

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).

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

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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 the “Exchange”) seeks permanent approval of two pilot programs that increase standard position and exercise limits for equity option classes traded on the Exchange. 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 June 11, 1998. No further action 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 seeking permanent approval of two pilot programs that increase position and exercise limits for equity options. The Exchange proposes to amend Rule 904 to permanently establish the increased limits of the two pilot programs.

The first pilot program, (the “Rule 904 Pilot Program”) which commenced in March 2005¹, and was adopted by all the options exchanges, increased position and

¹ See Securities Exchange Act Release No. 51316 (March 3, 2005); 70 FR 12251 (March 11, 2005) (notice of filing and immediate effectiveness of File No. SR-Amex 2005-029). The Pilot Program was extended five times and is due to expire on March 1, 2008. See Securities Exchange Act Release Nos. 56262 (August 15, 2007), 72 FR 47089 (August 22, 2007)(notice of filing and immediate effectiveness of File No. SR-Amex 2007-86; 55226 (February 1, 2007), 72 FR 6300 (February 9, 2007)(notice of filing and immediate effectiveness of File No. SR-Amex 2007-15); 54386 (August 30, 2006), 71 FR 52831 (September 7, 2006)(notice of filing and immediate effectiveness of File No. SR-Amex 2006-75); 53349 (February 22, 2006), 71 FR 10571 (March 1, 2006) (notice of filing and immediate effectiveness of File No. SR-Amex 2006-07); 52260 (August 15, 2005), 70 FR 48991 (August 15, 2005)(notice of filing and immediate effectiveness of File No. SR-Amex 2005-082).

exercise limits for options on the QQQQ and equity options classes traded on the Exchange.

The second pilot program, which commenced in January 2007, increased the position and exercise limits for options on the iShares® Russell 2000® Index Fund (“IWM”) (the “IWM Pilot Program”) from 250,000 contracts to 500,000 contracts.²

The standard position limits were last increased nine years ago, on December 31, 1998.³ Since that time, there has been a steady increase in the number of accounts that, (a) approach the position limit; (b) exceed the position limit; and (c) are granted an exemption to the standard limit.

The Exchange has not encountered any problems or difficulties relating to the Pilot Program since its inception. To the best of the Exchange’s knowledge, any violations at pilot levels were immaterial and none of these violations were deemed to be a result of manipulative activities. The Exchange believes that the increase in options volume and lack of evidence of market manipulation occurrences since the last position limits increase, and throughout the duration of the two pilot programs, justifies the permanent approval of the Rule 904 Pilot Program and IWM Pilot Program.

Furthermore, as the anniversary of listed options trading approaches its 35th year, the Exchange believes that the existing surveillance procedures and options

² The IWM Pilot Program doubles the position and exercise limits for IWM options under the Rule 904 Pilot Program. Absent both of these pilot programs, the standard position and exercise limit for IWM options is 75,000 option contracts. The proposal that established the IWM Option Pilot Program was designated by the Commission to be effective and operative upon filing. *See* Securities Exchange Act Release No. 55163 (January 24, 2007), 72 FR 4547 (January 31, 2007)(SR-Amex 2007-11). The IWM Pilot Program has been extended twice by the Commission, and expires on March 1, 2008. *See* Securities Exchange Act Release No. 57145 (January 14, 2008), 73 FR 3760 (January 22, 2008)(notice of filing and immediate effectiveness of File No. SR-Amex 2008-01); *See* Securities Exchange Act Release No. 56090 (July 18, 2007), 72 FR 40907 (July 25, 2007)(notice of filing and immediate effectiveness of File No. SR-Amex 2007-73).

³ *See* Securities Exchange Act Release No. 40875 (December 31, 1998), 64 FR 1842 (January 12, 1999) (approval of increase in position limits and exercise limits).

positions reporting requirements at the Amex, at other options exchanges, and at the several clearing firms are capable of properly identifying unusual or illegal trading activity. These procedures include daily monitoring of market movements via automated surveillance techniques to identify unusual activities in both options and underlying stocks and Exchange Traded Funds (“ETFs”).

