

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-55296; File No. SR-Amex-2007-14)

February 14, 2007

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Options Fee Schedule

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 January 30, 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, II, and III below, which Items have been substantially prepared by the Amex. The Amex has filed the proposal pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposal effective upon filing with the Commission. 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 amend its options fee schedule (the “Fee Schedule”) to (i) reduce the daily maximum aggregate fee charged for all dividend strategies, merger spreads and short stock interest spreads to \$100, (ii) reduce the monthly maximum aggregate fee charged for such trades to \$12,500, (iii) replace the term “dividend spread” with “dividend strategies,” (iv) extend the fee cap pilot program until February 1, 2008, and (v) increase the licensing fee for the Russell Index and Russell ETF Options (together the “Russell Index Options”) from \$0.10 to

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

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

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

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

\$0.15 per contract side. The text of the proposed rule change is available at the Exchange, the Commission's Public Reference Room, and [www.amex.com](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 Amex 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 Amex 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

Fee Cap Program

Currently, specialists, registered options traders, non-member market makers, firms, and member and non-member broker-dealers option transaction, comparison and floor brokerage fees are limited to an aggregate fee of \$1,000 for all dividend spreads,<sup>5</sup> merger spreads and short stock interest spreads executed on the same trading day in the same option class.<sup>6</sup> In addition, such fees are also limited to \$50,000 per month per initiating firm. In order to attract additional order flow to the Exchange, this proposal seeks to reduce the daily aggregate to \$100 and the monthly aggregate to \$12,500. The Exchange submits that the reduced fees may increase the trading opportunities for its members as well as enable the Exchange to attract new business.

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<sup>5</sup> A "dividend spread" is any trade done within a defined time frame in which a dividend arbitrage can be achieved between any two (2) deep-in-the-money options.

<sup>6</sup> These fees are charged only to Exchange members.









