

Failure to comply with the Exchange's delayed opening policy. (Amex Floor Transaction Handbook, Part IV, B.3.(g))

Failure to comply with the Exchange's procedures for stopping orders. (Amex Rule 109 and 950(o))

Failure to properly mark or identify and represent Floor orders as required under Exchange rules:

1. Amex Rule 111, Commentary .04; Amex Rule 114, Commentary .09; and Amex Rule 153(g) (which are made applicable to options by Amex Rule 950(a)).
2. Amex Rule 950(c) & (d); 957(d); Amex Rule 958, Commentary .09; and Amex Rule 958A(b)).

Failure to comply with requirements relating to block sized cross transactions. (Amex Rule 126(g), Commentaries .01 and .02)

Failure to comply with the Exchange's procedures for executing "cross" transactions. (Amex Rule 151 which is made applicable to options by Amex Rule 950(a))

Failure to comply with Exchange procedures regarding stop orders. (Amex Rules 154, Commentary .04 and 950(f))

Violation of the Exchange's rules regarding orders left with specialists. (Amex Rules 154 and 950(f))

Failure to comply with the "2, 1, 1/2 Point Rule". (Amex Rules 154, Commentary .08 and 950(f), Commentary .04)

Failure to comply with the Exchange's rules regarding the execution of orders. (Amex Rules 156 and 950(g))

Failure by specialists to obtain Floor Official approval when establishing, increasing or liquidating a position. (Amex Rule 170, Commentaries .01 and .02)

Failure to obtain Exchange approval, or failure to comply with the terms of approval, for member or member firm proprietary electronic devices or systems used on the Exchange Floor. (Amex Rule 220)

Violation of Intermarket Trading System (ITS) rules relating to Pre-Opening Applications (Amex Rule 232) and Trade Throughs, Locked Markets, and the Block Trade Policy (Amex Rule 236).

Failure to comply with the Exchange's "facilitation" policy. (Amex Rule 950(d), Commentary .02)

Failure to comply with the Exchange's "solicitation" policy. (Amex Rule 950(d), Commentary .03)

Failure to quote options markets within the maximum quote spread differentials. (Amex Rules 950(n),

Commentary .10; 958(c)(i); and 958(c)(ii))

Failure to comply with the Exchange's rules regarding the announcement of trader orders. (Amex Rule 958, Commentary .09)

Failure to comply with the Exchange's modified firm quote rule. (Amex Rule 958A)

Part 1 of Amex Rule 590 allows the Enforcement Department and the Committee to issue abbreviated "written statements" to persons who may have violated the specified rules identifying the rules violated, the act or omission constituting the violation, and the amount of the fine. The issuance of a "written statement" by the Enforcement Department or MFVDC does not constitute a finding of guilt. Persons receiving a written statement may plead "no contest" and return the statement to the Exchange with the specified fine. In the alternative, persons who are charged under the Plan may contest the fine and receive a hearing before an Exchange Disciplinary Panel. The Exchange is not required to use Amex Rule 590 to impose a fine for a violation of the rules enumerated in the rule and is free to pursue disciplinary action under Article V of the Amex Constitution or Amex Rule 345.

In this filing, the Exchange is proposing to eliminate the MFVDC and to transfer its responsibilities to the Exchange's Enforcement Department so that responsibility for initiating disciplinary action under Part 1 of the Minor Rule Violation Fine Plan will rest exclusively with the Amex enforcement staff. The Exchange currently has one rule filing pending with the Commission that would add a violation to paragraph (h) of Part 1 of Amex Rule 590.⁴ This filing is being amended to transfer this violation to the list of rules that may be the subject of Enforcement Department action under paragraph (g) of Part 1 of Amex Rule 590. In connection with the elimination of the MFVDC, the Amex also is proposing to eliminate reference to the Committee wherever it appears in the Exchange's rules.⁵

⁴ SR-Amex-2002-09 would add to the list of violations that may be sanctioned by the MFVDC, "Failure to use best efforts to attempt to ensure that the next Auto-Ex execution is appropriately allocated to the price improving registered options trader. (Amex Rule 933, Commentary .04(d))." See Amendment No. 9 to Amex-2002-09. Amex proposes to transfer this rule to the list of rules enforced by the Enforcement Department under paragraph (g) of Part 1 of Amex Rule 590.

⁵ The MFVDC is mentioned in Commentaries .04 and .06 to Amex Rule 26. These Commentaries concern the calculation of performance ratings for option and ETF specialists.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act⁶ in general and furthers the objectives of Section 6(b)(1),⁷ 6(b)(6),⁸ and 6(b)(7)⁹ in particular in that it will enhance the ability of the Exchange to enforce compliance by its members and persons associated with its members with the provisions of the Act, the rules and regulations thereunder, and the rules of the Exchange; it will help ensure that members and persons associated with members are appropriately disciplined for violations of the Act, the rules and regulations thereunder, and the rules of the Exchange; and it will provide a fair procedure for the disciplining of members and persons associated with members.

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

The proposed rule change will impose no burden on competition 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

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 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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(1).

⁸ 15 U.S.C. 78f(b)(6).

⁹ 15 U.S.C. 78f(b)(7).