Accordingly, the Exchange represents that its surveillance procedures and reporting procedures, in conjunction with the financial requirements and risk management review procedures already in place at the clearing firms and the Options Clearing Corporation (“OCC”), will serve to adequately address any concerns the Commission may have with respect to account(s) engaging in any manipulative schemes or assuming to high a level of risk exposure.

Moreover the Exchange believes that the current financial requirements imposed by the Exchange and the Commission adequately address the concerns that a member or its customer may try to maintain an inordinately large unhedged position in an equity option.

Finally, the Exchange expects continued options volume growth as opportunities for investors to participate in the options markets increase and evolve. The Exchange believes that the non-pilot position and exercise limits are restrictive, and returning to those limits will hamper fair and effective competition between the listed options markets and the over-the-counter (“OTC”) markets. To date, there have been no adverse affects on the markets as a result of these past increase in the limits for equity options contracts.

(b) Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act in general and furthers the objectives of Section 6(b)(5)⁴ in particular in that the Exchange's proposed rules are designed to promote just and equitable principles of trade, 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 will impose no burden on competition.

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 proposed rule change is filed pursuant to paragraph (A) of Section 19(b)(3) of the Exchange Act.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,

⁴ 15 U.S.C. 78(f)(b)(5).

⁵ 15 U.S.C. 78s(b)(3)(A).

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 provided the Commission with written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change. 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 upon filing. Accordingly, the Exchange believes that this rule change qualifies for expedited approval 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 continue the two pilot programs, which both expire on March 1, 2008, uninterrupted. Because of the impending expirations, and to maintain uninterrupted position and exercise limits levels, the Exchange believes good cause exists to approve this proposed rule change on an accelerated basis. The Commission has recently granted the CBOE permanent approval of the two pilot programs.⁶

- (c) Not applicable.
- (d) Not applicable.

⁶ See Securities Exchange Act Release No. 57352 (February 19, 2008), XX FR XXXX (February XX, 2008)(notice of filing and order granting accelerated approval to SR-CBOE 2008-07)

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

The proposed rule change is not based upon the rules of another SRO or 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. Text of proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

**(Release No. 34- ; File No. SR-Amex-2008-16)
Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by
American Stock Exchange LLC, Requesting Permanent Approval of Two Pilot
Programs that Increase Position and Exercise Limits**

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,¹ notice is hereby given that on , 2008, 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 Amex seeks permanent approval of two pilot programs that increase standard position and exercise limits for equity option classes traded on the Exchange.

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

¹ 15 U.S.C. 78s(b)(1).

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 seeking permanent approval of two pilot programs that increase position and exercise limits for equity options. The Exchange proposes to amend Rule 904 to permanently establish the increased limits of the two pilot programs.

The first pilot program, (the “Rule 904 Pilot Program”) which commenced in March 2005², and was adopted by all the options exchanges, increased position and exercise limits for options on the QQQQ and equity options classes traded on the Exchange.

The second pilot program, which commenced in January 2007, increased the position and exercise limits for options on the iShares® Russell 2000® Index Fund (“IWM”) (the “IWM Pilot Program”) from 250,000 contracts to 500,000 contracts.³

² See Securities Exchange Act Release No. 51316 (March 3, 2005); 70 FR 12251 (March 11, 2005) (notice of filing and immediate effectiveness of File No. SR-Amex 2005-029). The Pilot Program was extended five times and is due to expire on March 1, 2008. See Securities Exchange Act Release Nos. 56262 (August 15, 2007), 72 FR 47089 (August 22, 2007)(notice of filing and immediate effectiveness of File No. SR-Amex 2007-86; 55226 (February 1, 2007), 72 FR 6300 (February 9, 2007)(notice of filing and immediate effectiveness of File No. SR-Amex 2007-15); 54386 (August 30, 2006), 71 FR 52831 (September 7, 2006)(notice of filing and immediate effectiveness of File No. SR-Amex 2006-75); 53349 (February 22, 2006), 71 FR 10571 (March 1, 2006) (notice of filing and immediate effectiveness of File No. SR-Amex 2006-07); 52260 (August 15, 2005), 70 FR 48991 (August 15, 2005)(notice of filing and immediate effectiveness of File No. SR-Amex 2005-082).

