

implementation of the related changes to the AEMI system eliminating the post-opening pair-off. As provided in the proposed rule language, the orders from the Message Queue following the opening pair-off will be treated in the same manner as incoming orders during the regular session, including the generation of intermarket sweep orders as required, and they will enter the AEMI Book in the same time sequence in which they entered the Message Queue.<sup>9</sup>

The Exchange asserts that the proposal to effect the foregoing changes to the AEMI trading system does not significantly affect the protection of investors or the public interest, does not impose any significant burden on competition, and does not have the effect of limiting the access to or availability of the system. The Exchange believes that the proposed rule changes are non-controversial and that the related changes to the AEMI system will benefit investors by eliminating an existing system function that could potentially result in a violation of the Exchange's rules. The Amex believes that the changes also should have the additional benefit of simplifying the Amex's market structure and making its pricing more transparent.

## 2. Statutory Basis

The proposed rule change is designed to be consistent with Section 6(b) of the Act,<sup>10</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>11</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 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 will impose no burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

<sup>9</sup> The Exchange also proposes to make a conforming change to the definition of "Message Queue" in Rule 1A-AEMI to clarify that queued messages that enter the AEMI Book do so in the aforementioned time sequence under the current functioning of the AEMI system.

<sup>10</sup> 15 U.S.C. 78f(b).

<sup>11</sup> 15 U.S.C. 78f(b)(5).

### *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 Amex has designated the proposed rule change as effecting a change in an existing order-entry or trading system of the Amex that does not: (1) Significantly affect the protection of investors or the public interest; (2) impose any significant burden on competition; and (3) have the effect of limiting the access to or availability of the system, the foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>12</sup> and Rule 19b-4(f)(5) thereunder.<sup>13</sup>

At any time within 60 days of the filing of such 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 the 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 2007-118 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 2007-118. 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

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>13</sup> 17 CFR 240.19b-4(f)(5).

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, 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 2007-118 and should be submitted on or before December 17, 2007.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56802; File No. SR-Amex-2007-53]

### **Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing of a Proposed Rule Change, and Amendment Nos. 1 and 2 Thereto, Relating to the Listing and Trading of the GreenHaven Continuous Commodity Index Fund**

November 16, 2007.

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 May 29, 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

<sup>14</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.

substantially prepared by the Exchange. On July 31, 2007, Amex filed Amendment No. 1 to the proposed rule change, and on November 16, 2007, Amex filed Amendment No. 2 to the proposed rule change. 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, pursuant to Commentary .07 to Amex Rule 1202, to list and trade shares of the GreenHaven Continuous Commodity Index Fund (the "Fund"). The text of the proposed rule change is available at the Commission's Public Reference Room, at the Exchange, and at <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 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**

Pursuant to Commentary .07 to Amex Rule 1202, the Exchange may approve for listing and trading trust issued receipts ("TIRs") investing in shares or securities (the "Investment Shares") that hold investments in any combination of securities, futures contracts, options on futures contracts, swaps, forward contracts, commodities or portfolios of investments. Amex proposes to list for trading the shares of the Fund (the "Shares"), which represent beneficial ownership interests in the Master Fund's net assets, consisting solely of the common units of beneficial interest ("Master Fund Units") of the GreenHaven Continuous Commodity Index Tracking Master Fund (the "Master Fund").

The investment objective of the Fund and the Master Fund is to reflect the performance of the Continuous Commodity Total Return Index (the

"Index" or "CCI-TR"),<sup>3</sup> over time, less the expenses of the operations of the Fund and the Master Fund. The Fund will pursue its investment objective by investing substantially all of its assets in the Master Fund. The Master Fund will pursue its investment objective by investing in a portfolio of exchange-traded futures, each a "Commodity Futures Contract," on the commodities comprising the Index ("the Index Commodities"). The Master Fund will also hold cash and United States Treasury securities for deposit with the Master Fund's Commodity Broker as margin and other high credit quality short-term fixed income securities. The Master Fund's portfolio is managed to reflect the performance of the Index over time.

The Master Fund will not be "actively managed," but instead seeks to track the performance of the CCI-TR. To maintain the correspondence between the composition and weightings of the Index Commodities comprising the Index, the Managing Owner may adjust the portfolio on a daily basis to conform to periodic changes in the identity and/or relative weighting of the Index Commodities. The Managing Owner will also make adjustments and changes to the portfolio in the case of significant changes to the Index. The Managing Owner is registered as a commodity pool operator ("CPO") and commodity trading advisor ("CTA") with the Commodity Futures Trading Commission ("CFTC") and is a member of the National Futures Association ("NFA").

The Exchange submits that Commentary .07 to Amex Rule 1202 accommodates the listing and trading of the Shares.

##### **a. Introduction**

In January of 2006, the Commission approved Commentary .07 to Rule 1202, which expanded the ability of the Exchange to list and trade TIRs based on a portfolio of underlying investments that may not be "securities."<sup>4</sup> In the instant proposal, the Exchange proposes

<sup>3</sup> Reuters America LLC ("Reuters") is the owner, publisher, and custodian of CCI-TR which represents a total return version of the original Commodity Research Bureau (CRB) Index. The Index is widely viewed as a broad measure of overall commodity price trends because of the diverse nature of the Index's constituent commodities. The Index is calculated to produce an unweighted geometric mean of the individual commodity price relatives, *i.e.*, a ratio of the current price to the base year average price. The base year for the CCI-TR is 1982, with a starting value of 100.

<sup>4</sup> See Securities Exchange Act Release No. 53105 (January 11, 2006), 71 FR 3129 (January 19, 2006) (SR-Amex-2005-59).

to list and trade the Shares pursuant to such Rule.

