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 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).

Conform changes to Phlx By-Laws

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 Angela Last Name Dunn
Title Director and Counsel
E-mail angela.dunn@phlx.com
Telephone (215) 496-5692 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 07/21/2006
By Angela Saccomandi Dunn (Name)
Director and Counsel (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.

Angela Dunn, angela.dunn@phlx.com
<table>
<thead>
<tr>
<th><strong>Form 19b-4 Information</strong></th>
<th>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.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exhibit 1 - Notice of Proposed Rule Change</strong></td>
<td>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)</td>
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<tr>
<td><strong>Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications</strong></td>
<td>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.</td>
</tr>
<tr>
<td>Add</td>
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<tr>
<td><strong>Exhibit 3 - Form, Report, or Questionnaire</strong></td>
<td>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.</td>
</tr>
<tr>
<td>Add</td>
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<tr>
<td><strong>Exhibit 4 - Marked Copies</strong></td>
<td>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.</td>
</tr>
<tr>
<td>Add</td>
<td>Remove</td>
</tr>
<tr>
<td><strong>Exhibit 5 - Proposed Rule Text</strong></td>
<td>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.</td>
</tr>
<tr>
<td>Add</td>
<td>Remove</td>
</tr>
<tr>
<td><strong>Partial Amendment</strong></td>
<td>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.</td>
</tr>
</tbody>
</table>
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 amend various Exchange By-Laws to conform the usage of terms throughout the By-Laws.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and the text of the proposed rule change is set forth below:

Underlining indicates new text; deletions are bracketed.

**ARTICLE IV Board of Governors**

**Number and Composition**

SEC. 4-1. The management of the business and affairs of the Exchange shall be vested in the Board of Governors. The Board of Governors shall be composed of the Chairman of the Board of Governors, who shall be the individual then holding the office of the Chief Executive Officer of the Exchange and twenty-two (22) other Governors consisting of: two (2) Governors who are Member Governors who meet the qualifications set forth in By-Law Article [1] \(^1\), Section 1-1 with respect to Member Governors; one (1) Governor who is a PBOT Governor who meets the qualifications set forth in By-Law Article [1] \(^1\), Section 1-1 with respect to the PBOT Governor; six (6) Governors who are Stockholder Governors who meet the qualifications set forth in By-Law Article [1] \(^1\), Section 1-1 with respect to Stockholder Governors; twelve (12) Governors who are Independent Governors who meet the qualifications set forth in By-Law Article [1] \(^1\), Section 1-1 with respect to Independent Governors and one (1) Governor who is the Vice-Chairman of the

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Board of Governors who meets the qualifications set forth in By-Law Article V, Section 5-2 with respect to the Vice-Chairman.

* * * * *

Duties and Powers

SEC. 4-4. (a) – The Board of Governors shall be vested with all the powers necessary for the management of the business and affairs of the Exchange, the regulation of the business conduct of Members, participants, Member Organizations, and participant organizations, and persons associated with such organizations and for the promotion of the welfare, objects and purposes of the Exchange, and in addition to the power and authority conferred by these By-Laws, may exercise all powers of the Exchange and do all such lawful acts and things as are not by statute, these By-Laws or the Certificate of Incorporation directed or required to be exercised or done by the Stockholders.

[Amendment.

August 22, 1997 (97-31).]

[(a)] In the exercise of its powers it may adopt such rules, issue such orders and directions and make such decisions as it may deem appropriate.

SEC.4.4 (b)  No Change

* * * * *

Vacancies

SEC. 4-7. Vacancies in the Board of Governors, including vacancies resulting from [from] the resignation of any Governors or an increase in the number of Governors, shall be filled by the Nominating, [and] Elections and Governance Committee, subject to approval by a majority of the Governors then in office, although less than a quorum, or by a sole remaining Governor, and each person so elected shall be a Governor until his successor is elected and qualified or until his earlier resignation or removal.
Disqualification of Governors

SEC. 4-8. (a) – (b) - No change.

(c) The last sentence of subsection (a) of this Section shall not apply when the interest of the relevant person is derived solely from being part of the general membership or of a class of Members, unless their impartiality might reasonably be questioned.

