requirements in connection with the Penny Quoting Pilot Program provide for (i) a minimum price variation (“MPV”) of \$0.01 for options with premiums of up to \$3 or (ii) a MPV of \$0.05

¹ See Securities Exchange Act Release No. 55162 (January 24, 2007), 72 FR 4738 (February 1, 2007).

for options with premiums of \$3 or greater, except for QQQQ options which trade at an MPV of \$0.01 for all premiums. As required by the Commission's approval, the Amex previously filed its pilot report (the "Amex Pilot Report") comparing quotation and trading activity in the three (3) months prior to the Penny Quoting Pilot Program to the first three (3) months of the Penny Quoting Pilot Program. As part of the Penny Quoting Pilot Program, the Exchange also implemented a quote mitigation strategy due to concerns regarding system capacity. The Exchange believes that the quote mitigation strategies in place since the introduction of the Pilot Program have been effective.

The Amex Pilot Report made the following findings: (1) Spreads narrowed meaningfully in all series in the Pilot classes with the greatest effect occurring in the lowest premium options; (2) Quoted size at the top of the book decreased sharply in all series and the most in the series with \$.01 MPVs; (3) Volume growth, while difficult to accurately analyze, was largely limited to 2 of the 13 Pilot classes; (4) Quote traffic grew at very significant rates; and (5) Only 3 of the 13 Pilot classes achieved the "most beneficial results" of tighter spreads and higher volume and all 3 were "index-based" products (SMH, QQQQ, and IWM). We believe that an extension of the Pilot Program is warranted so that the Commission and the options exchanges may better study and understand the effects of penny quoting.

Based on the experience to date, the Exchange believes that an extension of the Penny Quoting Pilot Program through September 27, 2007 is appropriate.

(b) *Basis*

The proposed rule change is consistent with Section 6(b)² of the Act in general and furthers the objectives of Section 6(b)(5)³ 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.⁴

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

² 15 U.S.C. 78f(b).

³ 15 U.S.C. 78f(b)(5).

⁴ 15 U.S.C. 78f(b)(2).

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 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 both the 5-day pre-filing requirement and the 30-day delayed operative date of Rule 19b-4(f)(6) so that the proposed rule change is operative upon filing. The proposal seeks to extend the Penny Quoting Pilot Program through September 27, 2007. The Amex requests that the Commission approve this filing prior to July 26, 2007, when the current Pilot Program expires, so that the Penny Quoting Pilot Program continues without interruption. The Exchange believes that this rule change qualifies for expedited approval as a “non-controversial” rule change under Commission 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.

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

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-Amex-2007-76)

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the American Stock Exchange LLC Relating to an Extension of the Penny Quoting Pilot Program

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 extend through September 27, 2007 the current pilot program for the quoting of a limited number of options classes in pennies (the "Penny Quoting Pilot Program").

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 Amex is proposing to extend the current Penny Quoting Pilot Program through September 27, 2007. The Exchange believes that an extension of the Pilot Program is appropriate for the purpose of further studying the effects of penny quoting. In this manner, a measured and deliberate expansion of the Pilot Program, if warranted, can be better implemented by the options exchanges.

As approved by the Commission, the current Penny Quoting Pilot Program consists of thirteen (13) options classes.¹ The quoting requirements in connection with the Penny Quoting Pilot Program provide for (i) a minimum price variation (“MPV”) of \$0.01 for options with premiums of up to \$3 or (ii) a MPV of \$0.05 for options with premiums of \$3 or greater, except for QQQQ options which trade at an MPV of \$0.01 for all premiums. As required by the Commission’s approval, the Amex previously filed its pilot report (the “Amex Pilot Report”) comparing quotation and trading activity in the three (3) months prior to the Penny Quoting Pilot Program to the first three (3) months of the Penny Quoting Pilot Program. As part of the Penny Quoting Pilot Program, the Exchange also implemented a quote mitigation strategy due to concerns regarding system capacity. The Exchange believes that the quote mitigation strategies in place since the introduction of the Pilot Program have been effective.

The Amex Pilot Report made the following findings: (1) Spreads

¹ See Securities Exchange Act Release No. 55162 (January 24, 2007), 72 FR 4738 (February 1, 2007).

narrowed meaningfully in all series in the Pilot classes with the greatest effect occurring in the lowest premium options; (2) Quoted size at the top of the book decreased sharply in all series and the most in the series with \$.01 MPVs; (3) Volume growth, while difficult to accurately analyze, was largely limited to 2 of the 13 Pilot classes; (4) Quote traffic grew at very significant rates; and (5) Only 3 of the 13 Pilot classes achieved the “most beneficial results” of tighter spreads and higher volume and all 3 were “index-based” products (SMH, QQQQ, and IWM). We believe that an extension of the Pilot Program is warranted so that the Commission and the options exchanges may better study and understand the effects of penny quoting.

Based on the experience to date, the Exchange believes that an extension of the Penny Quoting Pilot Program through September 27, 2007 is appropriate.

(2) Statutory Basis

The proposed rule change is consistent with Section 6(b)² of the Act in general and furthers the objectives of Section 6(b)(5)³ 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.

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 1934 Act.

² 15 U.S.C. 78f(b).

³ 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 has become immediately effective pursuant to Section 19(b)(3)(A)⁴ of the Act and Rule 19b-4(f)(6)⁵ thereunder 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 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 requested waiver of both the 5-day pre-filing requirement and the 30-day delayed operative date of Rule 19b-4(f)(6) so that the proposed rule change is operative upon filing. The proposal seeks to extend the Penny Quoting Pilot Program through September 27, 2007. The Amex requests that the Commission approve this filing prior to July 26, 2007, when the current Pilot Program expires, so that the Penny Quoting Pilot Program continues without interruption. The Exchange believes that this rule change qualifies for expedited approval as a “non-controversial” rule change under

⁴ 15 U.S.C. Section 78s(b)(3)(A).

⁵ 17 CFR 240.19b-4(f)(6).

Commission 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.

The Commission believes that it is consistent with the protection of investors and the public interest for the proposed rule change to become operative immediately. 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 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 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-2007-76 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 No. SR-Amex-2007-76. 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, 450 Fifth Street, NW., 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. 2007-76 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.⁶

Dated:

Jonathan G. Katz
Secretary

⁶ 17 CFR 200.30-3(a)(12).