Provision of the proposed rule change relating to performance evaluations for Streaming Quote Traders and Remote Streaming Quote Traders

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.

<table>
<thead>
<tr>
<th>First Name</th>
<th>Last Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Richard</td>
<td>Rudolph</td>
<td>Vice President and Counsel</td>
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<tr>
<th>E-mail</th>
<th>Telephone</th>
<th>Fax</th>
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<tbody>
<tr>
<td><a href="mailto:Richard.Rudolph@phlx.com">Richard.Rudolph@phlx.com</a></td>
<td>(215) 496-5074</td>
<td>(215) 496-6729</td>
</tr>
</tbody>
</table>

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: 11/22/2006
By: Richard S. Rudolph, Vice President and Counsel

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.

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.

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. 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)

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.
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 adopt Exchange Rule 510, SQT and RSQT Performance Evaluation, to establish performance requirements for Streaming Quote Traders (“SQTs”)\(^3\) and Remote Streaming Quote Traders (“RSQTs”).\(^4\)

   A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1. The text of the proposed new Exchange rule is below.

   Underlining indicates new text.

**SQT and RSQT Performance Evaluation**

**Rule 510.** (a) Performance Evaluation. The Exchange will periodically conduct an evaluation of member organizations who have Streaming Quote Traders (“SQTs”) and Remote Streaming Quote Traders (“RSQTs”), as defined in Rule 1014, to determine whether they have fulfilled performance standards relating to, among other things, quality of markets, efficient quote submission to the Exchange (including quotes submitted through a third party vendor), competition among market makers, observance of ethical standards, and administrative factors.

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\(^3\) An SQT is an Exchange Registered Options Trader ("ROT") who has received permission from the Exchange to generate and submit option quotations electronically through an electronic interface with AUTOM via an Exchange approved proprietary electronic quoting device in eligible options to which such SQT is assigned. *See* Phlx Rule 1014(b)(ii)(A). AUTOM is the Exchange's electronic order delivery, routing, execution and reporting system, which provides for the automatic entry and routing of equity option and index option orders to the Exchange trading floor. Orders delivered through AUTOM may be executed manually, or certain orders are eligible for AUTOM's automatic execution features, AUTO-X, Book Sweep and Book Match. AUTOM is today more commonly referred to as Phlx XL. *See* Securities Exchange Act Release No. 50100 (July 27, 2004), 69 FR 46612 (August 3, 2004) (SR-Phlx-2003-59) and Phlx Rule 1080.

\(^4\) An RSQT is a participant in Phlx XL who has received permission from the Exchange to trade in options for his own account, and to generate and submit option quotations electronically from off the floor of the Exchange through AUTOM in eligible options to which such RSQT has been assigned. *See* Phlx Rule 1014(b)(ii)(B).
(b) Committee Review of Minimum Performance Standards. The Committee may review the Performance Evaluations and in addition may consider any other relevant information including, but not limited to, trading data, regulatory history and such other factors and data as may be pertinent in the circumstances. If the Committee finds any failure by the SQTs and RSQTs to meet minimum performance standards, the Committee may take the following actions, after written notice and after opportunity for a hearing in accordance with Exchange By-Law Article XI, Section 11-1:

(i) restriction of assignments to additional options;

(ii) suspension, termination, or restriction of an assignment in one or more options; or

(iii) suspension, termination, or restriction of the SQT’s and RSQT’s registration in general.

(c) If an SQT’s or RSQT’s assignment in an option has been terminated pursuant to paragraph (b) above, the SQT or RSQT may not be re-appointed as a SQT or RSQT in that option for a period not to exceed six months.

Commentary:

.01 On a monthly basis, the Exchange will evaluate the following for each SQT and RSQT:

(a) Percentage of total quotes that represent the NBBO. If the percentage of the total quotes that represent the NBBO is in the lowest quartile of all SQTs or RSQTs for two or more consecutive months, this may be considered sub-standard performance.

