**Proposed Rule Change by Philadelphia Stock Exchange**

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

### Initial Amendment Withdrawal

- [X] Initial
- [ ] Amendment
- [ ] Withdrawal

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

- [ ] Section 19(b)(2)
- [X] Section 19(b)(3)(A)
- [ ] Section 19(b)(3)(B)

### Rule

- [X] 19b-4(f)(1)
- [ ] 19b-4(f)(2)
- [ ] 19b-4(f)(3)
- [ ] 19b-4(f)(4)
- [ ] 19b-4(f)(5)
- [ ] 19b-4(f)(6)

### Description

Provide a brief description of the proposed rule change (limit 250 characters).

### 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** Cynthia  
**Last Name** Hoekstra  
**Title** Director  
**E-mail** Cynthia.hoekstra@phlx.com  
**Telephone** (215) 496-5066  
**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** 05/04/2006  
**By** Cynthia Hoekstra

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.

Cynthia Hoekstra,
**Form 19b-4 Information**
The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change**
The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3).

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**
Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**
Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**
The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**
The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**
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.
1. **Text of the Proposed Rule Change**

   The Philadelphia Stock Exchange, Inc. (“Phlx” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² proposes to establish an option transaction charge credit of $0.21 per contract for Exchange options specialist units³ that incur Phlx option transaction charges when a customer order is delivered to the limit order book via the Exchange’s Options Floor Broker Management System (“FBMS”)⁴ and is then sent to an away market and executed via the Intermarket Options Linkage (“Linkage”) under the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage (the “Plan”)⁵ as a Principal Acting as Agent Order (“P/A Order”).⁶

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³ The Exchange uses the terms “specialist” and “specialist unit” interchangeably herein.

⁴ The FBMS is a component of the Exchange’s Automated Options Market (AUTOM) System designed to enable Floor Brokers and/or their employees to enter, route and report transactions stemming from options orders received on the Exchange. The Options Floor Broker Management System also is designed to establish an electronic audit trail for options orders represented and executed by Floor Brokers on the Exchange, such that the audit trial provides an accurate, time-sequenced record of electronic and other orders, quotations and transactions on the Exchange, beginning with the receipt of an order by the Exchange, and further documenting the life of the order through the process of execution, partial execution, or cancellation of that order. See Exchange Rule 1080, Commentary .06.


⁶ A P/A Order is an order for the principal account of a specialist (or equivalent entity on another participant exchange that is authorized to represent public customer orders), reflecting the terms of a related unexecuted public customer order for which the specialist is acting as agent. See Exchange Rule 1083(k)(i).
This proposal is a pilot that will expire on July 31, 2006 and is in connection with an existing pilot that is currently scheduled to expire on July 31, 2006,\textsuperscript{7} and applies to transactions settling on or after April 3, 2006.

A notice of the proposed rule change for publication in the \textit{Federal Register} is attached hereto as \textbf{Exhibit 1}, a copy of the applicable section of the Exchange’s Summary of Equity Option Charges indicating additions to or deletions from the immediately preceding filing is attached hereto as \textbf{Exhibit 4}, and the text of the applicable section of the Exchange’s Summary of Equity Option Charges is attached hereto as \textbf{Exhibit 5}.

2. \textbf{Procedures of the Self-Regulatory Organization}

The Exchange’s Executive Committee, pursuant to delegated authority, approved the proposal for filing with the Securities and Exchange Commission (“SEC” or “Commission”) on March 30, 2006.

Questions and comments on the proposed rule change may be directed to Richard S. Rudolph, Vice President and Counsel, at (215) 496-5074, or Edith Hallahan, Senior Vice President and Deputy General Counsel, at (215) 496-5179.

3. \textbf{Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change}

a. \textbf{Purpose}

The purpose of this proposal is to alleviate the potential economic burden of multiple transaction charges imposed on Exchange specialist units by establishing a credit for Phlx option transaction charges incurred by an Exchange specialist unit when a

customer limit order placed on the limit order book by a Floor Broker\(^8\) results in an execution of a P/A Order that is sent to another exchange via Linkage.

Currently, when an Exchange specialist sends a P/A Order through Linkage to an away market, the specialist unit ultimately pays fees to execute the order at both the Exchange and the away market center. The Exchange believes that the imposition of both fees may place an economic burden on Exchange specialist units. The purpose of this proposal is to credit the specialist for the fee that is charged by the Exchange. The Exchange believes that an options transaction charge credit of $0.21 per contract should encourage the use of the Linkage and reduce the potential economic burden of multiple fees that may be incurred by specialist units when a customer order is delivered to the limit order book via the FBMS and is then sent and executed via the Linkage. In addition, this proposal should allow the Exchange to remain competitive with other exchanges with respect to the assessment of Linkage-related fees.\(^9\)

The purpose of Amendment Number 2 is to clarify: (i) that the proposed rule change is a pilot that will expire on July 31, 2006; and (ii) the purpose of the proposed rule change. Amendment Number 2 also makes technical changes to the proposed rule change, including the proposed rule text.