* * * * *

ARTICLE X Standing Committees

Standing Committees

SEC. 10-1 (a) The Standing Committees of the Exchange shall consist of: an Executive Committee, an Admissions Committee, an Allocation, Evaluation and Securities Committee, an Audit Committee, an Automation Committee, a Business Conduct Committee, a Compensation Committee, a Finance Committee, a Floor Procedure Committee, a Foreign Currency Options Committee, a Marketing Committee, a Nominating, [and] Elections and Governance Committee, a Quality of Markets Committee, and an Options Committee. Each of such Committees shall be composed of not more than nine (9) members, including ex-officio members, except for the Floor Procedure Committee, the Options Committee, and the Foreign Currency Options Committee, which shall each consist of not more than twelve (12) members, including ex-officio members. The Chairman of each Standing Committee shall be a member of the Board of Governors and at least one other person on each Committee shall be a Governor.

* * * * *

Vacancies in Standing Committees --Ad Interim Appointments

SEC. 10-4. The Executive Committee shall appoint, subject to the approval of the Board
of Governors, a person to fill any vacancy other than Chairman occurring in any Standing Committee except the Nominating, [and] Elections and Governance Committee and the Executive Committee. Should special exigencies require, the Chairman of the Board of Governors may fill any such vacancy ad interim until the next regular meeting of the Board of Governors.

* * * * *

Nominating, Elections and Governance Committee

SEC. 10-19. (a) - (h) – No change.

(i) The names of the persons nominated by the Nominating, [and] Elections and Governance Committee shall be identified on the ballot by an appropriate legend or symbol. In the event that there are more nominations of persons [in the categories of On-Floor and Off-Floor Governor] than there are vacancies on the Board of Governors which may be filled by such persons, the number of such persons who may be elected to serve on the Board of Governors in each category shall also be indicated on the ballot.

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ARTICLE XI  Appeals

When Allowed

SEC. 11-1. (a) - No change.

(b) Notwithstanding the foregoing, any appeal from a decision of the Nominating, [and] Elections and Governance Committee regarding the eligibility of any candidate for election to the Board of Governors shall be heard by a special committee of the Board of Governors composed of not less than a majority of all Governors who are not then candidates for office on the Board of Governors. An affected candidate or interested party may appeal by filing a written notice thereof with the Secretary of the Exchange within seven (7) days after a decision. Said notice shall also state the reasons for his appeal and the relief requested. He may appear before the special committee and present arguments
concerning the decision. An appropriate record shall be kept. The decision of the special committee shall be final.

(c) - No change.

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ARTICLE XV Transfer of Foreign Currency Options Participations

Transfer of Foreign Currency Options Participations

Transfer of Equitable Title

A transfer of equitable title only to a foreign currency options participation shall be made upon submission of the name of the transferor and the transferee thereof to the Admissions Committee. A transfer may not be effected pursuant to a lease agreement. Notice of this transfer shall be posted upon the website of the Exchange and shall also appear in the Weekly Bulletin mailed to the [m]Members and/or foreign currency options participants at least seven (7) days in advance of the transfer's effective date. Notice of the proposed transfer shall specify the date on which the proposed transfer will become effective.

* * * * *

Contracts of Transferor

SEC. 15-2.

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Effect of Involuntary Transfers

Notice of a transfer to be made pursuant to a sale of a foreign currency options participation by the Admissions Committee shall be sent to the [m]Members and the foreign currency options participants as in the case of a voluntary transfer, and shall have
the same effect in respect to open contracts and unmatured debts and obligations of the foreign currency options participant or former foreign currency options participant as in the case of a voluntary transfer.

Disposition of Proceeds of Sale of Foreign Currency Options Participation

SEC. 15-3.

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Determination of Claims

An Advisory Committee of (3) Governors, of whom at least two (2) shall be Independent Governors, shall be appointed by the Chairman of the Board of Governors to examine the validity of claims asserted against the Members or the foreign currency options participants and give an advisory opinion to the Board of Governors thereon. The examination of the validity of the claims shall be made upon written submission of claimants and respondents with provision for these parties to request oral argument before the Advisory Committee. The Board of Governors, based upon the written record before the Advisory Committee, shall determine the payment of such sums that are or may become due to the claimants pursuant to these By-Laws and the rules of the Exchange. The decision of the Board of Governors shall be in writing and sent to the parties to the proceeding respecting the determination of claims.