Under Commentary .07(c) to Amex Rule 1202, the Exchange may list and trade TIRs investing in Investment Shares<sup>5</sup> such as the Shares. The Shares will conform to the initial and continued listing criteria under Commentary .07(d) to Amex Rule 1202. The Fund was formed as a separate series of a Delaware statutory trust pursuant to a Certificate of Trust and a Declaration of Trust and Trust Agreement among, CSC Trust Company of Delaware, as trustee, and the Managing Owner and the Limited Owner, as the holders of the Shares.<sup>6</sup>

The Exchange notes that the Commission has permitted the listing and trading on Amex of products linked to the performance of underlying currencies and commodities.<sup>7</sup>

##### **b. Description of the Index**

The CCI-TR, consisting of 17 commodity futures prices, offers investors a broad benchmark for the

<sup>5</sup> Commentary .07(b)(1) to Amex Rule 1202 defines "Investment Shares" as a security (a) that is issued by a trust, partnership, commodity pool or other similar entity that invests in any combination of futures contracts, options on futures contracts, forward contracts, commodities, swaps or high credit quality short-term fixed income securities or other securities; and (b) issued and redeemed daily at net asset value in amounts correlating to the number of receipts created and redeemed in a specified aggregate minimum number.

<sup>6</sup> The Trust and the Funds will not be subject to registration and regulation under the Investment Company Act of 1940 (the "1940 Act").

<sup>7</sup> See, *e.g.*, Securities Exchange Act Release Nos. 55632 (April 13, 2007), 72 FR 19987 (April 20, 2007) (SR-Amex-2006-112) (approving the listing and trading of the United States Natural Gas Fund, LP); 53582 (March 31, 2006), 71 FR 17510 (April 6, 2006) (SR-Amex 2005-127) (approving the listing and trading of the United States Oil Fund, LP); 53521 (March 20, 2006), 71 FR 14967 (March 24, 2006) (SR-Amex 2005-72) (approving the listing and trading of the iShares Silver Trust); and 53105 (January 11, 2006), 71 FR 3129 (January 19, 2006) (SR-Amex 2006-53) (approving the listing and trading of the DB Commodity Index Tracking Fund); 53059 (January 5, 2006), 71 FR 2072 (January 12, 2006) (SR-Amex 2005-128) (approving the listing and trading of the Euro Currency Trust); 51058 (January 19, 2005), 70 FR 3749 (January 26, 2005) (SR-Amex 2004-38) (approving the listing and trading of the iShares COMEX Gold Trust); and 51446 (March 29, 2005), 70 FR 17272 (April 5, 2005) (SR-2005-32) (approving the listing and trading of streetTRACKS Gold Shares). See also Securities Exchange Act Release Nos. 55029 (December 29, 2006), 72 FR 806 (January 8, 2007) (SR-Amex 2006-76) (approving the listing and trading of the DB Multi-Sector Commodity Trust); 54450 (September 14, 2006), 71 FR 55230 (September 21, 2006) (SR-Amex 2006-44) (approving the listing and trading of shares of the DB Currency Index Value Fund); and 55292 (February 14, 2007), 72 FR 8406 (February 26, 2007) (SR-Amex 2006-86) (approving the listing and trading of shares on DB U.S. Dollar Index Bullish Fund and the PowerShares DB U.S. Dollar Index Bearish Fund).

performance of the commodity sector. The 17 commodities are currently: Corn, wheat, soybeans, live cattle, lean hogs, gold, silver, copper, cocoa, coffee, sugar #11, cotton, orange juice, platinum, crude oil, heating oil, and natural gas. The Index is intended to provide a representation of broad trends in overall commodity prices, and was originally calculated to produce a ratio of the current price to the base year average price. The Index takes into account the economics of rolling listed Commodity Futures Contracts forward to avoid delivery and maintain exposure to Commodity Futures Contracts with the liquidity characteristics of being exchange traded. The Index is generally viewed as a broad measure of overall commodity price trends.

As the Commodity Futures Contracts near expiration, they are replaced by contracts that have a later expiration. For example, a contract purchased and held in November 2006 may specify January 2007 expiration. As that contract nears expiration, it may be replaced by selling the January 2007 contract and purchasing the contract expiring in March 2007. This process is referred to as "rolling." Historically, the prices of crude oil and heating oil have frequently been higher for contracts with shorter-term expirations than for contracts with longer-term expirations, which is referred to as "backwardation." In these circumstances, absent other factors, the sale of the January 2007 contract would take place at a price that is higher than the price at which the March 2007 contract is purchased, thereby creating a gain in connection with rolling. While crude oil and heating oil have historically exhibited consistent periods of backwardation, backwardation will likely not exist in these markets at all times.

Conversely, gold, corn, soybeans and wheat historically exhibit "contango" markets rather than backwardation, where the prices of contracts are higher in the distant delivery months than in the nearer delivery months due to the costs of long-term storage of a physical commodity prior to delivery or other factors. Although gold, corn, soybeans and wheat have historically exhibited consistent periods of contango, it is not

likely this will exist in these markets at all times.

The Index generally averages all futures prices six months forward, up to a maximum of five delivery months per commodity. A minimum of two delivery months, however, must be used to calculate the current price if the second contract is outside the six-month window. Commodity Futures Contracts in the delivery period are excluded from the calculation. Although each of the 17 commodities is equally weighted, the Index uses an average of the prices of the 17 commodities and an average of those commodities across time within each commodity. Each commodity is averaged across time (six-month period) and then these 17 component figures are averaged together. The continuous rebalancing provided by this methodology means the Index constantly decreases exposure to commodity markets gaining in value and increases exposure to those markets declining in value to the diverse nature of its constituent commodities.

