

Subcommittee of the Trade Policy Staff Committee (TPSC) as soon as possible, but not later than 5 p.m., September 7, 2006.

In order to facilitate prompt consideration of submissions, USTR strongly prefers electronic e-mail submissions in response to this notice. Hand-delivered submissions will not be accepted. E-mail submissions should be single-copy transmissions in English with the total submission, including attachments, not to exceed 30 single-spaced standard letter-size pages using 12-point type. The e-mail transmission should use the following subject line: "Romania GSP Eligibility Review".

Documents must be submitted as MSWord (".doc"), WordPerfect (".wpd"), or text (".txt") files. Documents submitted as electronic image files or containing imbedded images (for example, ".jpg", ".pdf", ".bmp", ".tif", or ".gif") will not be accepted. Spreadsheets submitted as supporting documentation are acceptable as Excel files, pre-formatted for printing only on 8 1/2 x 11 inch paper. To the extent possible, any data attachments to the submission should be included in the same file as the submission itself, and not as separate files.

Submissions in response to this notice will be subject to public inspection by appointment with the staff of the USTR Public Reading Room except for information granted "business confidential" status pursuant to 15 CFR 2003.6.

If the submission contains business confidential information, a non-confidential version of the submission must also be submitted that indicates where confidential information was redacted by inserting asterisks where material was deleted. In addition, the confidential version must be clearly marked "BUSINESS CONFIDENTIAL" at the top and bottom of each page of the document. The non-confidential version must be clearly marked "PUBLIC" or "NON-CONFIDENTIAL" at the top and bottom of each page. Documents that are submitted without any marking might not be accepted or will be considered public documents.

For any document containing business confidential information submitted as an electronic attached file to an e-mail transmission, the file name of the business confidential version should begin with the characters "BC-", and the file name of the public version should begin with the character "P-". The "BC-" or "P-" should be followed by the name of the party (government, company, union, association, etc.) which is submitting the comments.

E-mail submissions should not include separate cover letters or messages in the message area of the e-mail; information that might appear in any cover letter should be included directly in the attached file containing the submission itself, including the sender's identifying information with telephone number, fax number, and e-mail address. The e-mail address for these submissions is [FR0618@ustr.eop.gov](mailto:FR0618@ustr.eop.gov). Documents not submitted in accordance with these instructions might not be considered in this review. If unable to provide submissions by e-mail, please contact the GSP Subcommittee to arrange for an alternative method of transmission.

Public versions of all documents relating to this review will be available for public review approximately three weeks after the due date by appointment in the USTR Public Reading Room, 1724 F Street, NW, Washington, DC. Availability of documents may be ascertained, and appointments may be made from 9:30 a.m. to noon and 1 p.m. to 4 p.m., Monday through Friday, by calling 202-395-6186.

**Marideth J. Sandler,**

*Executive Director for the GSP Program,  
Chairman, GSP Subcommittee of the Trade  
Policy Staff Committee.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54261; File No. SR-Amex-2006-69]

### Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change and Amendment No. 1 Thereto Relating to an Extension of a Pilot Program for the Fee Cap Program for Certain Options Spread Trades

August 1, 2006.

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 July 20, 2006, 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 Amex. Amex has designated the proposed rule change as one establishing or changing a due,

fee, or other charge, pursuant to Section 19(b)(3)(A)(ii) 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. On July 28, 2006, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>5</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The Exchange proposes to extend its fee cap program for dividend spreads, merger spreads and short stock interest spreads (the "Pilot Program") for an additional six months through February 1, 2007.

The text of the proposed rule change is available on Amex's Web site at <http://www.amex.com>, at the Office of the Secretary at 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 Exchange included statements concerning the purpose of, and basis for, the proposed rule change, as amended, and discussed any comments it received on the proposal. 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 Pilot Program was established in February 2006.<sup>6</sup> The Exchange believes that the Pilot Program has operated, as designed, to allow the Exchange to become more competitive with fee cap programs in place at other options exchanges. Accordingly, the Exchange believes that a six-month extension is reasonable and consistent with the intent of the Pilot Program.

The Pilot Program amended the Exchange's fee cap program that limits per trade the transaction, comparison

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

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

<sup>5</sup> In Amendment No. 1, Amex modified the statutory basis of the proposal from being Section 6(b)(5) of the Act to be Section 6(b)(4) of the Act.

<sup>6</sup> See Securities Exchange Act Release No. 53415 (March 3, 2006), 71 FR 12745 (March 13, 2006).