(b) Quoting requirements pursuant to Rule 1014. If an SQT or RSQT fails to meet the quoting requirements as prescribed by the rule, this may be considered sub-standard performance.

(c) The number of requests for quote spread parameter relief will also be considered for the purposes of evaluating performance standards.

(d) To evaluate efficient quote submission to the Exchange, the Exchange will consider how a SQT or RSQT optimizes the submission of quotes through the Specialized Quote Feed, as defined in Rule 1080, by evaluating the number of individual quotes per quote block received by the Exchange.

.02 Upon implementation of this rule, the Exchange shall evaluate the first month’s performance even if it is not a full calendar month.
2. **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 November 22, 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. **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 adopt new Exchange Rule 510 to (1) establish performance requirements for SQTs and RSQTs, (2) authorize the Exchange to conduct performance evaluations periodically, and (3) authorize the Exchange’s Options Allocation, Evaluation and Securities Committee (“OAESC”)\(^5\) to take corrective action where minimum requirements are not met.

   Proposed Rule 510 provides for monthly performance evaluations of SQTs and RSQTs to determine whether they have fulfilled performance standards relating to, among other things, quality of markets, efficient quote submission to the Exchange (including quotes submitted through a third party vendor), competition, observance of ethical standards, and administrative factors.

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\(^5\) See Phlx By-Law Article X, Section 10-7. The Options Allocations Committee has jurisdiction over, among other things: the appointment of specialists on the options and foreign currency options trading floors; allocation, retention and transfer of privileges to deal in options on the trading floors; and administration of the 500 series of Phlx rules.
The proposal would permit the Exchange to consider requests for relief from established quote spread parameters on the Exchange\textsuperscript{6} and efficiency of quote submission through the Specialized Quote Feed (“SQF”), as defined in Exchange Rule 1080, Commentary .01. Failure to meet established minimum performance requirements could result in restriction by the OAESC of additional options assignments; suspension, termination, or restriction of an existing assignment on one or more options; or suspension, termination, or restriction of an SQT’s or RSQT’s status as such.

New Rule 510 would establish specific criteria for each option assigned to an SQT or RSQT that would be regularly evaluated by the Exchange. First, the Exchange would evaluate the percentage of total quotes submitted by the SQT or RSQT that represent the NBBO. If the percentage of the total quotes that represent the NBBO is in the lowest quartile of all SQTs or RSQTs for two or more consecutive months, this may be considered sub-standard performance.

Second, the Exchange would evaluate the SQT or RSQT’s adherence to the Exchange’s established quoting requirements pursuant to Exchange Rule 1014.\textsuperscript{7} If an SQT or RSQT fails to meet the quoting requirements as prescribed by the rule, this may be considered sub-standard performance.

\textsuperscript{6} See Exchange Rule 1014(c)(i)(A).

\textsuperscript{7} Exchange Rule 1014(b)(ii)(D)(1) provides that an SQT and an RSQT shall be responsible to quote continuous, two-sided markets in not less than 60% of the series in each option in which such SQT or RSQT is assigned, provided that, on any given day, a Directed SQT (“DSQT”) or a Directed RSQT (“DRSQT”) (as defined in Rule 1080(l)(i)(C)) shall be responsible to quote continuous, two-sided markets in not less than 99% of the series listed on the Exchange in at least 60% of the options in which such DSQT or DRSQT is assigned. Whenever a DSQT or DRSQT enters a quotation in an option in which such DSQT or DRSQT is assigned, such DSQT or DRSQT must maintain continuous quotations for not less than 99% of the series of the option listed on the Exchange until the close of that trading day.
Third, the Exchange would consider the number of requests for quote spread parameter\(^8\) relief for the purposes of evaluating performance standards.

Finally, to evaluate efficient quote submission to the Exchange, the Exchange will consider how an SQT or RSQT optimizes the submission of quotes through the Specialized Quote Feed, as defined in Rule 1080, by evaluating the number of individual quotes per quote “block” received by the Exchange.