³ The IWM Pilot Program doubles the position and exercise limits for IWM options under the Rule 904 Pilot Program. Absent both of these pilot programs, the standard position and exercise limit for IWM options is 75,000 option contracts. The proposal that established the IWM Option Pilot Program was designated by the Commission to be effective and operative upon filing. See Securities Exchange Act Release No. 55163 (January 24, 2007), 72 FR 4547 (January 31, 2007)(SR-Amex 2007-11). The IWM Pilot Program has been extended twice by the Commission, and expires on March 1, 2008. See Securities Exchange Act Release No. 57145 (January 14, 2008), 73 FR 3760 (January 22, 2008)(notice of filing and immediate effectiveness of File No. SR-Amex 2008-01); See Securities Exchange Act Release No. 56090 (July 18, 2007), 72 FR 40907 (July 25, 2007)(notice of filing and immediate effectiveness of File No. SR-Amex 2007-73).

The standard position limits were last increased nine years ago, on December 31, 1998.⁴ Since that time, there has been a steady increase in the number of accounts that, (a) approach the position limit; (b) exceed the position limit; and (c) are granted an exemption to the standard limit.

The Exchange has not encountered any problems or difficulties relating to the Pilot Program since its inception. To the best of the Exchange's knowledge, any violations at pilot levels were immaterial and none of these violations were deemed to be a result of manipulative activities. The Exchange believes that the increase in options volume and lack of evidence of market manipulation occurrences since the last position limits increase, and throughout the duration of the two pilot programs, justifies the permanent approval of the Rule 904 Pilot Program and IWM Pilot Program.

Furthermore, as the anniversary of listed options trading approaches its 35th year, the Exchange believes that the existing surveillance procedures and options positions reporting requirements at the Amex, at other options exchanges, and at the several clearing firms are capable of properly identifying unusual or illegal trading activity. These procedures include daily monitoring of market movements via automated surveillance techniques to identify unusual activities in both options and underlying stocks and Exchange Traded Funds ("ETFs").

Accordingly, the Exchange represents that its surveillance procedures and reporting procedures, in conjunction with the financial requirements and risk management review procedures already in place at the clearing firms and the Options Clearing Corporation ("OCC"), will serve to adequately address any concerns the

⁴ See Securities Exchange Act Release No. 40875 (December 31, 1998), 64 FR 1842 (January 12, 1999) (approval of increase in position limits and exercise limits).

Commission may have with respect to account(s) engaging in any manipulative schemes or assuming to high a level of risk exposure.

Moreover the Exchange believes that the current financial requirements imposed by the Exchange and the Commission adequately address the concerns that a member or its customer may try to maintain an inordinately large unhedged position in an equity option.

Finally, the Exchange expects continued options volume growth as opportunities for investors to participate in the options markets increase and evolve. The Exchange believes that the non-pilot position and exercise limits are restrictive, and returning to those limits will hamper fair and effective competition between the listed options markets and the over-the-counter (“OTC”) markets. To date, there have been no adverse affects on the markets as a result of these past increase in the limits for equity options contracts.

(2) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6 of the Act⁵ in general and furthers the objectives of Section 6(b)(5)⁶ 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 facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

B. Self-Regulatory Organization's Statement on Burden on Competition

The proposed rule change will impose no burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

No written comments were solicited or received by the Exchange on this proposal.