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2. Procedures of the Self-Regulatory Organization

The Board of Governors approved the By-Law proposal for filing with the SEC on December 14, 2005. A special meeting of the stockholders\(^3\) of the Phlx to approve the amendments took place on January 24, 2006.\(^4\)

Questions and comments on the proposed rule change may be directed to Scott Donnini, First Vice President and Associate General Counsel at (215) 496-5358 or Edith Hallahan, Senior Vice President and 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 the proposed rule change is to make minor, technical adjustments to certain Exchange By-Laws in order to conform them to the current By-Laws as amended recently by SR-Phlx-2005-93.\(^5\) The proposed amendments are administrative in nature and are only intended to add consistency to the rules in terms of form.

The term “member” is being capitalized in certain places to clarify the intended meaning of the term. The purpose of this amendment is not to change the intent of its meaning within the By-Laws, but rather to clarify the intended meaning by capitalizing

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\(^3\) Pursuant to By-Law Article I, Section 1-1(cc), the term “stockholder” shall mean a stockholder of the Exchange.

\(^4\) The record date for the stockholder vote was December 15, 2005. The record date was set by the Board of Governors on December 14, 2005. A proxy and ballot was mailed to all stockholders on December 28, 2005. The mailing contained a notice of the special meeting of stockholders.

the term in relevant places. The capitalization should differentiate between intended references to the term “Member” as defined in Exchange Rule 2\(^6\) from the term “member” as used in other contexts.\(^7\) This amendment does not intend to substantively amend the By-Laws, but only to correct inadvertent omissions in the previously referenced filing.

The term ‘Governance’ was previously added to the title of the Nominating and Elections Committee in the previously referenced filing.\(^8\) The failure to include the term “Governance”, when referencing this Committee in certain places, was an inadvertent omission in the previously referenced filing. The proposed amendments will provide consistency throughout the By-Laws when referring to this Committee.

The Exchange proposes to remove the references to “Off-Floor Governor” and “On-Floor Governor” as these terms no longer have a defined meaning in the By-Laws. The terms “Off-Floor Governor” and “On-Floor Governor” were removed from the By-Laws by a previous rule filing.\(^9\) The remaining references to these terms in the specified By-Laws was an inadvertent oversight. The removal of these terms should provide clarity to the existing language in these By-Laws.

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\(^6\) Phlx Exchange Rule 2 states, “The term “Member” means a permit holder which has not been terminated in accordance with the by-laws and these rules of the Exchange.”

\(^7\) For example, the By-Laws use the term “member” to refer to members of a committee. The Exchange represents that the proposed rule change would not amend references to the term “member” in the Exchange’s Certificate of Incorporation.


b. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act\(^\text{10}\) in general, and furthers the objectives of Section 6(b)(5) of the Act\(^\text{11}\) in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest, by maintaining consistency in the terms referenced throughout the By-Laws and the intended usage of defined terms.

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.

\(^{10}\) 15 U.S.C. 78f(b).

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 is concerned solely with the administration of the Exchange pursuant to Section 19(b)(3)(A)(iii) of the Act\textsuperscript{12} and Rule 19b-4(f)(3)\textsuperscript{13} 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 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.


\textsuperscript{13} 17 CFR 240.19b-4(f)(3).
SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-Phlx-2006-39)

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Conforming Changes to Phlx By-Laws

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")\(^1\), and Rule 19b-4\(^2\) 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\(^3\) and Rule 19b-4 thereunder,\(^4\) proposes to amend various Exchange By-Laws to conform the usage of terms throughout the By-Laws.


The text of the proposed rule change is set forth below:

Underlining indicates new text; deletions are bracketed.

**ARTICLE IV  Board of Governors**

**Number and Composition**

SEC. 4-1. The management of the business and affairs of the Exchange shall be vested in the Board of Governors. The Board of Governors shall be composed of the Chairman of the Board of Governors, who shall be the individual then holding the office of the Chief Executive Officer of the Exchange and twenty-two (22) other Governors consisting of: two (2) Governors who are Member Governors who meet the qualifications set forth in By-Law Article [1], Section 1-1 with respect to Member Governors; one (1) Governor who is a PBOT Governor who meets the qualifications set forth in By-Law Article [1], Section 1-1 with respect to the PBOT Governor; six (6) Governors who are Stockholder Governors who meet the qualifications set forth in By-Law Article [1], Section 1-1 with respect to Stockholder Governors; twelve (12) Governors who are Independent Governors who meet the qualifications set forth in By-Law Article [1], Section 1-1 with respect to Independent Governors and one (1) Governor who is the Vice-Chairman of the Board of Governors who meets the qualifications set forth in By-Law Article V, Section 5-2 with respect to the Vice-Chairman.