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\(^8\) A Floor Broker who wishes to place a limit order on the limit order book must submit such a limit order electronically through the FBMS. See Exchange Rule 1063, Commentary .01. See also, Exchange Rule 1080, Commentary .02(b).

This proposal is a pilot that will expire on July 31, 2006 and is in connection with an existing pilot that is currently scheduled to expire on July 31, 2006, and applies to transactions settling on or after April 3, 2006.

b. **Statutory Basis**

The Exchange believes that its proposal to amend its schedule of fees is consistent with Section 6(b) of the Act in general, and furthers the objectives of Section 6(b)(4) of the Act in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members and issuers and other persons using its facilities.

4. **Self-Regulatory Organization’s Statement on Burden on Competition**

The Phlx does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

5. **Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

No written comments were either solicited or received.

6. **Extension of Time Period for Commission Action**

The Exchange does not consent to an extension of the time period for Commission action.

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10 See supra note 7.


7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The foregoing proposed rule change establishes or changes a due, fee, or other charge applicable only to a member pursuant to Section 19(b)(3)(A)(ii) of the Act and Rule 19b-4(f)(2) thereunder. Accordingly, the proposal will take effect upon filing with the Commission. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is based on a similar fee credit (rebate) that is currently in effect on the NYSE Arca, Inc. (formerly the Pacific Exchange, Inc.) and the Chicago Board Options Exchange Incorporated.

9. Exhibits

1. Notice of proposed rule for publication in the Federal Register.

4. Applicable section of the Exchange’s Summary of Equity Option Charges indicating additions to or deletions from the immediately preceding filing.

5. Applicable section of the Exchange’s Summary of Equity Option Charges.


Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-Phlx-2006-20)

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to a Pilot Option Transaction Charge Credit for Specialists that Send Certain Principal Acting as Agent (“P/A”) Orders for Execution Via the Intermarket Options Linkage

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”), and Rule 19b-4 thereunder, notice is hereby given that on ______________________ 2006, the Philadelphia Stock Exchange, Inc. (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Phlx. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Phlx, pursuant to Section 19(b)(1) of the Act and Rule 19b-4 thereunder, proposes to establish an option transaction charge credit of $0.21 per contract for Exchange options specialist units that incur Phlx option transaction charges when a customer order is delivered to the limit order book via the Exchange’s Options Floor

5 The Exchange uses the terms “specialist” and “specialist unit” interchangeably herein.
Broker Management System ("FBMS") and is then sent to an away market and executed via the Intermarket Options Linkage ("Linkage") under the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage (the "Plan") as a Principal Acting as Agent Order ("P/A Order").

This proposal is a pilot that will expire on July 31, 2006 and is in connection with an existing pilot that is currently scheduled to expire on July 31, 2006, and applies to transactions settling on or after April 3, 2006.


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

In its filing with the Commission, the Phlx included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at

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6 The FBMS is a component of the Exchange’s Automated Options Market (AUTOM) System designed to enable Floor Brokers and/or their employees to enter, route and report transactions stemming from options orders received on the Exchange. The Options Floor Broker Management System also is designed to establish an electronic audit trail for options orders represented and executed by Floor Brokers on the Exchange, such that the audit trail provides an accurate, time-sequenced record of electronic and other orders, quotations and transactions on the Exchange, beginning with the receipt of an order by the Exchange, and further documenting the life of the order through the process of execution, partial execution, or cancellation of that order. See Exchange Rule 1080, Commentary .06.


8 A P/A Order is an order for the principal account of a specialist (or equivalent entity on another participant exchange that is authorized to represent public customer orders), reflecting the terms of a related unexecuted public customer order for which the specialist is acting as agent. See Exchange Rule 1083(k)(i).

the places specified in Item IV below. The Phlx has prepared summaries, set forth in
sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

   The purpose of this proposal is to alleviate the potential economic burden of
   multiple transaction charges imposed on Exchange specialist units by establishing a
   credit for Phlx option transaction charges incurred by an Exchange specialist unit when a
   customer limit order placed on the limit order book by a Floor Broker\textsuperscript{10} results in an
   execution of a P/A Order that is sent to another exchange via Linkage.