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

The Exchange has designated the proposed rule change as a “non-controversial” rule change pursuant to Section 19(b)(3)(A)(iii) of the Act and subparagraph (f)(6) of Rule 19b-4 thereunder. The Exchange represents that the proposed rule change does not impose any significant burden on competition, does not significantly affect the protection of investors or the public interest, and, by its terms, does not become operative for 30 days after the date of filing, and or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest

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 has requested that the Commission waive the 30-day waiting period so that the proposed rule change becomes effective immediately. The Exchange provided the Commission with written notice of its intent to file this proposed rule change at least five business days prior to the date of filing.

Waiver of this period will allow the Exchange to continue the two pilot programs, which both expire on March 1, 2008, uninterrupted. Because of the impending expirations, and to maintain uninterrupted position and exercise limits levels, the Exchange believes good cause exists to approve this proposed rule change on an accelerated basis. The Commission has recently granted the CBOE permanent approval of the two pilot programs.⁷

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 (<http://www.sec.gov/rules/sro.shtml>) ; or send an e-mail to rulecomments@sec.gov . Please include File Number SR-Amex-2008-16 on the subject line.

⁷ See Securities Exchange Act Release No. 57352 (February 19, 2008), XX FR XXXX (February XX, 2008)(notice of filing and order granting accelerated approval to SR-CBOE 2008-07)

Paper Comments:

send paper comments in triplicate to Nancy M. Morris , Secretary, Securities and Exchange Commission, 100 F St. N.E. Washington, DC 20549–1090

All submissions should refer to File Number SR–Amex–2008–16. 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. St. N.E., 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– 2008–16 and should be submitted on or before_____.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority⁸

Nancy M. Morris
Secretary

Dated:

⁸ 17 CFR 200.30-3(a)(12).

**SR Amex 2008-16
EXHIBIT 5****AMERICAN STOCK EXCHANGE LLC
Text of Proposed Rule Change**

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

Rule 904. Position Limits

(a) For Option Contracts Dealt In On The Exchange—Except with the prior approval of the Exchange in each instance and to be confirmed in writing, no member or member organization shall effect, for any account in which such member or member organization has an interest or for the account of any partner, officer, director, trustee or employee thereof or for the account of any customer, an opening transaction (whether on the Exchange or on another Participating Exchange) in an option contract of any class of options dealt in on the Exchange if the member or member organization has reason to believe that as a result of such transaction the member or member organization or partner, officer, director, trustee or employee thereof or customer would, acting alone or in concert with others, directly or indirectly, control an aggregate position in option contracts (whether long or short) of the put class and the call class on the same side of the market covering any underlying security in excess of:

(i) [13,500] 25,000, [22,500] 50,000, [31,500] 75,000, [60,000] 200,000 or [75,000] 250,000 contracts covering an underlying stock or Exchange-Traded Fund Share, which limit is determined in accordance with Commentaries .07 and .09; [except that for a pilot program period of 6 months (“Rule 904 Pilot Program Period”) expiring on March 1, 2008, the position limits shall be 25,000 or 50,000 or 75,000 or 200,000 or 250,000 option contracts (whether long or short),] or

(ii) (a) 10% of the value of the initial or reopened public issuance of the Treasury note or Treasury bond, rounded to the next lower \$100 million interval, combining, for purposes of this position limit, long positions in put options with short positions in call options and short positions in put options with long positions in call options. In no event shall the position limit exceed a position on either side of the market covering a value in excess of \$1,200,000,000 (or 12,000 contracts) of the underlying Treasury note or Treasury bond.

