

(ii) as to which the Exchange 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.

#### 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 Number SR-Amex-2007-25 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-2007-25. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site at <http://www.sec.gov/rules/sro.shtml>. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room, 100 F Street, NE., Washington, DC 20549, 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-2007-25 and should

be submitted on or before January 18, 2008.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>8</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57016; File No. SR-Amex-2006-31]

### Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing of Proposed Rule Change and Amendment Nos. 1 and 2 Thereto Relating to Annual Shareholder Meeting Requirements

December 20, 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 April 7, 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, II, and III below, which Items have been substantially prepared by the Exchange. On December 13, 2007, the Exchange filed Amendment No. 1 to the proposed rule change. On December 20, 2007, the Exchange filed Amendment No. 2 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 amend section 704 (Annual Meetings) of the *Amex Company Guide*. 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, 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 the Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

Amex seeks to amend its annual shareholder meeting requirement applicable to its listed issuers. Currently, section 704 of the *Amex Company Guide* requires all listed companies to hold an annual meeting of their shareholders in accordance with such listed company's charter, by-laws, and applicable state or other laws. An annual meeting allows the equity owners of a company the opportunity to elect directors and meet with management to discuss company affairs. The Exchange believes, however, that this requirement is not necessary for certain issuers of specific types of securities because the holders of such securities do not directly participate as equity holders and vote in the election of directors. In addition, Amex seeks to clarify when an issuer should hold its annual meeting and remove the notice requirement for delayed annual meetings.

First, Amex proposes to amend section 704 of its *Company Guide* to explicitly state that an issuer generally must hold an annual meeting within one year of the end of its fiscal year if it is subject to the annual shareholder meeting requirement. In addition, a new listing that was not previously subject to the requirement to hold an annual meeting would be required to hold its first annual shareholder meeting within one year of its fiscal year end following the date of listing. Amex proposes two exceptions to these general requirements: (1) An issuer is not required to hold an annual meeting if its fiscal year is less than twelve months long as a result of a change in fiscal year end; and (2) an issuer does not have to hold an annual meeting in the same year in which such issuer completes its initial public offering. Amex believes that codifying this time frame and the exceptions will provide additional transparency to the annual shareholder meeting requirement.

Amex also proposes to list a variety of securities, the issuers of which should not be subject to the foregoing general

<sup>8</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> The Exchange states that Amendment No. 2 supersedes and replaces the proposed rule change, as originally filed, and Amendment No. 1 in their entirety.

annual shareholder meeting requirement. For example, Amex proposes to exempt from the requirement issuers of a number of securities listed pursuant to section 107 (Other Securities) of the *Company Guide* and certain other securities issued by various passive business organizations.<sup>4</sup> The Exchange states that these types of securities are typically not an issuer's primary equity security, and their holders have only limited economic interests or other rights, which do not include voting rights. Although many of these products are issued by operating companies with listed equity securities and are thus subject to an annual meeting requirement pursuant to the primary market's rules, the Exchange submits that the *Company Guide* should specifically exempt from such requirement those operating companies which do not issue common stock or voting preferred stock.

Similarly, Amex proposes to exempt from the general annual meeting requirement portfolio depository receipts and index fund shares, which are securities issued by unit investment trusts ("UITs") and open-end management investment companies, respectively (collectively, "ETFs"), and typically organized as business trusts. ETFs, which are generally passive investment vehicles that seek to match the performance of an index, must obtain an exemptive order from the Commission before they offer securities. As a result, their operations are circumscribed by numerous representations and conditions contained in the applicable orders, and they do not typically experience the need for operational or other changes requiring a shareholder vote, and, by extension, a shareholder meeting.<sup>5</sup> In addition, UITs do not have boards of directors, which the UITs' unitholders

would need to elect.<sup>6</sup> Accordingly, the Exchange submits that section 704 of the *Amex Company Guide* should specifically exclude ETFs from an annual shareholder meeting requirement.