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

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

and floor brokerage fees (hereinafter referred to collectively as “transaction-based fees”) charged to specialists, registered options traders, non-member market makers, member firms, broker dealers and non-member broker dealers (referred to hereinafter as “non-customer market participants”) for accommodation and spread trades.<sup>7</sup> The Pilot Program was put in place specifically for option transactions that are part of dividend spreads,<sup>8</sup> merger spreads,<sup>9</sup> and short stock interest spreads<sup>10</sup> and it amended the fee cap for such option transactions in the following manner: First, the Exchange proposed to convert the cap on transaction-based fees from a per trade cap to a cap on all transactions executed as part of these spreads on the same trading day in the same option class and to reduce the amount of fees charged before the cap is applied to \$1,000 per day. Secondly, the Exchange proposed to add a monthly fee cap of \$50,000 on transaction-based fees per initiating firm for transactions in dividend spreads, merger spreads and short stock interest spreads. The Exchange proposed to make these revisions to its fee cap program to match similar fee cap programs at other exchanges.<sup>11</sup> The Exchange implemented these two changes for option transactions that are part of dividend spreads, merger spreads, and short stock interest spreads on a pilot basis until August 1, 2006.

To date, the Exchange believes that the Pilot Program has been beneficial to the Exchange because it has brought more business to the Exchange. In this manner, non-customer market participants are encouraged to bring

<sup>7</sup> Accommodation trades (also known as cabinet trades) are transactions to close out positions in worthless or nearly worthless out-of-the-money option contracts. Spread trades include: (i) Reversals and conversions, (ii) dividend spreads, (iii) box spreads, (iv) butterfly spreads, (v) merger spreads, and (vi) short stock interest spreads.

<sup>8</sup> A dividend spread transaction is defined as any trade done to achieve a dividend arbitrage between any two deep-in-the-money options.

<sup>9</sup> A merger spread transaction is defined as a transaction executed pursuant to a merger spread strategy involving the simultaneous purchase and sale of options of the same option class and expiration date, but different strike prices followed by the exercise of the resulting long option position. Merger spreads are executed prior to the date that shareholders of record in a stock subject to a merger are required to elect their respective form of consideration (*i.e.*, cash or stock).

<sup>10</sup> A short stock interest spread is defined as a spread that uses two deep in-the-money put options followed by the exercise of the resulting long position of the same class in order to establish a short stock interest arbitrage position. This strategy is used to capture short stock interest.

<sup>11</sup> See PCX Options Fee Schedule and Securities Exchange Act Release No. 53171 (January 24, 2006), 71 FR 5090 (January 31, 2006) (SR-CBOE 2005-117).

more order flow to the Exchange increasing competition among all option exchanges. Accordingly, the Exchange believes that an extension of the Pilot Program for six months through February 1, 2007 is warranted.

## 2. Statutory Basis

The Exchange believes that the proposed rule change, as amended, is consistent with Section 6(b) of the Act,<sup>12</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>13</sup> in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities. Specifically, the Exchange is proposing to implement revisions to a fee cap program that is competitive with similar programs at other options exchanges.

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

The Exchange believes that proposed rule change will 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 rule change, as amended, has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>14</sup> and subparagraph (f)(2) of Rule 19b-4 thereunder<sup>15</sup> because it establishes or changes a due, fee, or other charge. 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.<sup>16</sup>

<sup>12</sup> 15 U.S.C. 78f(b).

<sup>13</sup> 15 U.S.C. 78f(b)(4).

<sup>14</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>15</sup> 17 CFR 240.19b-4(f)(2).

<sup>16</sup> The effective date of the original proposed rule change is July 20, 2006, the date of the original filing, and the effective date of Amendment No.1 is July 28, 2006, the filing date of the amendment. For purposes of calculating the 60-day abrogation period within which the Commission may summarily abrogate the proposed rule change, as amended, under Section 19(b)(3)(C) of the Act, the Commission considers the period to commence on

## IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, 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-2006-69 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-2006-69. 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 also will 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 Number SR-Amex-2006-69 and should be submitted on or before August 29, 2006.

July 28, 2006, the date on which the Exchange submitted Amendment No. 1. See 15 U.S.C. 78s(b)(3)(C).

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>17</sup>

Nancy M. Morris,  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54262; File No. SR-Amex-2006-64]

### Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto Relating to a Retroactive Suspension of Transaction Charges for Specialist Orders in the Nasdaq-100 Tracking Stock® (QQQQ)

August 1, 2006.

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 July 7, 2006, the American Stock Exchange LLC (“Amex” or “Exchange”) submitted to the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by Amex. On July 27, 2006, the Exchange submitted 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 amended, from interested persons.

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

The Exchange proposes to retroactively apply a suspension of transaction charges for specialist orders in connection with the trading of the Nasdaq-100 Index Tracking Stock® (Symbol: QQQQ) from July 1, 2006 through July 12, 2006.

