



**AMERICAN  
STOCK EXCHANGE\***  
Equities Options ETFs

AMERICAN STOCK EXCHANGE  
OFFICE OF THE SECRETARIAT

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April 21, 2002

**COMMENT**

Mr. Jonathan G. Katz  
Secretary  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, DC 20549-0609

Ms. Jean Webb  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

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RECORDS SECTION

**Re: S7-16-01 – Customer Margin Rules Related to Security Futures**

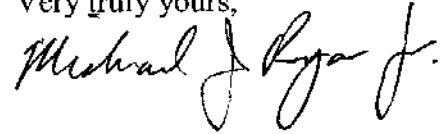
Dear Mr. Katz and Ms. Webb:

By letter dated December 5, 2001, the American Stock Exchange LLC (“Amex”) commented on the above captioned matter together with the Chicago Board Options Exchange, The Options Clearing Corporation, the International Securities Exchange, the Pacific Exchange, and the Philadelphia Stock Exchange (the “Coalition Letter”). For the reasons stated in the Coalition Letter, the Amex supported the proposed rules and urged the Commissions to adopt final rules in substantially the same form as proposed. The Amex also submitted letters to the Commissions dated December 7, 2001, for the sole purpose of commenting upon the proper criteria for determining who is a security futures market maker on a screen-based exchange.

We understand that the CFTC and SEC are now considering whether they will publish for comment a revised security futures margin rules proposal or merely publish final rules, although there would be many changes from the original proposal. We believe that the revised proposal should be published for comment if the final rules differ significantly from the rules as proposed. The fact that it has taken the Commissions so long to develop margin rules demonstrates that the

issues are complex and controversial and, therefore, any new approach should be put out for comment. Indeed, providing interested persons with a meaningful opportunity to comment on significant regulatory initiatives is one of the principal purposes of the Administrative Procedures Act. Further, the Commodity Futures Modernization Act of 2000 requires that customer margin rules must be "consistent with the margin requirements for comparable options contracts traded on any [security options] exchange," and we are concerned that if final rules are published without an opportunity for comment, the changes may create the opportunity for regulatory arbitrage that Congress specifically sought to avoid.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael J. Ryan Jr.", written in a cursive style.

cc: Chairman Harvey Pitt, SEC  
Annette Nazareth, SEC  
Elizabeth King, SEC

Chairman James Newsome, CFTC  
Elizabeth Fox, CFTC