

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the Closed Meetings. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(3), (5), (7), (9)(B), and (10) and 17 CFR 200.402(a)(3), (5), (7), 9(ii) and (10), permit consideration of the scheduled matters at the Closed Meetings.

Commissioner Atkins, as duty officer, voted to consider the items listed for the closed meeting in closed session.

The subject matter of the Closed Meeting scheduled for Tuesday, May 15, 2007 will be:

Formal orders of investigations;
Institution and settlement of injunctive actions;
Institution and settlement of administrative proceedings of an enforcement nature;
An adjudicatory matter; and
Other matters related to enforcement proceedings.

The subject matter of the Closed Meeting scheduled for Thursday, May 17, 2007 will be:

Institution and settlement of injunctive actions; and
Institution and settlement of administrative proceedings of an enforcement nature;

At times, changes in Commission priorities require alterations in the scheduling of meeting items.

For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary at (202) 551-5400.

May 8, 2007.

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55714; File No. SR-Amex-2007-43]

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to a One-Year Extension of the \$1 Strike Price Pilot Program

May 7, 2007.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on April 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 Amex. The Exchange has filed the proposal as a “non-controversial” rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders it 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 seeks to extend the \$1 strike price pilot program (“Pilot Program”) for one year through June 5, 2008. 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, 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. Amex has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

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

1. Purpose

The Pilot Program was established in June 2003,⁵ with three one-year extensions granted by the Commission in June 2004, June 2005, and May 2006.⁶ The Exchange believes that the Pilot Program has operated as designed, providing investors with greater flexibility in achieving their investment strategies in connection with stocks trading below \$20. Accordingly, the Exchange believes that a one-year extension is reasonable and consistent with the intent of the Pilot Program.

The Pilot Program permits the Exchange to select a total of five individual stocks on which options series may be listed at \$1 strike price intervals. To be eligible for the Pilot Program, an underlying stock must close below \$20 on its primary market on the previous trading day. If selected, the Exchange may list \$1 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 on its primary market on the previous day. The Exchange may also list \$1 strikes on any other options class designated by another options exchange that employs a similar pilot program approved by the Commission.

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

To date, the Exchange believes that the Pilot 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. In this manner, options investors are able to better tailor their strategies through the availability of \$1 strikes. The Pilot Program Report, attached as Exhibit 3 to the proposal, provides data regarding the Pilot Program as required

⁵ See Securities Exchange Act Release No. 48024 (June 12, 2003), 68 FR 36617 (June 18, 2003) (SR-Amex-2003-36) (“Pilot Approval Order”).

⁶ See Securities Exchange Act Release Nos. 49813 (June 4, 2004), 69 FR 33088 (June 14, 2004) (SR-Amex-2004-45); 51770 (May 31, 2005), 70 FR 33226 (June 7, 2005) (SR-Amex-2005-40); and 53843 (May 19, 2006), 71 FR 30455 (May 26, 2006) (collectively, “Pilot Program Extension Notices”).

in the Pilot Program Extension Notices.⁷ Amex notes that, as the data indicates, the \$1 strikes exhibited higher volume and open interest than the “standard” strike price intervals. Specifically, the five options classes selected by Amex for \$1 strikes had a trading volume of 327,115 contracts, while the “standard” strikes for the same options classes had a trading volume 290,191 contracts. Of even greater significance is the difference in open interest between the \$1 strikes and “standard” strikes. As of April 30, 2007, \$1 strikes open interest totaled 685,808 contracts versus 396,777 contracts for “standard” strikes. Given the limited nature of the Pilot Program, the Exchange submits that the impact on systems has been minimal. Accordingly, Amex believes that an extension of the Pilot Program for one year through June 5, 2008, is warranted.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the Section 6(b) of the Act,⁸ in general, and furthers the objective of Section 6(b)(5) of the Act,⁹ in particular, in that it is designed to promote just and equitable principles of trade and to remove impediments to and perfect the mechanism of a free and open market.

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 the 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

Because the foregoing rule change does not: (1) Significantly affect the protection of investors or the public interest; (2) impose any significant burden on competition; and (3) become operative for 30 days from the date of this filing, or such shorter time as the Commission may designate, it has become effective pursuant to Section

19(b)(3)(A) of the Act¹⁰ and Rule 19b-4(f)(6) thereunder.¹¹

At any time within 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 rule-comments@sec.gov. Please include File No. SR-Amex-2007-43 on the subject line.

Paper Comments

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission,

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6). Rule 19b-4(f)(6) also requires the self-regulatory organization to give 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. Amex has satisfied the five-day pre-filing requirement. As set forth in the Commission's initial approval of the Pilot Program, if Amex proposes to: (1) Extend the Pilot Program; (2) expand the number of options eligible for inclusion in the Pilot Program; or (3) seek permanent approval of the Pilot Program, it must submit a Pilot Program report to the Commission along with the filing of its proposal to extend, expand, or seek permanent approval of the Pilot Program. Amex must file any proposal to expand or seek permanent approval of the Pilot Program and the Pilot Program report with the Commission at least 60 days prior to the expiration of the Pilot Program. The Pilot Program report must cover the entire time the Pilot Program was in effect and must include: (1) Data and written analysis on the open interest and trading volume for options (at all strike price intervals) selected for the Pilot Program; (2) delisted options series (for all strike price intervals) for all options selected for the Pilot Program; (3) an assessment of the appropriateness of \$1 strike price intervals for the options Amex selected for the Pilot Program; (4) an assessment of the impact of the Pilot Program on the capacity of Amex's, the Options Price Reporting Authority's, and vendors' automated systems; (5) any capacity problems or other problems that arose during the operation of the Pilot Program and how Amex addressed them; (6) any complaints that Amex received during the operation of the Pilot Program and how Amex addressed them; and (7) any additional information that would help to assess the operation of the Pilot Program. See Pilot Approval Order, *supra* note 5.

100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File No. SR-Amex-2007-43. 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. Copies of such filing will also be available for inspection and copying at the principal office of 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 No. SR-Amex-2007-43 and should be submitted on or before June 1, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Florence E. Harmon,
Deputy Secretary.

[FR Doc. E7-9076 Filed 5-10-07; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55715; File No. SR-ISE-2007-26]

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Extend a Pilot Program That Allows the Listing of Strike Prices at One-Point Intervals for Stocks Trading Under \$20

May 7, 2007.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,²

¹² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

⁷ See Pilot Program Extension Notices, *supra* note 6.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).