Amex also proposes to exempt from the annual meeting requirement issuers of a variety of trust issued receipts ("TIRs")<sup>7</sup> based on securities, commodities, and currencies. Traditional TIRs (i.e., HOLDRS) are securities issued by a trust that holds, but does not manage, specific securities on behalf of investors in the trust. Other types of TIRs also include Commodity-Based Trust Shares<sup>8</sup> and Currency Trust Shares.<sup>9</sup> The Exchange states that these trusts typically do not hold shareholder (or unitholder) meetings because the trusts have no board of directors and essentially serve as conduits for the investors' indirect investments in the underlying securities, commodities, and/or currencies of the trusts. Similarly, the Exchange lists Partnership Units, which are securities issued by a partnership that invests in a combination of futures contracts, options on futures contracts, forward contracts, commodities, and/or securities.<sup>10</sup> A holder of a Partnership Unit does not have the right of equity ownership of the partnership, but instead, obtains a beneficial interest in the partnership. Because the partnership is a conduit for the investment in the underlying assets, the operation and management of the partnership is performed by a general partner without holding annual meetings. Lastly, Paired Trust Shares (also known as MACROS) are securities designed to track either the positive or negative performance of a benchmark underlying asset.<sup>11</sup> The shares are issued by a trust in pairs, with the trust not holding the underlying asset, but instead holding only short-term U.S. Treasuries and cash equivalents. As the market price of the underlying asset fluctuates, U.S. Treasuries and cash are moved between the trusts. As indicated above in

connection with TIRs, issuers of Paired Trust Shares typically do not hold shareholder (or unitholder) meetings because the trusts have no board of directors and essentially serve as conduits for the investors' indirect investments in the performance of the underlying benchmark asset. As a result, Amex believes that section 704 of the *Amex Company Guide* should specifically exempt the issuers of TIRs, Commodity-Based Trust Shares, Currency Trust Share Shares, Partnership Units, and Paired Trust Shares from the annual shareholder meeting requirement.

For these reasons, Amex has not generally required issuers of these securities to hold annual shareholder meetings in the past, consistent with their respective governance and organizational documents. However, in order to provide greater certainty and transparency for listed issuers, Amex believes it is appropriate to revise section 704 of the *Company Guide* to clarify that only issuers of voting and non-voting common stock and voting preferred stock, and their equivalents (e.g., callable common stock) are required to hold an annual shareholder meeting. With respect to the proposed list of securities, the issuers of which would be exempt from holding an annual meeting, if such issuers also list common stock or voting preferred stock, or their equivalent, such issuers must still hold an annual meeting for the holders of that common stock or voting preferred stock, or their equivalent.<sup>12</sup> In addition, the Exchange notes that the proposed annual meeting requirement and the listed exemptions from such requirement do not supplant any applicable state or federal securities laws concerning annual shareholder meetings. The Exchange further notes that the proposed rule change is similar to the changes approved by the Commission that were proposed by The Nasdaq Stock Market, Inc. (n/k/a The NASDAQ Stock Market LLC) ("Nasdaq")<sup>13</sup> and the New York Stock Exchange LLC ("NYSE").<sup>14</sup>

Finally, Amex proposes to remove the provision from section 704 of the *Company Guide* that requires an issuer, who is unable to hold an annual shareholder meeting in a timely manner,

<sup>4</sup> The various types of securities which the Exchange believes should not be subject to the annual shareholder meeting requirement include: bonds and debentures; currency and index warrants; trust preferred securities; contingent value rights; equity-linked term notes; index-linked exchangeable notes; index-linked securities; commodity-linked securities; currency-linked securities; trust certificate securities; investment trusts based on securities of individual issuers, stock indexes, or debt instruments; equity derivatives; trust issued receipts; commodity-based trust shares; currency trust shares; certain partnership interests; and paired trust shares. Amex believes that the foregoing securities should be exempt because they do not entitle their respective holders to voting rights.