The text of the proposed rule change is available on Amex’s Web site (<http://www.amex.com>), at Amex’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, as amended, and discussed any comments it received on the proposal. The text of these statements may be examined at the places specified in Item IV below, and is set forth in Sections A, B, and C below. 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 the Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The Exchange proposes to retroactively apply a suspension of transaction charges for specialist orders in the QQQQ from July 1, 2006 through July 12, 2006. The Exchange previously extended the suspension of the QQQQ from March 1, 2006 through June 30, 2006.<sup>4</sup> The Exchange, in a companion filing, also proposed the adoption of a suspension of transaction charges for specialist orders in the Nasdaq-100 Tracking Stock (QQQQ) from July 13, 2006 through August 31, 2006.<sup>5</sup> In order to waive transaction fees for specialist orders in the QQQQ from July 1, 2006 through August 31, 2006, the Exchange has proposed to retroactively suspend transaction fees for specialist transactions from July 1, 2006 through July 12, 2006.

Specialist orders currently are charged \$0.0034 (\$0.34 per 100 shares), capped at \$300 per trade (88,235 shares). Effective December 1, 2004, the Nasdaq-100 Index Tracking Stock® (formerly “QQQ”) transferred its listing from Amex to The Nasdaq Stock Market, Inc (“Nasdaq”). It now trades on Nasdaq under the symbol QQQQ. After the transfer, Amex began trading QQQQ on an unlisted trading privileges basis.

The Exchange believes that the retroactive suspension of transaction charges for specialist transactions in the QQQQ from July 1, 2006 through July 12, 2006 is consistent with the adoption of the proposal to suspend transaction charges for specialist orders generally in the QQQQ through August 31, 2006.

<sup>4</sup> See, e.g., Securities Exchange Act Release Nos. 53871 (May 25, 2006), 71 FR 31236 (June 1, 2006) and 54094 (July 3, 2006), 71 FR 39135 (July 11, 2006) (SR-Amex-2006-42) (retroactively applying a suspension of transaction charges for specialist orders in connection with the trading of the QQQQ from March 1, 2006, through April 5, 2006). See also Securities Exchange Act Release No. 53701 (April 21, 2006), 71 FR 25253 (April 28, 2006) (SR-Amex-2006-30) (suspending specialist transaction charges in connection with the QQQQ from April 6, 2006, through June 30, 2006).

<sup>5</sup> See Securities Exchange Act Release No. 54227 (July 27, 2006).

The Exchange further believes that a retroactive suspension of transaction fees on specialist orders in the QQQQ is appropriate to enhance the competitiveness of executions on Amex. The Exchange proposes to amend the Amex Fee Schedule to indicate that transaction charges for specialist orders in the QQQQ have been suspended from July 1, 2006 through August 31, 2006.

As provided in the companion filing, the Exchange submits that a suspension of transaction fees for specialist orders in connection with the QQQQ is consistent with Section 6(b)(4) of the Act.<sup>6</sup> Specifically, the Exchange believes that suspending transaction charges for QQQQ specialist orders is an equitable allocation of reasonable fees among Exchange members. The Exchange believes that the fact that specialists have greater obligations than other members and are also subject to other Exchange fees, in addition to transaction fees, supports this proposal to retroactively apply the fee suspension.

The Exchange notes that specialists are subject to a variety of Exchange fees other than transaction charges, such as a floor clerk fee, a floor facility fee, a post fee, and a registration fee.<sup>7</sup> In addition, specialists and other floor members of the Exchange are subject to technology and membership fees.<sup>8</sup> Certain market participants, such as customers, non-member broker-dealers and market-makers, and member broker-dealers, are not subject to the majority of these fees. In addition, a specialist unit, in order to adequately “make a market” in assigned securities, must be sufficiently staffed<sup>9</sup> and have adequate technology resources to handle the volume of orders (especially in the QQQQ) that are sent to the Exchange. The Exchange believes that these operational costs borne by specialists further support the proposal to temporarily suspend QQQQ transaction fees on specialist orders.

<sup>6</sup> Section 6(b)(4) states that the rules of a national securities exchange must provide for an equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities. 15 U.S.C. 78f(b)(4).

<sup>7</sup> The floor clerk, floor facility, post, and registration fees, on an annual basis, are \$900, \$2,400, \$1,000, and \$800, respectively.

<sup>8</sup> A technology fee of \$6,000 per year is assessed on all specialists and other floor participants at the Exchange. Annual membership dues of \$1,500 must be paid by all members while annual membership fees are payable depending on the type of membership and circumstances. Non-members are not subject to these fees.

<sup>9</sup> See Securities Exchange Act Release No. 53386 (February 28, 2006), 71 FR 11250 (March 6, 2006) (requiring specialists to employ an adequate number of clerks).

<sup>17</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.

<sup>3</sup> Amendment No. 1 replaced and superseded the original filing in its entirety.