Proposed Rule Change by Philadelphia Stock Exchange

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial Amendment Withdrawal

Section 19(b)(2) Section 19(b)(3)(A) Section 19(b)(3)(B)

Rule

Pilot Extension of Time Period for Commission Action Date Expires

Section 19b-4(f)(1) Section 19b-4(f)(4)

Section 19b-4(f)(2) Section 19b-4(f)(5)

Section 19b-4(f)(3) Section 19b-4(f)(6)

Contact Information

Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name Scott

Last Name Donnini

Title First Vice President and Associate General Counsel

E-mail scott.donnini@phlx.com

Telephone (215) 496-5358 Fax (215) 496-6729

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 04/27/2006

By Scott Donnini

First Vice President and Associate General Counsel

(Name) (Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Scott DONnini, scott.donnini@phlx.com
If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission’s permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e., partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.
PARTIAL AMENDMENT

The Philadelphia Stock Exchange, Inc. (“Exchange” or “Phlx”) hereby submits this Partial Amendment constituting Amendment No. 7 to its rule filing Phlx-2005-93 filed on December 30, 2005. The purpose of this Partial Amendment is to change the word “affiliation” to “relationship” in the definition of “Material Relationship,” re-incorporate text that was inadvertently omitted from the previous Amendment, and make minor technical changes.

The text changes appear below. Additions are underlined and bolded; deletions are bracketed and bolded.

* * * * *

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change
   b. Statutory Basis

* * * * *

The Exchange also believes that its proposal is consistent with Section 6(b) of the Act\(^1\) in general, and furthers the objectives of Section 6(b)(3) of the Act\(^2\) in particular, in that it is designed to assure a fair representation of its members in the selection of its directors and administration of its affairs because the Nominating, Elections and Governance Committee will consist of three Independent Governors (one of whom must be a Designated Independent Governor), one Stockholder Governor, and one Member Governor, with the Designated

\(^1\) 15 U.S.C. 78f(b).

Independent Governor elected by the Members, ensuring greater Member representation.

* * * * *

Exhibit 4

RESTATED CERTIFICATE OF INCORPORATION OF PHILADELPHIA STOCK EXCHANGE, INC.

* * * * *

FOURTH (b)(iii)(B)(2): The Board of Governors shall not adopt any amendment to the By-Laws pursuant to the foregoing paragraph (B)(1) unless the Board of Governors shall have determined that: (x) the exercise of such voting rights by such Person and its Related Persons will not impair the Corporation's ability to discharge its responsibilities under the Exchange Act and the rules and regulations thereunder and is otherwise in the best interests of the Corporation and its Stockholders; (y) the exercise of such voting rights by such Person and its Related Persons will not impair the SEC's ability to enforce the Exchange Act; and (z) such Person and its relevant Related Persons are not subject to any applicable statutory disqualification. In making such determinations, the Board of Governors may impose such conditions and restrictions on such Person and its Related Persons as it may in its sole discretion deem necessary, appropriate or desirable in furtherance of the objectives of the Exchange Act and the governance of the Corporation. “Stockholder” shall mean a stockholder of the Corporation.

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BY-LAWS OF
PHILADELPHIA STOCK EXCHANGE, INC.

ARTICLE I

Definitions
SEC. 1-1. Unless the context requires otherwise, the terms defined in this Section shall, for all purposes of these By-Laws, have the meaning herein specified:

**Independent**

(o) The term “Independent” when used in the context of Governors or committee members, shall mean persons affirmatively determined by the Board as having no Material Relationship with the Exchange or any affiliate of the Exchange, any member of the Exchange or any affiliate of such member, or any issuer of securities that are listed or traded on the Exchange or a facility of the Exchange.

**Material Relationship**

(s) “Material Relationship” shall mean a[n] affiliation relationship, compensatory or otherwise, that could reasonably affect the independent judgment or decision-making of the Governor. It is incumbent upon the Board of Governors to determine independence upon a Governor’s nomination and thereafter no less frequently than annually and as often as necessary in light of a Governor’s circumstances and as further outlined in By-Law Article IV Section 4-4 to ensure standards of independence as defined in these By-Laws are maintained.

**Business Conduct Committee**

SEC. 10-11.
(b) The Business Conduct Committee shall have authority, whenever it shall appear that a Member Organization is in violation of Rule 703 of the Rules of the Board of Governors to direct a general partner(s) or an executive officer(s) of such Member Organization to appear before the Business Conduct Committee for examination upon forty-eight (48) hours notice, either oral or in writing and, after such examination, such Committee shall have authority to suspend such Member Organization until the requirements of Rule 703 are fully met. Any such suspension directed by the Business Conduct Committee shall be subject to review by the Board of Governors. In the event of a reversal by the Board of Governors of the suspension imposed by such Committee, a Member Organization or officer, partner, director (or person in a similar position) or stockholder thereof shall be prohibited from instituting a lawsuit in any forum against the Exchange or the members of the Business Conduct Committee, or hold the Exchange or any member of such Committee liable in damages based in whole or in part upon the suspension imposed by such Committee.

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Exhibit 5

RESTATED CERTIFICATE OF INCORPORATION OF PHILADELPHIA STOCK EXCHANGE, INC.

* * * *

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any applicable statutory disqualification. In making such determinations, the Board of Governors may impose such conditions and restrictions on such Person and its Related Persons as it may in its sole discretion deem necessary, appropriate or desirable in furtherance of the objectives of the Exchange Act and the governance of the Corporation. “Stockholder” shall mean a stockholder of the Corporation.

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* * * * *

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