(b) in the event that any of the underlying Treasury notes or Treasury bonds are reported as "separate trading of registered interest and principal of securities" ("STRIPS") in the Monthly Statement of the Public Debt of the United States Government (hereinafter "Monthly Report"); or such other report or compilation as may be selected from time to time by the Exchange, such stripping shall be taken into account in determining whether the position limit, as initially established under subparagraph (ii)(a) ("the established position limit"), can be maintained (the remaining non-stripped underlying securities are

hereinafter referred to as "the non-stripped securities"). The established position limit may remain so long as the position limit covers a principal amount of underlying securities not in excess of 12% of the non-stripped securities. In the event that the established position limit covers a principal amount of securities in excess of 12% of the non-stripped securities, the Exchange shall reestablish the position limit to cover a principal amount of underlying securities not in excess of 12% of the non-stripped securities; or

(iii) a number of contracts covering, in the aggregate, \$1,000,000,000 principal amount of underlying Treasury bills with terms to maturity of 13 weeks, or covering, in the aggregate, \$500,000,000 principal amount of underlying Treasury bills with terms to maturity of 26 weeks (i.e., if the underlying principal amount of each 13-week contract is \$1,000,000 or each 26-week contract is \$500,000, the position limit is 1,000 contracts; if the underlying principal amount of each 13-week contract is \$200,000 or each 26-week contract is \$100,000, the position limit is 5,000 contracts); or

(iv) 250 contracts on the same side of the market if the underlying security is a certificate of deposit; or

(v) such other number of option contracts as may be fixed from time to time by the Exchange as the position limit for one or more classes or series of options.

(b) No change.

Commentary ...

••• ***Commentary*** -----

.01 -.06 No Change.

.07 The position limit for options contracts overlying the Nasdaq-100 Index Tracking Stock ("QQQQ") shall be 900,000 contracts, and the position limit for options contracts overlying the Standard and Poor's Depository Receipts Trust (SPDR) shall be 300,000 contracts. [, except that during the 904 Pilot Program Period the position limit on the Nasdaq 100 Index Tracking Stock shall be 900,000 contracts.] In addition, the position limit under Rule 904 applicable to options on the iShares® Russell 2000® Index Fund (IWM)[, for a pilot period from January 22, 2007 through March 1, 2008,] shall be 500,000 option contracts.

The position limit shall be [75,000 (or) 250,000 [during the 904 Pilot Program Period]] contracts for options:

(i) on an underlying security that had trading volume of at least 100,000,000 shares during the most recent six-month trading period; or

(ii) on an underlying security that had trading volume of at least 75,000,000 shares during the most recent six-month trading period and has at least 300,000,000 shares currently outstanding.

The position limit shall be [60,000 (or) 200,000 [during the 904 Pilot Program Period]] contracts for options:

- (i) on an underlying security that had trading volume of at least 80,000,000 shares during the most recent six-month trading period; or
- (ii) on an underlying security that had trading volume of at least 60,000,000 shares during the most recent six-month trading period and has at least 240,000,000 shares currently outstanding.

The position limit shall be [31,500 (or) 75,000 [during the 904 Pilot Program Period]] contracts for options:

- (i) on an underlying security that had trading volume of at least 40,000,000 shares during the most recent six-month trading period; or
- (ii) on an underlying security that had trading volume of at least 30,000,000 shares during the most recent six-month trading period and has at least 120,000,000 shares currently outstanding.

The position limit shall be [22,500 (or) 50,000 [during the 904 Pilot Program Period]] contracts for options:

- (i) on an underlying security that had trading volume of at least 20,000,000 shares during the most recent six-month trading period; or
- (ii) on an underlying security that had trading volume of at least 15,000,000 shares during the most recent six-month trading period and has at least 40,000,000 shares currently outstanding.

The position limit shall be [13,500 (or) 25,000 [during the 904 Pilot Program Period]] contracts for all other options.

The Exchange will review the volume and outstanding share information on all underlying stocks and Exchange-Traded Fund Shares every six months to determine which limit shall apply. A higher limit will be effective on the date set by the Exchange while any change to a lower limit will take effect after the last expiration then trading, unless the requirement for the same or a higher limit is met at the time of an intervening six-month review. However, if subsequent to a six-month review, an increase in volume and/or outstanding shares would make a stock or Exchange-Traded Fund eligible for a higher position limit prior to the next review, the Exchange in its discretion may immediately increase such position limit.

.08 - .11 No Change