

administration of Forms U-4 and U-5 through the National Association of Securities Dealers, Inc.'s ("NASD") Web-based Central Registration Depository system ("Web CRD")³. The proposed fee schedule is available at the Office of the Secretary, the Amex, and at the Commission.⁴

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 parts of such statements.

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

1. Purpose

Amex Rule 340 currently requires Amex members and member organizations to submit Forms U-4 (Uniform Application for Securities Industry Registration or Transfer) and U-5 (Uniform Termination Notice for Securities Industry Registration) for their employees with access to the trading floor (e.g., members and clerks). The Exchange also has long required persons who seek either to become members or to own a membership to submit Forms U-4 in connection with their membership applications. These forms currently are submitted to the Exchange's Membership Services Division as paper documents.

The Exchange is now proposing to require all its members, member organizations and seat owners to use NASD's Web CRD as the mechanism for submitting required Forms U-4 and U-5 filings to the Exchange.⁵ The

Exchange anticipates that, during the period between September 3 and September 19, 2003, Amex members and member organizations will electronically file Forms U-4 with Web CRD for all individuals who then work on the trading floor who have not previously submitted a Form U-4 to Web CRD. Going forward from September 3, 2003, the Exchange also will require individuals who have not previously registered with the Exchange and who (i) seek to become a regular, options principal, or associate member, (ii) seek to become a limited trading permit holder, (iii) seek to own a regular, options principal, associate membership or limited trading permit, or (iv) are or should be an approved person or allied member, to electronically file Form U-4 with Web CRD.

The CRD system is a Web-based system that provides broker-dealers and their associated persons with "one-stop filing" with the Commission, NASD, and other self-regulatory organizations ("SROs") and regulators. The CRD system is operated by NASD and is used by participating regulators in connection with registering and licensing broker-dealers and their associated persons. The Exchange believes that automating the review of registration applications and termination notices by transitioning all Forms U-4 and U-5 filings to Web CRD would enable the Exchange to more efficiently perform its regulatory responsibilities with respect to members and member organizations and, thereby, would ultimately enhance investor protection.

In addition, the Exchange is proposing to revise its registration fees in connection with the implementation of Web CRD for filing Forms U-4 and U-5. The new registration fees would take effect when the Exchange requires the use of Web CRD, which currently is scheduled for September 3, 2003. Members and member organizations would be instructed to pay the CRD processing fees directly to NASD through Web CRD. NASD would collect the appropriate processing fees in connection with the Amex member or member organization effecting a registration through Web CRD and retain or disburse to Amex the fee as described below.

The following are the proposed Web CRD processing fees. First, the proposed revisions to the fee schedule would implement an \$85 CRD Processing Fee

charged by NASD for all Initial, Dual Registration, Transfer, and Re-license Form U-4 filings. This fee, combined with the current, corresponding Amex fees, would bring the total amount paid to NASD for Initial Individual and Dual Registrations to \$145 (\$60 Amex Standard Application Fee plus \$85 CRD Processing Fee), and the total amount paid to NASD for Transfer and for Re-licensing to \$125 (\$40 Amex Standard Application Fee plus \$85 CRD Processing Fee). The Amex Application Fees of \$60 (for Initial Individual Registration) and \$40 (for Transfers and for Re-licensing) would be collected on behalf of and disbursed back to Amex by NASD. These fees would offset the costs to the Amex of reviewing and processing all applications.

Second, the proposed revisions to the fee schedule would implement a \$95 Disclosure Processing Fee charged by NASD in connection with Forms U-4 and U-5 for all filings with new or amended disclosure information. There is no corresponding Amex fee. The Amex, however, would continue to assess a \$30 Termination Fee in connection with all Form U-5 filings. The Termination Fee would be collected by NASD on behalf of and disbursed back to Amex.

Third, the proposed revisions to the fee schedule would implement a \$30 NASD Annual System Processing Fee assessed only during renewals. Therefore, the total annual processing/maintenance cost charged at the renewal cycle per registered person would be \$77, which includes the current \$47 Amex annual Renewal fee that would be collected on behalf of Amex by NASD and covers the costs of the Exchange associated with the registration program.

Fourth, the proposal would raise the current \$25 fee for fingerprinting to \$35 and transfers this fee from the "Member Fee" to the "Registration" section of the Exchange's fee schedule. This fee would be retained by NASD, as the NASD would process fingerprint cards as part of the Exchange's migration to the Web CRD system. (The NASD would remit \$22.00 of this fee to the FBI as its processing fee.) The Amex also would implement a \$13.00 fee for Posting Fingerprint Results Processed through other SROs. This fee would be retained by NASD and would be imposed where NASD accepts the results of fingerprints processed by the NASD through another SRO.

In addition to the fees outlined above, Amex members and member organizations would be required to pay a one-time Web CRD System Transition Fee of \$85 per person to transition to

³ CRD is a registered trademark of NASD and the North American Securities Administrators Association, Inc.

⁴ In connection with the instant proposal, the Exchange filed an effective on filing rule proposal to amend Amex Rule 340, Disapproval of Employees, and Amex Rule 341, Approval of Registered Employees and Officers, and to adopt new Amex Rule 359, Application and Termination Forms (Forms U-4 and U-5), to provide for the processing of the Form U-4 and Form U-5 by the Web CRD system for all individuals required to be registered with or approved by the Exchange. See Securities Exchange Act Release No. 48067 (File No. SR-Amex-2003-48).

⁵ A number of individuals that work on the trading floor already have submitted Forms U-4 to

Web CRD if they work for dual Amex/NASD member firms and their job responsibilities require registration with NASD.