The following table reflects the index weights, of each Index commodity:

Index commodity	Index weight (percent)
WTI Crude Oil .....	5.88
Heating Oil .....	5.88
Natural Gas .....	5.88
Corn .....	5.88
Wheat .....	5.88
Soybeans .....	5.88
Live Cattle .....	5.88
Lean Hogs .....	5.88
Sugar .....	5.88
Cotton .....	5.88
Coffee .....	5.88
Cocoa .....	5.88
Orange Juice .....	5.88
Gold .....	5.88
Silver .....	5.88
Platinum .....	5.88
Copper .....	5.88

Calculating Total Return. The calculation of this index is comprised of the daily changes in the CCI spot index, the roll yield that is implied by rolling selected commodity futures contracts forward to the next defined commodity contract on specific dates (Roll Dates), and the 90 day T-Bill yield for a single day. The CCI-TR is calculated using the following three variables:

- The CCI cash index and its daily return; The CCI is a geometric average of the 17 commodities multiplied by a constant factor.

$$CCI = [\text{Geometric Average (PRICES)} / 30.7766] \times 0.8486 \times 100.$$

- The second Friday in January, February, April, June, August, and November are the roll dates for the CCI-TR. On these dates, two sets of prices are considered; one from the expiring month contract and another from the next contract month window. The ratio of the two index values is the roll ratio. Each index value in the subsequent contract month, is multiplied by the value of the ratio. The roll ratio is determined on the roll date and then is multiplied to each of the index values for that contract month. The index treated by multiplying the CCI with the roll ratio is called the CCI-Roll Return Index or CCI Continuous Contract Index. Roll Ratio = Index Value (nearby month)/Index value (deferred Month), on the date.

- The CCI-TR had a starting value of 100 on January 1st 1982. This index is compounded daily by multiplying the previous day value with change in CCI Index on that day and 90 days T-Bill yield for a single day. On Mondays, the T-Bill yield for 3 days is used because of the interest earned by the collateral over the weekend.

$$CCI-TR = 100 \times (1 + \text{Continuous Daily Return} + \text{T-Bill return for one day}), \text{ beginning January 1, 1982.}$$

$$\text{Continuous Daily return} = [CCI \text{ Continuous Contract Index} / CCI \text{ Continuous Contract Index } t-1].$$

$$\text{T-Bill return for one day} = \{[1 / (1 - (91/360) \times \text{T-Bill Rate } t-1)] - (1/91)\} - 1.$$

*c. Commodity Futures Contracts*

The prices of the Commodity Futures Contracts are volatile with fluctuations expected to affect the value of the Shares. Commodity Futures Contracts to be held by the Master Fund will be traded solely on U.S. futures exchanges. The Commodity Futures Contracts to be entered into by the Master Fund are listed and traded on organized and regulated exchanges based on the various commodities comprising the Index described above.

Index commodity	Exchange	Time traded
WTI Crude Oil .....	New York Mercantile Exchange ("NYMEX").	9 a.m.–2:30 p.m. In addition, NYMEX ACCESS®, an electronic trading system, is open for price discovery on the Benchmark Futures Contract each Monday through Thursday at 3:15 p.m. ET through the following morning at 9:50 a.m. E.T., and on Friday from 3:15 p.m. to 5:15 p.m. and from 7 p.m. Sunday night until Monday morning 9:50 a.m. ET.
Heating Oil .....		
Natural Gas.		

Index commodity	Exchange	Time traded
Corn .....	Chicago Board of Trade ("CBOT") .....	9:30 a.m.–1:15 p.m. Electronic trading is from 6:30 p.m.–6 a.m. and 9:30 a.m.–1:15 p.m.
Wheat .....	CBOT .....	9:30 a.m.–1:15 p.m. Electronic trading is from 6:32 p.m.–6 a.m. and 9:30 a.m.–1:15 p.m.
Soybeans .....	CBOT .....	9:30 a.m.–1:15 p.m. Electronic trading is from 6:31 p.m.–6 a.m. and 9:30 a.m.–1:15 p.m.
Live Cattle .....	Chicago Mercantile Exchange ("CME") .....	9:05–1 p.m.
Lean Hogs .....	CME .....	9:10–1 p.m.
Sugar No. 11 .....	New York Board of Trade ("NYBOT") .....	8:10 a.m. to 12:30 p.m.; pre-open commences at 8 a.m.; closing period commences at 11:58 a.m. Electronic trading has a pre-opening trading session from 8 p.m. of prior day until 1:30 a.m. and then 1:30 a.m. through 3:15 p.m.
Cotton .....	NYBOT .....	10:30 a.m. to 2:15 p.m.; pre-open commences at 10:20 a.m.; closing period commences at 2:14 p.m. Electronic trading has a pre-opening trading session from 8 p.m. of prior day until 1:30 a.m. and then 1:30 a.m. through 3:15 p.m.
Coffee .....	NYBOT .....	8:30 a.m. to 12:30 p.m.; pre-open commences at 8:20 a.m.; closing period commences at 12:28 p.m. Electronic trading has a pre-opening trading session from 8 p.m. of prior day until 1:30 a.m. and then 1:30 a.m. through 3:15 p.m.
Cocoa .....	NYBOT .....	8 a.m.–11:50 a.m. Pre-Open commences at 7:50 a.m.; closing period commences at 11:45 a.m. Electronic trading has a pre-opening trading session from 8 p.m. of prior day until 1:30 a.m. and then 1:30 a.m. through 3:15 p.m.
Orange Juice .....	NYBOT .....	10 a.m. to 1:30 p.m.; pre-open commences at 9:50 a.m.; pre-close commences at 1:15 p.m.; closing period commences at 1:29 p.m. Electronic trading has a pre-opening trading session from 6:45 a.m. until 7 a.m. and then 7 a.m. through 3:15 p.m.
Gold .....	NYMEX .....	8:20 p.m.–1:30 p.m.
Silver .....	NYMEX .....	8:25 a.m.–1:25 p.m.
Platinum .....	NYMEX .....	8:20 a.m.–1:05 p.m.
Copper .....	NYMEX .....	8:10 a.m.–1 p.m.

