

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.

Date   
 By  Vice President and Corporate Secretary  
 (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**

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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 the elimination of the concept of post-trade allocation codified in Rule 935 – ANTE(b). The text of the proposed rule change appears in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. **Procedures of the Self-Regulatory Organization**

(a) The proposed rule change was approved by the Exchange’s Board of Governors on January 25, 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 Exchange proposes the elimination of Rule 935 - ANTE (b), governing ANTE post-trade allocation. Rule 935 - ANTE (b) currently provides for the post-trade allocation of contracts executed as the result of the submission of orders to trade with orders in the ANTE Central Book. Rule 935 - ANTE (b)(2) provides that if more than one ANTE Participant<sup>1</sup> and/or a floor broker representing a customer order submits an order to trade with an order in the ANTE Central book, within a period not to exceed five seconds after the initial ANTE Participant has submitted its order, all those ANTE Participants and the floor broker’s customer will be entitled to participate in the allocation of any executed contracts. Rule 935 - ANTE (b)(2) provides that the ANTE Participant to first submit the order to trade would be allocated executed contracts up to a size established on a class-by-class basis by the Options Trading Committee and referred to as the “Take Size.” The initial ANTE Participant shall

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<sup>1</sup> Rule 900 - ANTE (b)(45) defines ANTE Participant as either the specialist, registered options trader(s), Remote Registered Options Trader (“RROT”) or Supplemental Registered Options Trader (“SROT”), assigned to trade a specific options class on the ANTE System.

receive the lesser of the number of executed contracts in his indicated order size or the "Take Size." The Options Trading Committee considers the option's liquidity and the size of the trading crowd in determining the appropriate "Take Size" for each option class. They are responsible for reviewing and in some cases revising the assigned "Take Size" on a periodic basis, but do not change a "Take Size" during the course of a trading day.

Most other Exchanges have moved towards electronic trading, where the notion of Take-Size does not exist.<sup>2</sup> The Exchange believes that eliminating the concept of Take-Size at the Amex will further encourage competition with the liquidity providers on the Exchange's Floor. Accordingly, the Exchange proposes that ANTE Participants will no longer be limited by the post-trade allocation process.

(b) *Basis*

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations under the Act applicable to a national securities exchange and, in particular, the requirements of Section 6(b) of the Act<sup>3</sup>. Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) Act<sup>4</sup> requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts and, in general, to protect investors and the public interest.

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

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

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<sup>2</sup> See ISE Rule 714 and NYSEArca Rule 6.76B

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

<sup>4</sup> 15 U.S.C. 78f(b)(5).

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.<sup>5</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) and Rule 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) such that the proposed rule change is operative upon filing. 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 immediately implement this proposal.

(c) Not applicable.

(d) Not applicable.

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<sup>5</sup> 15 U.S.C. 78s(b)(2).

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

The proposed rule change is based on ISE Rule 714 and NYSEArca Rule 6.76B.

9. **Exhibits**

List of Exhibits Filed:

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

**EXHIBIT 1**

**SECURITIES AND EXCHANGE COMMISSION**

(Release No. 34- ; File No. SR-Amex-2006-103)

**Self-Regulatory Organizations; Notice of a Proposed Rule Change by American Stock Exchange LLC Relating to the Elimination of the Post-Trade Allocation Feature in ANTE**

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 \_\_\_\_\_, 2006, 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 eliminate the concept of post-trade allocation codified in Rule 935 – ANTE(b).

The text of the proposed rule change is available on the Amex's website at <http://amex.com>, the Amex Office of the Secretary, the Amex and at the Commission's Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

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

(1) Purpose

The Exchange proposes the elimination of Rule 935 - ANTE (b), governing ANTE post-trade allocation. Rule 935 - ANTE (b) currently provides for the post-trade allocation of contracts executed as the result of the submission of orders to trade with orders in the ANTE Central Book. Rule 935 - ANTE (b)(2) provides that if more than one ANTE Participant<sup>1</sup> and/or a floor broker representing a customer order submits an order to trade with an order in the ANTE Central book, within a period not to exceed five seconds after the initial ANTE Participant has submitted its order, all those ANTE Participants and the floor broker's customer will be entitled to participate in the allocation of any executed contracts. Rule 935 - ANTE (b)(2) provides that the ANTE Participant to first submit the order to trade would be allocated executed contracts up to a size established on a class-by-class basis by the Options Trading Committee and referred to as the "Take Size." The initial ANTE Participant shall receive the lesser of the number of executed contracts in his indicated order size or the "Take Size." The Options Trading Committee considers the option's liquidity and the size of the trading crowd in determining the appropriate "Take Size" for each option class. They are responsible for reviewing and in some cases revising the assigned "Take Size" on a periodic basis, but do not change a "Take Size" during the course of a trading day.

