

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, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

#### *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**

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- A. By order approve such proposed rule change; or
- B. institute proceedings to determine whether the proposed rule change should be disapproved.

### **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 No. SR-Amex-2007-36 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-2007-36. 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 Room, 100 F Street, NE., Washington, DC 20549 on official business days between the hours of 10 a.m. and 3 p.m. 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-2007-36 and should be submitted on or before February 4, 2008.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>6</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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**BILLING CODE 8011-01-P**

### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-57110; File No. SR-Amex-2007-141]

#### **Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change To Expand, and Make Permanent, the \$1 Strike Price Program**

January 8, 2008.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 21, 2007, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been substantially prepared by the Exchange. The Commission is publishing this notice and order to solicit comments on the proposed rule change from interested persons and to grant accelerated approval to the proposed rule change.

#### **I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

The Exchange proposes to expand, and make permanent, the \$1 Strike Price Program (the "Program"). The text of the proposed rule change is available at Amex, the Commission's Public Reference Room, and <http://www.amex.com>.

#### **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 Exchange 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 III below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

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

<sup>6</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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

**1. Purpose**

The current Program<sup>3</sup> permits the Exchange to select a total of five (5) individual stocks on which options series may be listed at \$1 strike price intervals. To be eligible for the Program, an underlying stock must close below \$20 in its primary market on the previous trading day. If selected, the Exchange may list strike prices at \$1 intervals from \$3 to \$20; however, a \$1 strike price may not be listed that is greater than \$5 from the underlying stock's closing price in the primary market on the previous day. The Exchange may also list \$1 strikes on any other option class designated by another options exchange that employs a similar Program approved by the Commission.

The Program prohibits the Exchange from listing \$1 strikes on any series of individual equity option classes that have greater than nine (9) months until expiration. In addition, the Exchange is also restricted from listing any series that would result in strike prices being \$0.50 apart.

The Exchange proposes to expand the Program to permit Amex to select a total of ten (10) individual stocks on which option series may be listed at \$1 strike price intervals. The Exchange also proposes to expand the strike price range on which it may list \$1 strikes. The proposed new strike price range will be \$3–\$50. The existing restrictions on listing strike prices will remain the same as before: (1) No strike price may be listed that is greater than \$5 from the underlying stock's closing price in its primary market on the previous trading day; and (2) the Exchange is restricted from listing any series that would result in strike prices being more than \$0.50 apart.

The Exchange believes that one point strike price intervals in selected equity options provide investors with more flexibility in the trading of equity

options that overlie lower priced stocks by allowing investors to establish equity options positions that are better tailored to meet their investment objectives.<sup>4</sup> To date, the Exchange believes that the Program has been beneficial to investors and the options market by providing investors with greater flexibility in the trading of equity options that overlie stocks trading below \$20. The Exchange represents that there has been a demand by member firms for the expansion of the Program, both in terms of the number of classes which can be selected and the range in which \$1 strikes may be listed. The Exchange believes that by increasing the number of stocks subject to the \$1 strike price intervals to ten (10) and increasing the strike price range ceiling to \$50, up from \$20, investors will enjoy even greater flexibility in achieving their investment objectives through various strategies. Because the Program has been very successful, the Exchange requests that the Program be approved on a permanent basis. The Exchange believes that permanent approval, along with the proposed expansion, is reasonable and consistent with the intent of the Program.

With regard to the impact on systems capacities, the Exchange represents that the overall impact on capacity is still minimal and that it has sufficient capacity to handle an expansion of the Program, as proposed.

**2. Statutory Basis**

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

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

The Exchange believes that 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*

The Exchange states that no written comments were solicited or received with respect to the proposed rule change.

**III. 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 [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-Amex-2007-141 on the subject line.

*Paper Comments*

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-Amex-2007-141. 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 Room, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal offices 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

<sup>3</sup> The Commission approved the Program on June 12, 2003. See Securities Exchange Act Release No. 48024 (June 12, 2003), 68 FR 36617 (June 18, 2003) (SR-Amex-2003-36). The Commission subsequently approved, through June 5, 2008, four (4) one-year extensions of the Program. See Securities Exchange Act Release Nos. 49813 (June 4, 2004), 69 FR 33088 (June 14, 2004) (SR-Amex-2004-45) (extending the Program through June 5, 2005); 51770 (May 31, 2005), 70 FR 33226 (June 7, 2005) (SR-Amex-2005-040) (extending the Program through June 5, 2006); 53843 (May 19, 2006), 71 FR 30455 (May 26, 2006) (SR-Amex-2006-49) (extending the Program through June 5, 2007); and 55714 (May 7, 2007), 72 FR 26853 (May 11, 2007) (SR-Amex-2007-43) (extending the Program through June 5, 2008).