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**Duties and Powers**

SEC. 4-4. (a) – The Board of Governors shall be vested with all the powers necessary for the management of the business and affairs of the Exchange, the regulation of the business conduct of Members, participants, Member Organizations, and participant organizations, and persons associated with such organizations and for the promotion of the welfare, objects and purposes of the Exchange, and in addition to the power and authority conferred by these By-Laws, may exercise all powers of the Exchange and do all such lawful acts and things as are not by statute, these By-Laws or the Certificate of Incorporation directed or required to be exercised or done by the Stockholders.
[Amendment.

August 22, 1997 (97-31).]

[(a)] In the exercise of its powers it may adopt such rules, issue such orders and
directions and make such decisions as it may deem appropriate.

SEC. 4-4 (b) No Change

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Vacancies

SEC. 4-7. Vacancies in the Board of Governors, including vacancies resulting from
[from] the resignation of any Governors or an increase in the number of Governors, shall
be filled by the Nominating, [and] Elections and Governance Committee, subject to
approval by a majority of the Governors then in office, although less than a quorum, or
by a sole remaining Governor, and each person so elected shall be a Governor until his
successor is elected and qualified or until his earlier resignation or removal.

Disqualification of Governors

SEC. 4-8. (a) – (b) - No change.

(c) The last sentence of subsection (a) of this Section shall not apply when the interest of
the relevant person is derived solely from being part of the general membership or of a
class of [m] Members, unless their impartiality might reasonably be questioned.

* * * * *
ARTICLE X  Standing Committees

Standing Committees

SEC. 10-1 (a) The Standing Committees of the Exchange shall consist of: an Executive Committee, an Admissions Committee, an Allocation, Evaluation and Securities Committee, an Audit Committee, an Automation Committee, a Business Conduct Committee, a Compensation Committee, a Finance Committee, a Floor Procedure Committee, a Foreign Currency Options Committee, a Marketing Committee, a Nominating, [and] Elections and Governance Committee, a Quality of Markets Committee, and an Options Committee. Each of such Committees shall be composed of not more than nine (9) members, including ex-officio members, except for the Floor Procedure Committee, the Options Committee, and the Foreign Currency Options Committee, which shall each consist of not more than twelve (12) members, including ex-officio members. The Chairman of each Standing Committee shall be a member of the Board of Governors and at least one other person on each Committee shall be a Governor.

* * * * *

Vacancies in Standing Committees --Ad Interim Appointments

SEC. 10-4. The Executive Committee shall appoint, subject to the approval of the Board of Governors, a person to fill any vacancy other than Chairman occurring in any Standing Committee except the Nominating, [and] Elections and Governance Committee and the Executive Committee. Should special exigencies require, the Chairman of the Board of Governors may fill any such vacancy ad interim until the next regular meeting of the Board of Governors.

* * * * *
Nominating, Elections and Governance Committee

SEC. 10-19. (a) - (h) – No change.

(i) The names of the persons nominated by the Nominating, Elections and Governance Committee shall be identified on the ballot by an appropriate legend or symbol. In the event that there are more nominations of persons [in the categories of On-Floor and Off-Floor Governor] than there are vacancies on the Board of Governors which may be filled by such persons, the number of such persons who may be elected to serve on the Board of Governors in each category shall also be indicated on the ballot.

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ARTICLE XI Appeals

When Allowed

SEC. 11-1. (a) - No change.

(b) Notwithstanding the foregoing, any appeal from a decision of the Nominating, Elections and Governance Committee regarding the eligibility of any candidate for election to the Board of Governors shall be heard by a special committee of the Board of Governors composed of not less than a majority of all Governors who are not then candidates for office on the Board of Governors. An affected candidate or interested party may appeal by filing a written notice thereof with the Secretary of the Exchange within seven (7) days after a decision. Said notice shall also state the reasons for his appeal and the relief requested. He may appear before the special committee and present arguments concerning the decision. An appropriate record shall be kept. The decision of the special committee shall be final.