#### d. Structure of the Funds

**Fund and Master Fund.** The Fund and Master Fund are statutory trusts formed pursuant to the Delaware Statutory Trust Act and will issue units of beneficial interest or shares that represent units of fractional undivided beneficial interest in and ownership of the respective Fund, or Master Fund. Unless terminated earlier, the Fund and Master Fund are of a perpetual duration. The investment objective of the Fund, through its investment in the Master Fund, is to reflect the performance of the Index, over time, less the expenses of the Fund and the Master Fund's overall operations. The Fund will pursue its investment objective by investing substantially all of its assets in the Master Fund in a master-feeder structure. The Fund will hold no investment assets other than Master Fund Units. The Master Fund will be wholly-owned by the Fund and the Managing Owner. Each Share issued by the Fund will correlate with a Master Fund Unit issued by the Master Fund and held by the Fund.<sup>8</sup>

The Master Fund will invest in a portfolio of Commodity Futures Contracts on the Index Commodities. In addition, the Master Funds will also hold cash and U.S. Treasury securities

for deposit with futures commission merchants ("FCM") as margin and other high credit quality short-term fixed income securities.

**Trustee.** CSC Trust Company of Delaware (the "Trustee") is the sole trustee of the Fund and the Master Fund. The Trustee delegated to the Managing Owner certain of the power and authority to manage the business and affairs of the Fund and the Master Fund and has duties and liabilities to the Fund and the Master Fund.

**Managing Owner.** GreenHaven Commodity Services LLC, a Delaware limited liability company, will serve as Managing Owner of the Fund and the Master Fund. The Managing Owner will serve as the commodity pool operator and commodity trading advisor of the Fund and the Master Fund. The Managing Owner is registered as a commodity pool operator and commodity trading advisor with the Commodity Futures Trading Commission, or the CFTC, and with the National Futures Association, or the NFA. As a registered commodity pool operator and commodity trading advisor, with respect to both the Fund and the Master Fund, the Managing Owner is required to comply with various regulatory requirements under the Commodity Exchange Act and the rules and regulations of the CFTC and

the NFA, including investor protection requirements, antifraud prohibitions, disclosure requirements, and reporting and recordkeeping requirements.

**Commodity Broker or Clearing Broker.** Fimat (the "Commodity Broker" or the "Clearing Broker") will execute and clear the Master Fund's Commodity Futures Contract transactions and will perform certain administrative services for the Master Fund. The Commodity Broker is registered with the CFTC as a FCM and is a member of the NFA in such capacity.

**Administrator.** The Bank of New York is the administrator for all of the Funds and the Master Funds (the "Administrator"). The Administrator will perform or supervise the performance of services necessary for the operation and administration of the Fund and the Master Fund. These services include, but are not limited to, receiving and processing orders from Authorized Participants (as defined below) to create and redeem Baskets, accounting, net asset value ("NAV")<sup>9</sup>

<sup>9</sup>For the Master Fund, the NAV is the total assets of the Master Fund less total liabilities of the Master Fund, determined on the basis of generally accepted accounting principles. NAV per Master Fund Unit is calculated by dividing by the number of outstanding units of the Master Fund. The NAV per Share will be the same because of the one-to-one

Continued

<sup>8</sup> See *infra* at note 9.

calculations and other fund administrative services.

*Distributor.* ALPS Distributor, Inc., is the distributor for both the Fund and the Master Fund (the "Distributor"). The Distributor will assist the Managing Owner and the Administrator with certain functions and duties relating to the creation and redemption of Baskets, including receiving and processing orders from Authorized Participants to create and redeem Baskets, coordinating the processing of such orders and related functions and duties. The Distributor shall also review and file marketing materials with the Financial Industry Regulatory Authority, field investor calls, distribute prospectuses and consult with the Managing Owner and its affiliates in connection with marketing and sales strategies.

*e. Product Description*

*Creation and Redemption of Shares.*

Issuances of the Shares will be made only in one or more blocks of 50,000 Shares, each a Basket (the "Basket" or "Basket Aggregation"). The Fund will issue and redeem the Shares on a continuous basis, by or through participants that have entered into participant agreements (each, an "Authorized Participant")<sup>10</sup> with the Managing Owner at the NAV per Share next determined after an order to purchase the Shares is received in proper form. Following issuance, the Shares will be traded on the Exchange similar to other equity securities. The Shares will be registered in book entry form through DTC.

Baskets will be issued in exchange for a cash amount equal to the NAV per Share times 50,000 Shares (the "Basket Amount"). The Basket Amount will be determined on each business day by the Administrator. Authorized Participants that wish to purchase a Basket must transfer the Basket Amount to the Administrator (the "Cash Deposit Amount"). Authorized Participants that wish to redeem a Basket will receive cash in exchange for each Basket surrendered in an amount equal to the NAV per Basket (the "Cash Redemption Amount"). The Commodity Broker will

correlation between the Shares and the Master Fund Units.

<sup>10</sup> An "Authorized Participant" is a person, who at the time of submitting to the trustee an order to create or redeem one or more Baskets, (i) is a registered broker-dealer, (ii) is a Depository Trust Company ("DTC") participant (such as a bank, broker, dealer and trust company) or is an Indirect Participant (i.e., someone who maintains either directly or indirectly, a custodial relationship with a DTC participant) and (iii) has in effect a valid participant agreement, which sets forth the procedures for the creation and redemption of Baskets of Shares and for the delivery of cash required for such creations or redemptions.

be the custodian for the Master Fund and responsible for safekeeping the Master Fund's assets.

All purchase orders must be placed by 10 a.m., New York time. The Basket will be issued at noon on the business day (T+1) immediately following the purchase order date at the Basket Amount as of the later of the closing time on the Exchange or the last to close futures exchange on which the Master Fund's assets are traded.<sup>11</sup> The Basket Amount necessary for the creation of a Basket will change from day to day. On each day that the Exchange is open for regular trading, the Administrator will adjust the Cash Deposit Amount as appropriate to reflect the prior day's NAV per Share (as described below) and accrued expenses. The Administrator will determine the Cash Deposit Amount for a given business day by multiplying the NAV per Share by the number of Shares in each Basket (50,000).

