Proposed Rule Change by Philadelphia Stock Exchange
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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- Extension of Time Period for Commission Action: □
- Date Expires: □

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

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

Adopt Monthly Off-Floor Examination Fee

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: 03/31/2006  
By: Cynthia Hoekstra  
(Name)  
Director  
(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.
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, beginning April 1, 2006: (1) eliminate the Exchange’s off-floor trader annual fee of $350.00; (2) eliminate the Exchange’s off-floor trader initial registration fee of $100.00; and (3) adopt a monthly off-floor examination fee of $30.00 per off-floor trader for off-floor traders associated with member organizations for whom the Exchange is the Designated Examining Authority ("DEA").\(^3\)

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and a copy of the applicable section of Appendix A of the Exchange’s schedule of fees is attached hereto as Exhibit 5.

2. **Procedures of the Self-Regulatory Organization**

The Executive Committee, pursuant to delegated authority, approved the proposal for filing with the Securities and Exchange Commission ("SEC" or "Commission") on August 11, 2005.

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\(^3\) Every person who is compensated directly or indirectly by a member or participant organization for which the Exchange is the DEA or any other associated person of such member or participant organization, and who executes, makes trading decisions with respect to, or otherwise engages in proprietary or agency trading of securities, including, but not limited to, equities, preferred securities, convertible debt securities or options off the floor of the Exchange ("off-floor traders"), must successfully complete the Uniform Registered Representative Examination Series 7. See Exchange Rule 604.
Questions and comments on the proposed rule change may be directed to Cynthia Hoekstra, Director, at (215) 496-5066 or Edith Hallahan, Deputy General Counsel, at (215) 496-5179.

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

   a. **Purpose**

   The purpose of adopting the monthly off-floor trader fee examination fee is to continue to help off-set the Exchange’s costs associated with conducting examinations and routine financial condition monitoring of member organizations that do not necessarily generate off-setting revenue for the Exchange or send orders to the Exchange. The Exchange also incurs administrative costs, such as costs incurred in conducting reviews of individuals with prior disciplinary history. In addition, replacing the annual off-floor trader fee and initial off-floor registration fee with the monthly off-floor examination fee allows the Exchange to bill member organizations more precisely for the number of off-floor traders they have.

   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 15 U.S.C. 78f(b).

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the Act\textsuperscript{6} in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members.

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.

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 has been designated as a fee change pursuant to Section 19(b)(3)(A)(ii) of the Act\textsuperscript{7} and Rule 19b-4(f)(2)\textsuperscript{8} 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.


\textsuperscript{8} 17 CFR 240.19b-4(f)(2).
8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

   The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

9. Exhibits

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

   5. Applicable section of Appendix A of the Exchange’s schedule of fees.
Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No.                  ; File No. SR-Phlx-2006-23)

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Off-Floor Trader Fees

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")\(^1\), and Rule 19b-4 thereunder,\(^2\) 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\(^3\) and Rule 19b-4 thereunder,\(^4\) proposes to, beginning April 1, 2006: (1) eliminate the Exchange’s off-floor trader annual fee of $350.00; (2) eliminate the Exchange’s off-floor trader initial registration fee of $100.00; and (3) adopt a monthly off-floor examination fee of $30.00 per off-floor trader.


for off-floor traders associated with member organizations for whom the Exchange is the Designated Examining Authority (“DEA”).

A copy of the applicable section of Appendix A of the Exchange’s schedule of fees is attached hereto as Exhibit 5.

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 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 adopting the monthly off-floor trader fee examination fee is to continue to help off-set the Exchange’s costs associated with conducting examinations and routine financial condition monitoring of member organizations that do not necessarily generate off-setting revenue for the Exchange or send orders to the Exchange.

6 The Exchange also incurs administrative costs, such as costs incurred in conducting

5 Every person who is compensated directly or indirectly by a member or participant organization for which the Exchange is the DEA or any other associated person of such member or participant organization, and who executes, makes trading decisions with respect to, or otherwise engages in proprietary or agency trading of securities, including, but not limited to, equities, preferred securities, convertible debt securities or options off the floor of the Exchange (“off-floor traders”), must successfully complete the Uniform Registered Representative Examination Series 7. See Exchange Rule 604.

6 Previously, the Exchange designated its initial off-floor trader fees and annual off-floor trader fees as regulatory fees, in connection with its demutualizaion. The proposed
reviews of individuals with prior disciplinary history. In addition, replacing the annual off-floor trader fee and initial off-floor registration fee with the monthly off-floor examination fee allows the Exchange to bill member organizations more precisely for the number of off-floor traders they have.

2. **Statutory Basis**

The Exchange believes that its proposal to amend its schedule of fees is consistent with Section 6(b) of the Act\(^7\) in general, and furthers the objectives of Section 6(b)(4) of the Act\(^8\) in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members.

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.

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


\(^7\) 15 U.S.C. 78f(b).

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); or

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-
  Phlx-2006-23 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.

All submissions should refer to File Number SR-Phlx-2006-23. 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

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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-2006-23 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. 11

Nancy M. Morris
Secretary

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New text underlined; deleted text bracketed.

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Off-Floor Examinations Fee $30.00 monthly per Off-Floor Trader

[Off-Floor Trader Initial Registration Fee $ 100.00]

[Off-Floor Trader Annual Fee $ 350.00]

No Changes to Remainder of Appendix A.