(c) - No change.

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ARTICLE XV Transfer of Foreign Currency Options Participations

Transfer of Foreign Currency Options Participations

Transfer of Equitable Title

A transfer of equitable title only to a foreign currency options participation shall be made upon submission of the name of the transferor and the transferee thereof to the Admissions Committee. A transfer may not be effected pursuant to a lease agreement. Notice of this transfer shall be posted upon the website of the Exchange and shall also appear in the Weekly Bulletin mailed to the Members and/or foreign currency options participants at least seven (7) days in advance of the transfer's effective date. Notice of the proposed transfer shall specify the date on which the proposed transfer will become effective.

* * * * *

Contracts of Transferor

SEC. 15-2.

* * * * *

Effect of Involuntary Transfers

Notice of a transfer to be made pursuant to a sale of a foreign currency options participation by the Admissions Committee shall be sent to the Members and the foreign currency options participants as in the case of a voluntary transfer, and shall have the same effect in respect to open contracts and unmatured debts and obligations of the foreign currency options participant or former foreign currency options participant as in the case of a voluntary transfer.
Disposition of Proceeds of Sale of Foreign Currency Options Participation

SEC. 15-3.

* * * * *

Determination of Claims

An Advisory Committee of (3) Governors, of whom at least two (2) shall be Independent Governors, shall be appointed by the Chairman of the Board of Governors to examine the validity of claims asserted against the Members or the foreign currency options participants and give an advisory opinion to the Board of Governors thereon. The examination of the validity of the claims shall be made upon written submission of claimants and respondents with provision for these parties to request oral argument before the Advisory Committee. The Board of Governors, based upon the written record before the Advisory Committee, shall determine the payment of such sums that are or may become due to the claimants pursuant to these By-Laws and the rules of the Exchange. The decision of the Board of Governors shall be in writing and sent to the parties to the proceeding respecting the determination of claims.

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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 the proposed rule change is to make minor, technical adjustments to certain Exchange By-Laws in order to conform them to the current By-Laws as amended recently by SR-Phlx-2005-93. The proposed amendments are administrative in nature and are only intended to add consistency to the rules in terms of form. The term “member” is being capitalized in certain places to clarify the intended meaning of the term. The purpose of this amendment is not to change the intent of its meaning within the By-Laws, but rather to clarify the intended meaning by capitalizing the term in relevant places. The capitalization should differentiate between intended references to the term “Member” as defined in Exchange Rule 2 from the term “member” as used in other contexts. This amendment does not intend to substantively amend the By-Laws, but only to correct inadvertent omissions in the previously referenced filing.

The term ‘Governance’ was previously added to the title of the Nominating and Elections Committee in the previously referenced filing. The failure to include the term

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6 Phlx Exchange Rule 2 states, “The term “Member” means a permit holder which has not been terminated in accordance with the by-laws and these rules of the Exchange.”

7 For example, the By-Laws use the term “member” to refer to members of a committee. The Exchange represents that the proposed rule change would not amend references to the term “member” in the Exchange’s Certificate of Incorporation.

“Governance”, when referencing this Committee in certain places, was an inadvertent omission in the previously referenced filing. The proposed amendments will provide consistency throughout the By-Laws when referring to this Committee.

The Exchange proposes to remove the references to “Off-Floor Governor” and “On-Floor Governor” as these terms no longer have a defined meaning in the By-Laws. The terms “Off-Floor Governor” and “On-Floor Governor” were removed from the By-Laws by a previous rule filing. The remaining references to these terms in the specified By-Laws was an inadvertent oversight. The removal of these terms should provide clarity to the existing language in these By-Laws.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest, by maintaining consistency in the terms referenced throughout the By-Laws and the intended usage of defined terms.

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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

The foregoing proposed rule change is concerned solely with the administration of the Exchange pursuant to Section 19(b)(3)(A)(iii) of the Act\textsuperscript{12} and Rule 19b-4(f)(3)\textsuperscript{13} 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 summary 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{13} 17 CFR 240.19b-4(f)(3).
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-2006-39 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-2006-39. 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-2006-39 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.\(^\text{14}\)

Nancy M. Morris
Secretary

\(^{14}\) 17 CFR 200.30-3(a)(12).