Likewise, all redemption orders must be placed by 10 a.m., New York time. The Shares will not be individually redeemable but will only be redeemable in Baskets. To redeem, an Authorized Participant will be required to accumulate enough Shares to constitute a Basket (i.e., 50,000 shares). Upon the surrender of the Shares, the Administrator will deliver to the redeeming Authorized Participant the Cash Redemption Amount. The Authorized Participant is required to pay a transaction fee to the Fund of \$500 per order to create or redeem Baskets.

On each business day, the Administrator will make available immediately prior to the opening of trading on Amex via the facilities of the CTA, the most recent Basket Amount for the creation of a Basket. The Exchange will disseminate at least every 15 seconds throughout the trading day, via the CTA, an amount representing on a per Share basis, the current value of the Basket Amount. It is anticipated that the deposit of the Cash Deposit Amount in exchange for a Basket will be made primarily by institutional investors, arbitrageurs, and the Exchange specialist. Baskets are then separable upon issuance into identical Shares that will be listed and traded on the Exchange.<sup>12</sup> The Shares are expected to

<sup>11</sup> The Master Fund is permitted to invest its assets in those futures contracts traded on futures exchanges that either have a comprehensive surveillance sharing agreement with the Exchange or are either SRO members or affiliate members of the Intermarket Surveillance Group ("ISG").

<sup>12</sup> The Shares are separate and distinct from the shares of the Master Funds consisting primarily of Commodity Futures Contracts on the Index

be traded on the Exchange by professionals, as well as institutional and retail investors. Thus, the Shares may be acquired in two ways: (1) Through a deposit of the Cash Deposit Amount with the Administrator during normal business hours by Authorized Participants; or (2) through a purchase on the Exchange by investors.

*Net Asset Value.* Shortly after 4:00 p.m. ET each business day, the Administrator will determine the NAV for the Fund, utilizing the current settlement value of each Commodity Futures Contract held by the Master Fund. At or about 4 p.m. ET each business day, the Administrator will determine the Basket Amounts for orders placed by Authorized Participants that day. Thus, although Authorized Participants may place valid orders to purchase Shares throughout the trading day until 10 a.m. ET, the actual Basket Amounts are determined at 4 p.m. ET or shortly thereafter.

Shortly after 4 p.m. ET each business day, the Administrator, Amex and Managing Owner will disseminate the NAV per Share and the Basket Amount (for orders placed during the day). The Basket Amount and the NAV per Share are communicated by the Administrator to all Authorized Participants via facsimile or electronic mail message and the NAV per Share will be available on the Managing Owner's Web site at <http://www.Greenhavenllc.com>.<sup>13</sup> Amex will also disclose the NAV per Share and Basket Amount on its Web site.

In calculating the NAV per Share the Administrator will value all Commodity Futures Contracts based on that day's settlement price. However, if a futures contract on a trading day cannot be liquidated due to the operation of daily limits or other rules of an exchange upon which such futures contract is traded, the settlement price on the most recent trading day on which such Commodity Futures contract could have been liquidated will be used in determining the Fund's NAV per Share. Accordingly, the Administrator will typically use that day's futures settlement price for determining NAV per Share. When calculating NAV per Share, the Administrator will value the Commodity Futures Contracts held by the Master Fund on the basis of their then current market value.

The Exchange believes that the Shares will not trade at a material discount or

Commodities. The Exchange expects that the number of outstanding Shares will increase and decrease as a result of creations and redemptions of Baskets.

<sup>13</sup> If the NAV per Share is not disseminated to all market participants at the same time, the Exchange will halt trading in the Shares of a Fund.

premium to the Commodities Futures Contracts held by the Fund based on potential arbitrage opportunities. The arbitrage process, in this case, provides an opportunity to profit from the differences in prices of the same or similar securities or futures contracts, increases the efficiency of the markets, and serves to prevent potentially manipulative efforts. If the price of a Share deviates enough from the Indicative Fund Value (discussed below) on a per Share basis to create a material discount or premium, an arbitrage opportunity is created, allowing the arbitrageur to either buy Shares at a discount and immediately short the component future contracts of the CCI-TR Index or sell Shares short at a premium and buy the component futures contracts of the CCI-TR Index. Due to the fact that the Shares can be created and redeemed only in Basket Aggregations at NAV, the Exchange submits that arbitrage opportunities should provide a mechanism to mitigate the effect of any premiums or discounts that may exist from time to time.

#### *f. Dissemination of the Index and Underlying Contract Information*

Reuters America LLC is the owner, publisher and custodian of CCI-TR, which represents a total return version of the ninth revision (as of 1995) of the original Commodity Research Bureau (CRB) Index. Values of the underlying Index are computed by Reuters America LLC and widely disseminated every 15 seconds during the day.

CCI-TR is calculated to offer investors a representation of the investable returns that an investor should expect to receive by attempting to replicate the CCI index by buying the respective commodity futures and collateralizing their investment with United States Government securities (*i.e.*, 90-day T-Bills). The CCI-TR takes into account the economics of rolling listed commodity futures forward to avoid delivery and maintain exposure in liquid contracts. To achieve the objectives of the index, Reuters has established rules for calculation of the index. Specifically, only settlement and last-sale prices are used in the Index's calculation, bids and offers are not recognized—including limit-bid and limit-offer price quotes. Where no last-sale price exists, typically in the more deferred contract months, the previous days' settlement price is used.

The Managing Owner represents that it will seek to arrange to have the Index calculated and disseminated on a daily basis through a third party if the Index Sponsor ceases to calculate and disseminate the Index. If, however, the

Managing Owner is unable to arrange the calculation and dissemination of the Index, the Exchange will undertake to delist the Shares.

The disseminated value of the Index will not reflect changes to the prices of the Index Commodities between the close of trading of the various Commodity Futures Contracts and the close of trading at Amex at 4:15 p.m. ET. In addition, Reuters and the Exchange on their respective Web sites will also provide any adjustments or changes to the Index.