Most other Exchanges have moved towards electronic trading, where the notion of Take-Size does not exist.<sup>2</sup> The Exchange believes that eliminating the concept of Take-Size at the Amex will further encourage competition with the liquidity providers on the Exchange's Floor. Accordingly, the Exchange proposes that ANTE Participants will no longer be limited by the post-trade allocation process.

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<sup>1</sup> Rule 900 - ANTE (b)(45) defines ANTE Participant as either the specialist, registered options trader(s), Remote Registered Options Trader ("RROT") or Supplemental Registered Options Trader ("SROT"), assigned to trade a specific options class on the ANTE System.

<sup>2</sup> See ISE Rule 714 and NYSEArca Rule 6.76B

(2) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6 of the Act<sup>3</sup> in general and furthers the objectives of Section 6(b)(5)<sup>4</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, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

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

The foregoing proposed rule change (1) does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) by its terms, does not become operative until 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. Furthermore, the Exchange provided the Commission with written 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. Consequently, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder.

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

<sup>4</sup> 15 U.S.C. 78f(b)(5).

The Exchange has requested that the Commission waive the 30-day operative period. The Commission believes that waiving the 30-day operative period is consistent with the protection of investors and the public interest. The Commission notes that the proposed amendment is similar to ISE Rule 714 and NYSEArca Rule 6.76B. Thus, the Commission does not believe that the proposed rule change raises any new regulatory issues. In addition, the Commission believes that waiver of the 30-day operative period would enable the Exchange to implement the proposal as quickly as possible, and thereby provide for greater uniformity with respect to the manner in which options series are offered and listed. For these reasons, the Commission designates the proposal to be effective and operative upon filing with the Commission.

At any time within 60 days of the filing of this 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](mailto:rulecomments@sec.gov). Please include File No. SR-Amex-2006-103 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-2006-103. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments

on the Commission's Internet Web site at <http://www.sec.gov/rules/sro.shtml>. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room, 100 F Street, NE., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File No. 2006-103 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.<sup>5</sup>

Dated:

Nancy M. Morris  
Secretary

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<sup>5</sup> 17 CFR 200.30-3(a)(12).

**SR Amex 2006-103  
EXHIBIT 5**

**AMERICAN STOCK EXCHANGE LLC  
Proposed Rule Change**

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It is proposed that the following provisions of the American Stock Exchange Rules be amended as set forth below. Additions are underlined and deletions are [bracketed].

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**Rule 935—ANTE Allocation of Executed Contracts**

(a) No Change.

[(b) ANTE Participants may submit orders into ANTE to trade with orders in the ANTE Central Book. Allocation of such executed contracts shall be as follows:

1. if only one ANTE Participant submits an order to trade with an order in the ANTE Central Book and no other ANTE Participants join the first ANTE Participant within five seconds, that ANTE Participant shall be entitled to receive an allocation of the executed contracts up to the size of the ANTE Participant's order or quote.
2. if more than one ANTE Participant and/or a floor broker representing customer orders submits an order to trade with an order in the ANTE Central Book within a period of time not to exceed five seconds after the initial ANTE Participant has submitted his order, all those ANTE Participants and the floor broker's customer will be entitled to participate in the allocation of executed contracts in accordance with paragraph (a) above. Notwithstanding the foregoing, the initial ANTE Participant shall receive the lesser of the number of executed contracts in his indicated order size or the number of executed contracts determined by the Options Trading Committee on a class-by-class basis called the "Take size." The Options Trading Committee may decrease the time period from five seconds in select option classes. If the initial ANTE Participant is the specialist in that option series and is entitled to be allocated the "Take size", the specialist shall be allocated the "Take size" amount or the amount he would be entitled to pursuant to Rule 935—ANTE (a) 4 whichever is greater.]

••• *Commentary* -----

**..01 - .02** No Change.