

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

SECURITIES EXCHANGE ACT OF 1934
Release No. 55509 / March 22, 2007

Admin. Proceeding File No. 3-12596

In the Matter of Salvatore F. Sodano

The United States Securities and Exchange Commission (“Commission”) today issued an Order Instituting Administrative Proceedings Pursuant to Section 19(h) of the Securities Exchange Act of 1934 and Notice of Hearing (“Order”) against Salvatore F. Sodano, the former chairman and chief executive officer of American Stock Exchange LLC (“Amex”). In the Order, the Division of Enforcement (“Division”) alleged that, as an officer of the Amex, Sodano had an obligation to enforce compliance with federal securities laws and regulations and the Amex’s rules by members and persons associated with those members. The Division further alleged that, while Sodano was chairman and CEO, the Amex’s surveillance, investigatory, and enforcement programs related to the options and equities markets, and the conduct of floor brokers, were inadequate. Sodano was on notice of, and had responsibility for, these regulatory deficiencies. The deficiencies resulted in large part from Sodano’s failures to make regulation an Amex priority, to pay adequate attention to regulation, to put in place an oversight structure to monitor compliance, to ensure that regulatory staff was properly trained, and to dedicate sufficient resources to regulation. These failures were particularly significant with respect to the Amex’s options market because Sodano knew that, in a September 2000 order, the Commission had sanctioned the Amex and had ordered it to enhance and improve its regulatory programs for surveillance, investigation, and enforcement of the options order handling rules. Based on the above, the Division alleged that, without reasonable justification or excuse, Sodano failed to enforce compliance with the Securities Exchange Act of 1934 (“Exchange Act”), the rules and regulations thereunder, and the Amex’s rules. In view of the Division’s allegations, the Commission instituted proceedings against Sodano.

A hearing before an administrative law judge will be scheduled to determine whether the allegations in the Order are true, to provide Sodano with an opportunity to dispute the allegations, and to determine what, if any, remedial action pursuant to Section 19(h)(4) of the Exchange Act is appropriate. The Commission directed that an administrative law judge issue an initial decision no later than 300 days from the date of service of the Order.