The daily settlement prices for each of the Commodity Futures Contracts held by the Master Fund are publicly available on the NYBOT, NYMEX, CME and CBOT Web sites.<sup>14</sup> In addition, various data vendors and news publications publish futures prices and data. The Exchange represents that futures contract quotes and last sale information for the Commodity Futures Contracts on the Index Commodities is widely disseminated through a variety of market data vendors worldwide, including Bloomberg and Reuters. In addition, the Exchange further represents that complete real-time data for such Commodity Futures Contracts is available by subscription from Reuters and Bloomberg. The various futures exchanges also provide delayed futures information on current and past trading sessions and market news free of charge on their respective Web sites. The specific contract specifications for each Commodity Futures Contract are also available from the various futures exchanges on their Web sites as well as other financial informational sources.

#### *g. Availability of Information Regarding the Shares*

The Web sites for the Fund and/or the Exchange, which are publicly accessible at no charge, will contain the following information: (a) The current NAV per Share daily and the prior business day's NAV per Share and the reported closing price; (b) the mid-point of the bid-ask price<sup>15</sup> in relation to the NAV per Share as of the time it is calculated (the "Bid-Ask Price"); (c) calculation of the premium or discount of such price against the NAV per Share; (d) data in chart form displaying the frequency distribution of discounts and premiums of the Bid-Ask Price against the NAV per Share, within appropriate ranges for each of the four previous calendar

quarters; (e) the Prospectus; and (f) other applicable quantitative information.

As described above, the NAV per Share will be calculated and disseminated daily. Amex will disseminate for the Fund on a daily basis by means of CTA/CQ High Speed Lines information with respect to the corresponding Indicative Fund Value (as discussed below), recent NAVs per Share and Shares outstanding. The Exchange will also make available on its Web site daily trading volume of the Shares, closing prices of the Shares, and the NAV per Share. The closing price and settlement prices of the Commodity Futures Contracts held by the Master Fund are also readily available from the NYMEX, CBOT, CME and NYBOT, automated quotation systems, published or other public sources, or on-line information services such as Bloomberg or Reuters. In addition, the Exchange will provide a hyperlink on its Web site at <http://www.amex.com> to the CCI's Web site at <http://www.crbtrader.com>.

#### *h. Dissemination of Indicative Fund Value*

As noted above, the Administrator calculates and disseminates, once each trading day, the NAV per Share to market participants. The Exchange represents that it will obtain a representation (prior to listing of the Funds) from the Trust that the NAV per Share will be calculated daily and made available to all market participants at the same time. In addition, the Administrator causes to be made available on a daily basis the corresponding Cash Deposit Amounts to be deposited in connection with the issuance of the respective Shares. In addition, other investors can request such information directly from the Administrator, and such information will be provided upon request.

In order to provide updated information relating to the Fund for use by investors, professionals and persons wishing to create or redeem the Shares, the Exchange will disseminate through the facilities of CTA, an updated Indicative Fund Value (the "Indicative Fund Value") for the Fund. The respective Indicative Fund Value will be disseminated on a per Share basis at least every 15 seconds during regular Amex trading hours of 9:30 a.m. to 4:15 p.m. ET. The Indicative Fund Value will be calculated based on the cash required for creations and redemptions (*i.e.*, NAV  $\times$  50,000) for the Fund adjusted to reflect the price changes of the Commodity Futures Contracts and the holdings of U.S. Treasury securities and other high credit quality short-term fixed income securities.

<sup>14</sup> See <http://www.nybot.com>, <http://www.nymex.com>, <http://www.cme.com>, and <http://www.cbot.com>.

<sup>15</sup> The bid-ask price of Shares is determined using the highest bid and lowest offer as of the time of calculation of the NAV.

The Indicative Fund Value will not reflect price changes to the price of an underlying commodity between the close of trading of the futures contract at the relevant futures exchange and the close of trading on Amex at 4 p.m. ET. The value of a Share may accordingly be influenced by non-concurrent trading hours between Amex and the various futures exchanges on which the futures contracts based on the Index commodities are traded. While the Shares will trade on Amex from 9 a.m. to 4 p.m. ET, the trading hours for each of the Index commodities underlying the futures contracts will vary as previously noted.

While the market for futures trading for each of the Index commodities is open, the Indicative Fund Value can be expected to closely approximate the value per Share of the Basket Amount. However, during Amex trading hours when the futures contracts have ceased trading, spreads and resulting premiums or discounts may widen, and therefore, increase the difference between the price of the Shares and the NAV of the Shares. Indicative Fund Value on a per Share basis disseminated during Amex trading hours should not be viewed as a real time update of the NAV, which is calculated only once a day.

The Exchange believes that dissemination of the Indicative Fund Value based on the cash amount required for a Basket Aggregation provides additional information that is not otherwise available to the public and is useful to professionals and investors in connection with the Shares trading on the Exchange or the creation or redemption of the Shares.

#### *i. Termination Events*

The Fund will be terminated if any of the following circumstances occur: (1) The filing of a certificate of dissolution or revocation of the Managing Owner's charter (subject to 90-day notice period) or upon the withdrawal, removal, adjudication or admission of bankruptcy or insolvency of the Managing Owner, or an event of withdrawal, subject to exceptions; (2) the occurrence of any event which would make unlawful the continued existence of the Trust or any Fund, as the case may be; (3) the event of the suspension, revocation or termination of the Managing Owner's registration as a CPO, or membership as a CPO with the NFA, subject to certain conditions; (4) the Trust or any Fund, as the case may be, becomes insolvent or bankrupt; (5) shareholders holding Shares representing at least 75% of the Fund NAV (excluding the Shares of the Managing Owner) notify the Managing Owner that they wish to dissolve the

Trust; (6) the determination of the Managing Owner that the aggregate net assets of the Fund in relation to the operating expenses of the Fund make it unreasonable or imprudent to continue the business of the Fund, or, in the exercise of its reasonable discretion, the determination by the Managing Owner to dissolve the Trust because the aggregate net asset value of the Trust as of the close of business on any business day declines below \$10 million; (7) the Trust or any Fund becoming required to register as an investment company under the 1940 Act; or (8) DTC is unable or unwilling to continue to perform its functions, and a compatible replacement is unavailable.