A quote “block” is a component of the Exchange’s SQF application that allows for delivery of a set of multiple quotations from the SQT or RSQT to the Exchange. Within a single “block,” the SQT or RSQT can deliver quotes for any number of option series ranging from 1 to 99.

An SQT or RSQT is assigned a number of ports or lines on which they can send quote blocks. The number of lines assigned dictates the number of blocks that may be sent simultaneously by the SQT or RSQT. The number of lines assigned to an SQT or RSQT is generally a function of the number of products being quoted, taking into account the throughput required to minimize quote latency risk.

The Exchange intends to evaluate the average number of quotes (1-99) submitted within the SQT or RSQT’s quote blocks. The number of quotes delivered in each block would generally be a measure of the SQT or RSQT’s quoting efficiency. For example, a firm sending an average of 1 quote in each block may be considered inefficient while a firm sending an average of 99 quotes in each block would be considered very efficient.

In general, the expenditure of systemic resources required to process an inefficient block is nearly equal to the expenditure of systemic resources required to process an

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\(^8\) Exchange Rule 1034 establishes maximum allowable bid/ask differentials on the Exchange.
efficient block. Therefore, an efficient SQT or RSQT can achieve a much higher level of quote submission than an inefficient SQT or RSQT using nearly the same amount of exchange system resources. The Exchange believes that the regular monitoring of quoting efficiency in this fashion will result in more efficient quoting on the Exchange (i.e., more quotes submitted per block), thus preserving and maximizing Exchange system capacity for handling quote traffic.

In conclusion, the Exchange believes that the proposed performance requirements for SQTs and RSQTs should, among other things, promote quoting efficiency and preserve system capacity, increase competition, minimize requests for relief from quote spread parameters, and encourage efficient adherence to quoting obligations, to the benefit of customers and the marketplace in general.

b. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act\(^9\) in general, and furthers the objectives of Section 6(b)(5) of the Act\(^10\) 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 establishing performance standards for SQTs and RSQTs, which should, in turn, improve the quality of markets on the Exchange.

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)**

   Not applicable.

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

   The proposed rule change is based on the Chicago Board Options Exchange, Inc. (“CBOE”) Rules 8.60 and 8.61.\(^\text{11}\)

9. **Exhibits**

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

SECURITIES AND EXCHANGE COMMISSION
(Release No.                   ; File No. SR-Phlx-2006-51)

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the
Philadelphia Stock Exchange, Inc. Relating to Performance Evaluations for Streaming
Quote Traders and Remote Streaming Quote Traders

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 adopt Exchange Rule 510, SQT and RSQT Performance Evaluation, to
establish performance requirements for Streaming Quote Traders (“SQTs”)\(^5\) and Remote

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\(^5\) An SQT is an Exchange Registered Options Trader (“ROT”) who has received permission from the
Exchange to generate and submit option quotations electronically through an electronic interface with
AUTOM via an Exchange approved proprietary electronic quoting device in eligible options to which such
SQT is assigned. See Phlx Rule 1014(b)(ii)(A). AUTOM is the Exchange's electronic order delivery,
routing, execution and reporting system, which provides for the automatic entry and routing of equity
option and index option orders to the Exchange trading floor. Orders delivered through AUTOM may be
executed manually, or certain orders are eligible for AUTOM's automatic execution features, AUTO-X,
Book Sweep and Book Match. AUTOM is today more commonly referred to as Phlx XL. See Securities
Streaming Quote Traders (“RSQTs”). The text of the proposed new Exchange rule is below.

Underlining indicates new text.

**SQT and RSQT Performance Evaluation**

**Rule 510.** (a) Performance Evaluation. The Exchange will periodically conduct an evaluation of member organizations who have Streaming Quote Traders (“SQTs”) and Remote Streaming Quote Traders (“RSQTs”), as defined in Rule 1014, to determine whether they have fulfilled performance standards relating to, among other things, quality of markets, efficient quote submission to the Exchange (including quotes submitted through a third party vendor), competition among market makers, observance of ethical standards, and administrative factors.