   Currently, when an Exchange specialist sends a P/A Order through Linkage to an
   away market, the specialist unit ultimately pays fees to execute the order at both the
   Exchange and the away market center. The Exchange believes that the imposition of both
   fees may place an economic burden on Exchange specialist units. The purpose of this
   proposal is to credit the specialist for the fee that is charged by the Exchange. The
   Exchange believes that an options transaction charge credit of $0.21 per contract should
   encourage the use of the Linkage and reduce the potential economic burden of multiple
   fees that may be incurred by specialist units when a customer order is delivered to the
   limit order book via the FBMS and is then sent and executed via the Linkage. In addition,

\textsuperscript{10} A Floor Broker who wishes to place a limit order on the limit order book must submit such a limit order
electronically through the FBMS. See Exchange Rule 1063, Commentary .01. See also, Exchange Rule
1080, Commentary .02(b).
this proposal should allow the Exchange to remain competitive with other exchanges with respect to the assessment of Linkage-related fees.\textsuperscript{11}

This proposal is a pilot that will expire on July 31, 2006 and is in connection with an existing pilot that is currently scheduled to expire on July 31, 2006,\textsuperscript{12} and applies to transactions settling on or after April 3, 2006.

2. Statutory Basis

The Exchange believes that its proposal to amend its schedule of fees is consistent with Section 6(b) of the Act\textsuperscript{13} in general, and furthers the objectives of Section 6(b)(4) of the Act\textsuperscript{14} in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members and issuers and other persons using its facilities.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.


\textsuperscript{12} See supra note 9.

\textsuperscript{13} 15 U.S.C. 78f(b).

III. **Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

The foregoing proposed rule change establishes or changes a due, fee, or other charge applicable only to a member pursuant to Section 19(b)(3)(A)(ii) of the Act\(^\text{15}\) and Rule 19b-4(f)(2)\(^\text{16}\) thereunder. Accordingly, the proposal will take effect upon filing with the Commission. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. **Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

**Electronic comments:**

- Use the Commission’s Internet comment form  
  [http://www.sec.gov/rules/sro.shtml](http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2006-20 on the subject line.

**Paper comments:**

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

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All submissions should refer to File Number SR-Phlx-2006-20. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission’s Internet Web site (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission’s Public Reference Room. Copies of the filing also will be available for inspection and copying at the principal office of the Phlx. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-Phlx-2006-20 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.\textsuperscript{17}

\begin{flushright}
Nancy M. Morris
Secretary
\end{flushright}

\textsuperscript{17} 17 CFR 200.30-3(a)(12).
OPTION COMPARISON CHARGE (applicable to all trades – except specialist trades)

Registered Option Trader $0.03 per contract
Firm / Proprietary* + $0.04 per contract
Customer Executions, Broker-Dealer Orders No charge

OPTION TRANSACTION CHARGE

Customer Executions No charge
Firm / Proprietary* + $0.20 per contract
Firm / Proprietary Facilitation + $0.10 per contract
Registered Option Trader (on-floor) * $0.19 per contract
Specialist *9 $0.21 per contract
Broker/Dealer*11 (AUTOM-delivered) $0.45 per contract

* Subject to a maximum fee of $60,000, except for certain license fees which are assessed per contract side – see $60,000 “Firm Related” Equity Option and Index Option Cap.
* ROTs are eligible for a $0.08/contract side rebate and specialists are eligible for a $0.07/contract side rebate for trades occurring as part of a dividend or merger spread transaction. The net transaction and comparison charges after the rebate is applied will be capped at $1,750 for all merger spread transactions executed on the same trading day in the same options class. The net transaction and comparison charges after the rebate is applied will be capped at $1,750 for dividend spread transactions on the same day in the same options class, except for a security with a declared dividend or distribution less than $0.25. In that instance, the net transaction and comparison charges after the rebate is applied will be capped at $1,000 for all dividend spread transactions on the same day in the same options class. A $0.05 per contract side license fee is imposed for dividend spread strategy transactions in connection with certain products that carry license fees. For a complete list of these product symbols, see the $60,000 Firm-Related Equity Option and Index Option Cap Fee Schedule. The license fee is assessed on every transaction and is not subject to the $1,750 or $1,000 cap, nor does it count towards reaching the caps. The $1,000 and $1,750 caps and the $0.05 per contract side license fee are subject to a pilot program scheduled to expire on September 1, 2006.

9 A fee credit of $0.21 per contract applies to specialists [units] that incur option transaction charges when a customer order is delivered to the limit order book via the Exchange’s Options Floor Broker Management System and is then sent and executed via the Intermarket Options Linkage as a P/A Order. The fee credit is [part of in connection with a pilot program that is currently] scheduled to expire on July 31, 2006.