<sup>5</sup> The Exchange states that ETFs are registered under, and remain subject to, the Investment Company Act of 1940, which already imposes various shareholder-voting requirements that may be applicable to the ETFs.

<sup>6</sup> The Exchange states that UITs are typically operated or administered by a corporate trustee, and the portfolio of a UIT, which generally consists of a fixed pool of securities, is not actively managed.

<sup>7</sup> A trust issued receipt is defined in Amex Rule 1200(b) as a security: (1) that is issued by a trust which holds specified securities deposited with the trust; (2) that, when aggregated in some specified minimum number, may be surrendered to the trust by the beneficial owner to receive the securities; and (3) that pays beneficial owners dividends and other distributions on the deposited securities, if any are declared and paid to the trustee by an issuer of the deposited securities.

<sup>8</sup> See Amex Rule 1200A.

<sup>9</sup> See Amex Rule 1200B.

<sup>10</sup> See Amex Rule 1500.

<sup>11</sup> See Amex Rule 1400.

<sup>12</sup> See proposed Commentary .01 to Section 704 of the *Amex Company Guide*.

<sup>13</sup> See Securities Exchange Act Release No. 53578 (March 30, 2006), 71 FR 17532 (April 6, 2006) (SR-NASD-2005-073) (approving certain changes to Nasdaq's annual shareholder meeting requirement).

<sup>14</sup> See Securities Exchange Act Release No. 54029 (June 21, 2006), 71 FR 37147 (June 29, 2006) (SR-NYSE-2005-68) (approving, among other things, certain changes to NYSE's annual shareholder meeting requirement).

to notify the Exchange and the stockholders of such issuer of the reasons for the delay, and then use good faith efforts to hold the meeting as soon as reasonably practicable in light of the circumstances causing the delay. Amex believes it is more appropriate to address annual meeting delays through its "Continued Listing and Evaluation and Follow-Up" procedures which are a part of the rules governing suspension and delisting in section 1009(a)(i) of the *Company Guide*.<sup>15</sup> Amex currently does not rely on the notification required in section 704 of the *Company Guide* to monitor compliance with the annual shareholder meeting requirement. Instead, the Exchange staff utilizes an electronic database supplemented by manual review of proxy statements and, in the case of issuers that do not file proxy statements, other Commission filings to determine compliance. The electronic database receives public filings on a real-time basis (i.e., deemed to be within one business day) and generates alerts, which are investigated by analysts. Finally, because neither Nasdaq nor NYSE require its respective listed issuers to notify them of their good faith efforts to hold the annual meeting as soon as reasonably practicable, continuing to enforce such a provision at Amex places the Exchange at a competitive disadvantage.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with section 6(b) of the Act,<sup>16</sup> in general, and furthers the objectives of section 6(b)(5) of the Act,<sup>17</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 mechanisms 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 Exchange believes that the proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange states that 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**

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 Amex 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.

### **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-2006-31 on the subject line.

#### *Paper comments*

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-Amex-2006-31. 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 offices 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-2006-31 and should be submitted on or before January 18, 2008.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>18</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-56993; File No. SR-CBOE-2007-104]

### **Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of a Proposed Rule Change and Amendment No. 1 Thereto to List and Trade Range Options**

December 19, 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 September 6, 2007, the Chicago Board Options Exchange, Incorporated (the "CBOE" or "Exchange") filed with the Securities and Exchange Commission (the "SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been substantially prepared by the Exchange. CBOE filed Amendment No. 1 to the proposed rule change on December 3, 2007.<sup>3</sup> The Commission is

<sup>18</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 replaces the original filing in its entirety. The purpose of Amendment No. 1 is to: (i) revise the proposed changes to CBOE Rule 12.3, *Margin Requirements*, to specify initial and/or maintenance margin requirements for margin and cash accounts and to conform the proposed rule

<sup>15</sup> See Section 1009(a) of the Amex *Company Guide*.

<sup>16</sup> 15 U.S.C. 78f(b).

<sup>17</sup> 15 U.S.C. 78f(b)(5).