(b) Committee Review of Minimum Performance Standards. The Committee may review the Performance Evaluations and in addition may consider any other relevant information including, but not limited to, trading data, regulatory history and such other factors and data as may be pertinent in the circumstances. If the Committee finds any failure by the SQTs and RSQTs to meet minimum performance standards, the Committee may take the following actions, after written notice and after opportunity for a hearing in accordance with Exchange By-Law Article XI, Section 11-1:

(i) restriction of assignments to additional options;

(ii) suspension, termination, or restriction of an assignment in one or more options; or

(iii) suspension, termination, or restriction of the SQT’s and RSQT’s registration in general.

(c) If an SQT’s or RSQT’s assignment in an option has been terminated pursuant to paragraph (b) above, the SQT or RSQT may not be re-appointed as a SQT or RSQT in that option for a period not to exceed six months.

Commentary:

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An RSQT is a participant in Phlx XL who has received permission from the Exchange to trade in options for his own account, and to generate and submit option quotations electronically from off the floor of the Exchange through AUTOM in eligible options to which such RSQT has been assigned. See Phlx Rule 1014(b)(ii)(B).
On a monthly basis, the Exchange will evaluate the following for each SQT and RSQT:

(a) Percentage of total quotes that represent the NBBO. If the percentage of the total quotes that represent the NBBO is in the lowest quartile of all SQTs or RSQTs for two or more consecutive months, this may be considered sub-standard performance.

(b) Quoting requirements pursuant to Rule 1014. If an SQT or RSQT fails to meet the quoting requirements as prescribed by the rule, this may be considered sub-standard performance.

(c) The number of requests for quote spread parameter relief will also be considered for the purposes of evaluating performance standards.

(d) To evaluate efficient quote submission to the Exchange, the Exchange will consider how a SQT or RSQT optimizes the submission of quotes through the Specialized Quote Feed, as defined in Rule 1080, by evaluating the number of individual quotes per quote block received by the Exchange.

Upon implementation of this rule, the Exchange shall evaluate the first month’s performance even if it is not a full calendar month.

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. Purpose

The purpose of the proposed rule change is to adopt new Exchange Rule 510 to (1) establish performance requirements for SQTs and RSQTs, (2) authorize the Exchange to conduct performance evaluations periodically, and (3) authorize the Exchange’s
Options Allocation, Evaluation and Securities Committee (“OAESC”)\(^7\) to take corrective action where minimum requirements are not met.

Proposed Rule 510 provides for monthly performance evaluations of SQTs and RSQTs to determine whether they have fulfilled performance standards relating to, among other things, quality of markets, efficient quote submission to the Exchange (including quotes submitted through a third party vendor), competition, observance of ethical standards, and administrative factors.

The proposal would permit the Exchange to consider requests for relief from established quote spread parameters on the Exchange\(^8\) and efficiency of quote submission through the Specialized Quote Feed (“SQF”), as defined in Exchange Rule 1080, Commentary .01. Failure to meet established minimum performance requirements could result in restriction by the OAESC of additional options assignments; suspension, termination, or restriction of an existing assignment on one or more options; or suspension, termination, or restriction of an SQT’s or RSQT’s status as such.

New Rule 510 would establish specific criteria for each option assigned to an SQT or RSQT that would be regularly evaluated by the Exchange. First, the Exchange would evaluate the percentage of total quotes submitted by the SQT or RSQT that represent the NBBO. If the percentage of the total quotes that represent the NBBO is in the lowest quartile of all SQTs or RSQTs for two or more consecutive months, this may be considered sub-standard performance.

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\(^7\) See Phlx By-Law Article X, Section 10-7. The Options Allocations Committee has jurisdiction over, among other things: the appointment of specialists on the options and foreign currency options trading floors; allocation, retention and transfer of privileges to deal in options on the trading floors; and administration of the 500 series of Phlx rules.