No Changes to Remainder of Fee Schedule

9 For the purpose of this Summary of Equity Option Charges, the Firm / Proprietary comparison or transaction charge applies to member organizations for orders for the proprietary account of any member or non-member broker-dealer that derives more than 35% of its annual, gross revenues from commissions and principal transactions with customer. Member organizations will be required to verify this amount to the Exchange by certifying that they have reached this threshold and by submitting a copy of their annual report, which was prepared in accordance with Generally Accepted Accounting Principles (“GAAP”). In the event that a firm has not been in business for one year, the most recent quarterly reports, prepared in accordance with GAAP, will be accepted.

10 See footnote 9

11 For the purpose of this Summary of Equity Option Charges, this charge applies to members for transactions, received from other than the floor of the Exchange, for any account (i) in which the holder of beneficial interest is a member or non-member broker-dealer or (ii) in which the holder of beneficial interest is a person associated with or employed by a member or non-member broker-dealer. This includes transactions for the account of an ROT entered from off-floor.
### Exhibit 5
**SUMMARY OF EQUITY OPTION CHARGES (p. 1/6)**

*New Text Underlined*

#### OPTION COMPARISON CHARGE (applicable to all trades – except specialist trades)
- Registered Option Trader: $0.03 per contract
- Firm / Proprietary: $0.04 per contract
- Customer Executions, Broker-Dealer Orders: No charge

#### OPTION TRANSACTION CHARGE

<table>
<thead>
<tr>
<th>Category</th>
<th>Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Executions</td>
<td>No charge</td>
</tr>
<tr>
<td>Firm / Proprietary</td>
<td>$0.20 per contract</td>
</tr>
<tr>
<td>Firm / Proprietary Facilitation</td>
<td>$0.10 per contract</td>
</tr>
<tr>
<td>Registered Option Trader (on-floor) *</td>
<td>$0.19 per contract</td>
</tr>
<tr>
<td>Specialist *9</td>
<td>$0.21 per contract</td>
</tr>
<tr>
<td>Broker/Dealer 11 (AUTOM-delivered)</td>
<td>$0.45 per contract</td>
</tr>
</tbody>
</table>

* Subject to a maximum fee of $60,000, except for certain license fees which are assessed per contract side – see $60,000 “Firm Related” Equity Option and Index Option Cap.

* ROTs are eligible for a $0.08/contract side rebate and specialists are eligible for a $0.07/contract side rebate for trades occurring as part of a dividend or merger spread transaction. The net transaction and comparison charges after the rebate is applied will be capped at $1,750 for all merger spread transactions executed on the same trading day in the same options class. The net transaction and comparison charges after the rebate is applied will be capped at $1,750 for dividend spread transactions on the same day in the same options class, except for a security with a declared dividend or distribution less than $0.25. In that instance, the net transaction and comparison charges after the rebate is applied will be capped at $1,000 for all dividend spread transactions occurring on the same day in the same options class. A $0.05 per contract side license fee is imposed for dividend spread strategy transactions in connection with certain products that carry license fees. For a complete list of these product symbols, see the $60,000 Firm-Related Equity Option and Index Option Cap Fee Schedule. The license fee is assessed on every transaction and is not subject to the $1,750 or $1,000 cap, nor does it count towards reaching the caps. The $1,000 and $1,750 caps and the $0.05 per contract side license fee are subject to a pilot program scheduled to expire on September 1, 2006.

9 A fee credit of $0.21 per contract applies to specialists that incur option transaction charges when a customer order is delivered to the limit order book via the Exchange’s Options Floor Broker Management System and is then sent and executed via the Intermarket Options Linkage as a P/A Order. The fee credit is scheduled to expire on July 31, 2006.

No Changes to Remainder of Fee Schedule

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9 For the purpose of this Summary of Equity Option Charges, the Firm / Proprietary comparison or transaction charge applies to member organizations for orders for the proprietary account of any member or non-member broker-dealer that derives more than 35% of its annual, gross revenues from commissions and principal transactions with customer. Member organizations will be required to verify this amount to the Exchange by certifying that they have reached this threshold and by submitting a copy of their annual report, which was prepared in accordance with Generally Accepted Accounting Principles (“GAAP”). In the event that a firm has not been in business for one year, the most recent quarterly reports, prepared in accordance with GAAP, will be accepted.

10 See footnote 9

11 For the purpose of this Summary of Equity Option Charges, this charge applies to members for transactions, received from other than the floor of the Exchange, for any account (i) in which the holder of beneficial interest is a member or non-member broker-dealer or (ii) in which the holder of beneficial interest is a person associated with or employed by a member or non-member broker-dealer. This includes transactions for the account of an ROT entered from off-floor.