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COMMENT

January 18, 2002

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Via Electronic Submission and Overnight Delivery

Catherine A. Dixon
Assistant Secretary
Office of the Secretariat
Commodity Futures Trading Commission
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Proposed Regulation Regarding Reporting Levels for Large Trader Reports;
Security Futures Products

Dear Ms. Dixon:

The American Stock Exchange LLC ("Amex" or "Exchange")¹ is pleased to submit this comment letter in connection with the Commodity Futures Trading Commission's (the "Commission" or "CFTC") proposal regarding reporting levels for security futures products ("SFPs") traded on designated and notice-designated contract markets.² Although we generally support the Commission's proposal establishing reporting levels for large traders of SFPs, we have two (2) comments described below.

First, we note that the proposed reporting thresholds are 1,000 contracts for an individual equity SFP and 200 contracts for an SFP involving a narrow-based index of equity securities.³ The Amex believes that based on the actual experience in trading SFPs, the Commission may in the future need to establish higher reporting limits. In addition, we also believe that a tiering of reporting level thresholds may be appropriate based on the trading volume and/or share float of the particular security. For example, the same 1,000 contract reporting threshold will exist for a highly-capitalized and actively-traded stock such as Microsoft Corporation (MSFT) and a less active stock such as Harrah's Entertainment Inc. (HET). Consistent with the purpose and intent of the large trader reporting system, we believe that it

¹ The Amex is a national securities exchange registered with the SEC pursuant to Section 6 of the Securities Exchange Act of 1934, as amended (the "1934 Act"). In connection with listing and trading SFPs, the Amex is required to become a notice-designated contract market pursuant to Regulation 41.32 under the CFTC's Regulations. See CFTC, 17 CFR parts 41 and 140 [RIN 3038-AB82], *Designated Contract Markets in Security Futures Products: Notice-Designated Requirements, Continuing Obligations, Applications for Exemptive Orders, and Exempt Provisions*, 66 FR 44960 (August 27, 2001).

² See CFTC, 17 CFR Part 15 [RIN 3038-AB88] *Reporting Levels for Large Trader Reports; Security Futures Products*, 66 FR 64383 (December 13, 2001) ("Proposing Release").

³ Currently, the Exchange pursuant to Amex Rule 906 and 906C requires each member firm to report for each account all options positions on stocks, shares of exchange-traded funds and stock indexes exceeding 200 contracts. We expect to continue these reporting requirements for SFPs at the Exchange.

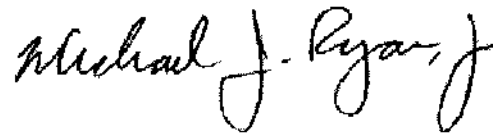
Catherine A. Dixon, Assistant Secretary
Commodity Futures Trading Commission
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may be appropriate for the Commission to address whether reporting threshold levels should differ depending on the capitalization, trading volume and/or public float of the underlying security.

Second, the proposal also calls for notice-designated futures commission merchants ("FCMs"), clearing members and foreign brokers to report to the Commission large trader position information in connection with SFPs.⁴ Accordingly, although the firm carrying the reportable trader's position is ultimately responsible for submitting the large trader reports to the Commission, we believe that it is appropriate for the Commission to permit firms to use the Security Industry Automation Corporation ("SIAC") for transmission of large trader reports. In this manner, the submission of large trader reports will be better coordinated without a great deal of additional cost and administrative burden for firms

Thank you for this opportunity to comment on the Proposing Release. If there are any questions or comments regarding this letter and related matters, please contact the undersigned at (212) 306-1200 or Jeffrey P. Burns at (212) 306-1822.

Sincerely,



cc: Gary J. Martinaitis, Deputy Associate Director, Market Surveillance Section, CFTC
Nancy E. Yanofsky, Assistant Chief Counsel, CFTC

⁴ See 17 CFR Parts 15 through 21 of the Commission's Rules. As specified in 17 CFR Part 17 applicable to notice-designated FCMs, each FCM, clearing member and foreign broker is required to submit a report to the CFTC for each business day with respect to all special accounts carried by the FCM, clearing member or foreign broker, except for accounts carried on the books of another FCM on a fully disclosed-basis. These reports are required for a "reportable position." A reportable position with respect to SFPs is any open contract position that at the close of the market on any business day equals or exceeds 1,000 contracts for any particular individual equity on any one contract market and 200 contracts for any particular narrow-based equity index on any one contract market.