\(^8\) See Exchange Rule 1014(c)(i)(A).
Second, the Exchange would evaluate the SQT or RSQT’s adherence to the Exchange’s established quoting requirements pursuant to Exchange Rule 1014.\(^9\) If an SQT or RSQT fails to meet the quoting requirements as prescribed by the rule, this may be considered sub-standard performance.

Third, the Exchange would consider the number of requests for quote spread parameter\(^10\) relief for the purposes of evaluating performance standards.

Finally, to evaluate efficient quote submission to the Exchange, the Exchange will consider how an SQT or RSQT optimizes the submission of quotes through the Specialized Quote Feed, as defined in Rule 1080, by evaluating the number of individual quotes per quote “block” received by the Exchange.

A quote “block” is a component of the Exchange’s SQF application that allows for delivery of a set of multiple quotations from the SQT or RSQT to the Exchange. Within a single “block,” the SQT or RSQT can deliver quotes for any number of option series ranging from 1 to 99.

An SQT or RSQT is assigned a number of ports or lines on which they can send quote blocks. The number of lines assigned dictates the number of blocks that may be sent simultaneously by the SQT or RSQT. The number of lines assigned to an SQT or

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\(^9\) Exchange Rule 1014(b)(ii)(D)(1) provides that an SQT and an RSQT shall be responsible to quote continuous, two-sided markets in not less than 60% of the series in each option in which such SQT or RSQT is assigned, provided that, on any given day, a Directed SQT (“DSQT”) or a Directed RSQT (“DRSQT”) (as defined in Rule 1080(l)(i)(C)) shall be responsible to quote continuous, two-sided markets in not less than 99% of the series listed on the Exchange in at least 60% of the options in which such DSQT or DRSQT is assigned. Whenever a DSQT or DRSQT enters a quotation in an option in which such DSQT or DRSQT is assigned, such DSQT or DRSQT must maintain continuous quotations for not less than 99% of the series of the option listed on the Exchange until the close of that trading day.

RSQT is generally a function of the number of products being quoted, taking into account the throughput required to minimize quote latency risk.

The Exchange intends to evaluate the average number of quotes (1-99) submitted within the SQT or RSQT’s quote blocks. The number of quotes delivered in each block would generally be a measure of the SQT or RSQT’s quoting efficiency. For example, a firm sending an average of 1 quote in each block may be considered inefficient while a firm sending an average of 99 quotes in each block would be considered very efficient.

In general, the expenditure of systemic resources required to process an inefficient block is nearly equal to the expenditure of systemic resources required to process an efficient block. Therefore, an efficient SQT or RSQT can achieve a much higher level of quote submission than an inefficient SQT or RSQT using nearly the same amount of exchange system resources. The Exchange believes that the regular monitoring of quoting efficiency in this fashion will result in more efficient quoting on the Exchange (i.e., more quotes submitted per block), thus preserving and maximizing Exchange system capacity for handling quote traffic.

In conclusion, the Exchange believes that the proposed performance requirements for SQTs and RSQTs should, among other things, promote quoting efficiency and preserve system capacity, increase competition, minimize requests for relief from quote spread parameters, and encourage efficient adherence to quoting obligations, to the benefit of customers and the marketplace in general.
2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act\textsuperscript{11} in general, and furthers the objectives of Section 6(b)(5) of the Act\textsuperscript{12} 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 establishing performance standards for SQTs and RSQTs, which should, in turn, improve the quality of markets on the Exchange.

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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which Phlx consents, the Commission shall: (a) by order approve such proposed

\textsuperscript{11} 15 U.S.C. 78f(b).

\textsuperscript{12} 15 U.S.C. 78f(b)(5).
rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

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-2006-51 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-2006-51. 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-2006-51 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{13}

Nancy M. Morris  
Secretary

\textsuperscript{13} 17 CFR 200.30-3(a)(12).