

MEMO# 19841

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Amex Proposal Relating to Procedures for Denying Initial and Continued Listing: Your Views Requested by March 24th.

©2006 Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice. [19841] March 14, 2006 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 8-06 RE: AMEX PROPOSAL RELATING TO PROCEDURES FOR DENYING INITIAL AND CONTINUED LISTING; YOUR VIEWS REQUESTED BY MARCH 24TH. The Securities and Exchange Commission has published for comment an American Stock Exchange proposal relating to the procedures for denying initial, or continued, listing of a company's securities on the Amex.¹ The proposal is summarized below. Comments on the proposal are due to the SEC by April 3, 2006. If you have any comments on the proposal please provide them to me no later than March 24th by phone (202.218-3563), fax (202.326-5827), or email (ddonohue@ici.org). The proposal would add new Section 127 and amend Section 101 of the Amex Company Guide to specify that Amex has the authority to deny initial listing, impose additional or more stringent criteria on initial or continued listing of a company's securities, or delist a company's securities under certain circumstances, including when: (1) the company has a history of regulatory misconduct; (2) the independent accountants of the company issue a disclaimer opinion on financial statements required to be audited; (3) a company's financial statements do not contain a required certification; or (4) Amex determines that the company has violated or evaded applicable corporate governance standards. The proposal also would amend Sections 402 and 1009 of the Amex Company Guide by changing from seven calendar days to four business days the time within which a company must publicly disclose that Amex has given it written notice that it is noncompliant with one or more of the continued listing standards. According to the Release, written notice of noncompliance with a continued listing requirement may be in the form of a warning letter or deficiency letter. Dorothy M. Donohue Associate Counsel 1 See SEC Release No. 34-53403 (March 2, 2006), 71 FR 12736 (March 13, 2006).