<sup>4</sup> See Securities Exchange Act Release No. 48024 (June 12, 2003), 68 FR 36617 (June 18, 2003) (SR-Amex-2003-36).

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

<sup>6</sup> 15 U.S.C. 78f(b)(5).

Number SR-Amex-2007-141 and should be submitted on or before February 4, 2008.

#### IV. Commission's Findings and Order Granting Accelerated Approval of the Proposed Rule Change

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>7</sup> In particular, the Commission finds that the proposed rule change is consistent with section 6(b)(5) of the Act<sup>8</sup> in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

Specifically, the Commission believes that the proposed expansion to permit the Exchange to select a total of 10 individual underlying stocks trading at less than \$50 on which option series may be listed at \$1 strike price intervals, and the request to make the Program permanent, should provide investors with added flexibility in the trading of equity options and further the public interest by allowing investors to establish equity options positions that are better tailored to meet their investment objectives. The Commission also believes that the proposal strikes a reasonable balance between the Exchange's desire to accommodate market participants by offering a wider array of investment opportunities and the need to avoid unnecessary proliferation of options series and the corresponding increase in quotes. The Commission notes that the existing restrictions on listing \$1 strike price intervals will continue to apply, e.g., no \$1 strike price may be listed (a) that is greater than \$5 from the underlying stock's closing price in its primary market on the previous day, or (b) that would result in strike prices being \$0.50 apart.

The Commission expects the Exchange to continue to monitor for options with little or no open interest and trading activity and to act promptly to delist such options. In addition, the Commission expects that Amex will

continue to monitor the trading volume associated with the additional options series listed as a result of this proposal and the effect of these additional series on market fragmentation and on the capacity of the Exchange's, OPRA's, and vendors' automated systems.

The Commission finds good cause for approving the proposed rule change before the 30th day after the date of publication of notice of filing thereof in the **Federal Register**. The Commission has recently approved a substantially similar proposal submitted by the Chicago Board Options Exchange, Incorporated, which was published for notice and comment.<sup>9</sup> Accelerating approval of this proposal will allow Amex the same flexibility with respect to the listing of \$1 strikes, creating additional competition in the market for options listed and traded under the Program.<sup>10</sup> Therefore, the Commission finds good cause, consistent with section 19(b)(2) of the Act,<sup>11</sup> to approve the proposed rule change on an accelerated basis.

#### V. Conclusion

*It is therefore ordered*, pursuant to section 19(b)(2) of the Act,<sup>12</sup> that the proposed rule change (SR-Amex-2007-141) be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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#### SECURITIES AND EXCHANGE COMMISSION

**Release No. 34-57108; File No. SR-BSE-2007-54]**

#### Self-Regulatory Organizations; Boston Stock Exchange, Inc.; Notice of Filing of Proposed Rule Change, as Modified by Amendment No. 1 Thereto, To Amend the MRVP of the Boston Options Exchange With Respect to Contrary Exercise Advice Violations

January 7, 2008.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934

<sup>9</sup> See Securities Exchange Act Release No. 57049 (December 27, 2007), 73 FR 528 (January 3, 2008) (SR-CBOE-2007-125).

<sup>10</sup> Telephone conversation between Andrea Williams, Assistant General Counsel, Amex, and Edward Cho, Special Counsel, Division of Trading and Markets, Commission, dated January 4, 2008.

<sup>11</sup> 15 U.S.C. 78s(b)(2).

<sup>12</sup> *Id.*

<sup>13</sup> 17 CFR 200.30-3(a)(12).

("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 20, 2007, the Boston Stock Exchange, Inc. ("BSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared substantially by the BSE. On January 7, 2008, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>3</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as modified by Amendment No. 1, from interested persons.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the Boston Options Exchange ("BOX") rules related to Contrary Exercise Advice violations. The text of the proposed rule change is available on the Exchange's Web site (<http://www.bostonstock.com>), at the BSE's principal office, 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 Exchange 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 Exchange 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 Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The Exchange proposes to increase and strengthen the sanctions imposed pursuant to its Minor Rule Violation Plan ("MRVP") on any member who fails to submit to the Exchange in a timely manner, pursuant to BOX Rules Chapter X, section 2(f), "Contrary Exercise Advice Violations" or exercise instruction relating to the exercise or nonexercise of a noncash-settled equity option. The Exchange believes that increasing the fine levels specified with

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Amendment No. 1 revised the proposed rule text to clarify how fines for the third and subsequent offenses would be imposed.

<sup>7</sup> In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>8</sup> 15 U.S.C. 78f(b)(5).