If not terminated earlier, the Fund will endure perpetually. Upon termination of the Fund, holders of the Shares will surrender their Shares and receive from the Administrator, in cash, their portion of the value of the Fund.

#### *j. Criteria for Initial and Continued Listing*

The Fund will be subject to the criteria in Commentary .07(d) of Amex Rule 1202 for initial and continued listing of the Shares.

The Fund will accept subscriptions for Shares in Baskets from Authorized Participants at \$30.00 per Share (\$1.5 million per Basket) during an initial offering period commencing with the initial effective date of the prospectus, and terminating no later than the 90th day following such date, unless (i) the subscription minimum is reached before that date and the Managing Owner determines to end the initial offering period early, or (ii) that date is extended by the Managing Owner for up to an additional 90 days.

The Exchange believes that the anticipated minimum number of Shares outstanding at the start of trading is sufficient to provide adequate market liquidity and to further the objectives of the Fund.

The Exchange represents that, for the initial and continued listing, the Shares must be in compliance with Section 803 of the Amex Company Guide and Rule 10A-3 under the Act.

#### *k. Original and Annual Listing Fees*

The Amex original listing fee applicable to the listing of the Fund is \$5,000. In addition, the annual listing fee applicable under Section 141 of the Amex Company Guide will be based upon the year-end aggregate number of shares in the Fund outstanding at the end of each calendar year.

#### *l. Disclosure*

The Exchange, in an Information Circular (described below) distributed to Exchange members and member organizations, will inform members and member organizations, prior to commencement of trading, of the prospectus delivery requirements applicable to the Fund. The Exchange notes that investors purchasing Shares directly from the Fund (by delivery of the corresponding Cash Deposit Amounts) will receive a prospectus. Amex members purchasing Shares from the Administrator for resale to investors will deliver a prospectus to such investors.

#### *m. Purchase and Redemptions in the Basket Amount*

In the Information Circular (described below), members and member organizations will be informed that procedures for purchases and redemptions of Shares in the Basket Amount are described in the Prospectus and that Shares are not individually redeemable but are redeemable only in Baskets or multiples thereof.

#### *n. Trading Rules*

The Shares are equity securities subject to Amex Rules governing the trading of equity securities, including, among others, rules governing priority, parity and precedence of orders, specialist responsibilities and account opening and customer suitability (Rule 411). Initial equity margin requirements of 50% will apply to transactions in the Shares. Shares will trade on Amex until 4:15 p.m. ET each business day and will trade in a minimum price variation of \$0.01 pursuant to Amex Rule 127-AEMI. Trading rules pertaining to odd-lot trading in Amex equities (Rule 205-AEMI) will also apply.

Amex Rule 154-AEMI (c)(ii) provides that stop and stop limit orders to buy or sell a security the price of which is derivatively priced based upon another security or index of securities, may be elected by a quotation, as set forth in subparagraphs(c)(ii)(1)-(4) of Rule 154-AEMI.

Amex Rule 126A-AEMI complies with Rule 611 of Regulation NMS which requires, among other things, that the Exchange adopt and enforce written policies and procedures that are reasonably designed to prevent trade through of protected quotations.<sup>16</sup>

Specialist transactions of the Shares made in connection with the creation and redemption of Shares will not be

<sup>16</sup> See Securities Exchange Act Release No. 54552 (September 29, 2006), 71 FR 59546 (October 10, 2006) (SR-Amex-2005-104).

subject to the prohibitions of Amex Rule 190(a).<sup>17</sup> The Shares will generally be subject to the Exchange's stabilization rule (Amex Rule 170), except that specialists may buy on "plus ticks" and sell on "minus ticks," in order to bring the Shares into parity with the underlying commodity or commodities and/or futures contract price. Commentary .07(f) to Amex Rule 1202 sets forth this limited exception to Amex Rule 170.

The Exchange's surveillance procedures for the Shares will be similar to those used for other TIRs and exchange-traded funds and will incorporate and rely upon existing Amex surveillance procedures governing options and equities.

The trading of the Shares will be subject to certain conflict of interest provisions set forth in Commentary .07(e) to Amex Rule 1202.

#### *o. Suitability*

The Information Circular (described below) will inform members and member organizations of the characteristics of the Fund and of applicable Exchange rules, as well as of the requirements of Amex Rule 411 (Duty to Know and Approve Customers).

The Exchange notes that pursuant to Amex Rule 411, members and member organizations are required in connection with recommending transactions in the Shares to have a reasonable basis to believe that a customer is suitable for the particular investment given reasonable inquiry concerning the customer's investment objectives, financial situation, needs, and any other information known by such member.

#### *p. Information Circular*

Amex will distribute an information circular to its members in connection with the trading of the Shares ("Information Circular"). The Information Circular will discuss the special characteristics and risks of trading this type of security, such as currency fluctuation risk. Specifically, the Information Circular, among other things, will discuss what the Shares are, how a Basket is created and redeemed, the requirement that members and member firms deliver a prospectus to investors purchasing the Shares prior to or concurrently with the confirmation of a transaction, applicable Amex rules, dissemination information, trading information and applicable suitability rules. The Information Circular will also explain that the Fund is subject to various fees and expenses described in

the Registration Statement. The Information Circular will also reference the fact that the CFTC has regulatory jurisdiction over the trading of Commodity Futures Contracts.

The Information Circular will also notify members and member organizations about the procedures for purchases and redemptions of Shares in Baskets, and that Shares are not individually redeemable but are redeemable only in one or more Baskets. The Information Circular will advise members of their suitability obligations with respect to recommended transactions to customers in the Shares. The Information Circular will also discuss any relief, if granted, by the Commission or the staff from any rules under the Act.

The Information Circular will disclose that the trading hours of the Shares will be from 9:30 a.m. to 4:15 p.m. ET and that the NAV for the Shares will be calculated shortly after 4 p.m. ET each trading day. Information about the Shares and the Index will be publicly available on Amex's Web site and the Fund's Web site.

#### *q. Surveillance*

The Exchange represents that its surveillance procedures are adequate to properly monitor the trading of the Shares and to deter and detect violations of applicable rules. Specifically, the Exchange will rely on its existing surveillance procedures applicable to TIRs, Portfolio Depository Receipts and Index Fund Shares, which the Exchange states have been deemed adequate under the Act. The Exchange currently has in place comprehensive surveillance sharing agreements with ICE Futures, LME and NYMEX for the purpose of providing information in connection with trading in or related to futures contracts traded on their respective exchanges comprising the Indexes. The Exchange also notes that CBOE, CME and NYBOT are members of the Intermarket Surveillance Group ("ISG"). As a result, the Exchange asserts that market surveillance information is available from relevant futures exchanges, if necessary, due to regulatory concerns that may arise in connection with the Commodity Futures Contracts.

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with section 6 of the Act<sup>18</sup> in general, and furthers the objectives of section 6(b)(5)<sup>19</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 remove impediments to and perfect the mechanism for 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 does not believe that the proposed rule change will impose any burden on competition.

#### *C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

The Exchange did not receive any written comments on 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.

The Commission is considering granting accelerated approval of the proposed rule change at the end of a 15-day comment period.<sup>20</sup>

### 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](mailto:rule-comments@sec.gov). Please include File Number SR-Amex-2007-53 on the subject line.

<sup>20</sup> Amex requested accelerated approval of this proposed rule change prior to the 30th day after the date of publication of the notice of the filing thereof.

<sup>17</sup> See Commentary .05 to Amex Rule 190.

<sup>18</sup> 15 U.S.C. 78f(b).

<sup>19</sup> 15 U.S.C. 78f(b)(5).



### 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-2007-53. 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 Number SR-Amex-2007-53 and should be submitted on or before December 11, 2007.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>21</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

[FR Doc. E7-22909 Filed 11-23-07; 8:45 am]

**BILLING CODE 8011-01-P**

### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56804; File No. SR-Amex-2006-107]

#### Self-Regulatory Organizations; American Stock Exchange LLC; Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, to Eliminate Options Specialists' Agency Responsibilities and Establish Amex Book Clerks

November 16, 2007.

#### I. Introduction

On November 14, 2006, American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposal to eliminate the agency obligations of Exchange options specialists and establish Amex book clerks ("ABCs"). The Exchange filed Amendment No. 1 to the proposed rule change on March 29, 2007. The proposal as amended was published for comment in the **Federal Register** on April 13, 2007.<sup>3</sup> The Commission received no comments on the proposal. This order approves the proposed rule change, as modified by Amendment No. 1.

#### II. Description of the Proposal

The Exchange has proposed to eliminate the obligation and ability of an Exchange options specialist to act as an agent in connection with orders in his or her assigned options classes. This proposal would permit the Exchange to designate Exchange employees or independent contractors to serve as ABCs, responsible for maintaining and operating the ANTE Central Book (*i.e.*, the specialist's customer limit order book) and the ANTE Display Book.<sup>4</sup> The

Exchange also seeks to amend certain Exchange rules relating to the operation of the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage ("Linkage Plan") to accommodate the implementation of pertinent ABC rules and other proposed rule changes described herein.<sup>5</sup> Finally, the proposed rule change would implement several other amendments to conform other Exchange rules to the proposal. The Exchange has noted that its proposal substantially mirrors changes recently adopted by the Chicago Board Options Exchange to eliminate DPM agency responsibilities and establish PAR Officials.<sup>6</sup> The following description summarizes certain significant effects this proposed rule change would have on existing Exchange rules.<sup>7</sup>

Under the current rules of the Exchange, options specialists are required to execute options orders on an agency basis for those classes of options assigned to them.<sup>8</sup> Accordingly, all options specialists on the Amex presently act as both agent and principal for orders in their respective assigned options classes.

The Exchange has now determined that it is in the best interest of the Exchange, its members, and investors to eliminate the agency obligation of options specialists. The Exchange has proposed to amend its rules to remove an options specialist's obligation to act as an agent in its allocated securities on the Exchange.<sup>9</sup> The Exchange has further proposed to designate ABCs who would be responsible for handling certain orders in the same manner as they are currently handled by the options specialists.<sup>10</sup> The ABCs will maintain and operate the customer limit order book,<sup>11</sup> effect proper executions of orders that are routed to the customer limit order book,<sup>12</sup> display eligible limit

incoming customer orders will be routed to the ANTE Display Book for manual handling.

<sup>5</sup> Exchange rules governing the operation of the Linkage Plan are set forth under Amex Rules 940 through 945 and Amex Rule 941-ANTE.

<sup>6</sup> See Securities Exchange Act Release No. 52798 (November 18, 2005), 70 FR 71344 (November 28, 2005) (SR-CBOE-2005-46).

<sup>7</sup> For a complete description of the proposed rule change, see the Notice, *supra* note 3.

<sup>8</sup> See Amex Rule 950-ANTE(l), incorporating Amex Rule 170 to options transactions.

<sup>9</sup> See Proposed Amex Rules 950-ANTE(f) cmt. .01 and 950-ANTE(l) cmt. .01.

<sup>10</sup> See Proposed Amex Rule 995-ANTE.

<sup>11</sup> See Proposed Amex Rule 995-ANTE(a)(i).

<sup>12</sup> See Proposed Amex Rule 995-ANTE(a)(ii). The requirement that options specialists effect proper executions would require an options specialist to use due diligence to execute customer orders at the best prices available under the rules of the Exchange. See Proposed Amex Rule 995-ANTE(b)(ii).

<sup>21</sup> 17 CFR 200.30-3(a)(12).