Proposed Rule Change by Philadelphia Stock Exchange

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

<table>
<thead>
<tr>
<th>Initial</th>
<th>Amendment</th>
<th>Withdrawal</th>
<th>Section 19(b)(2)</th>
<th>Section 19(b)(3)(A)</th>
<th>Section 19(b)(3)(B)</th>
<th>Rule</th>
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Pilot Extension of Time Period for Commission Action

Date Expires

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 Angela

Last Name Dunn

Title Director

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 officer.

Date 05/04/2007

By Angela Saccomandi Dunn

Director

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
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.

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).

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.

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.

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.

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 Philadelphia Stock Exchange, Inc. respectfully submits this Amendment No. 3 to SR-Phlx-2006-61 to revise the previously submitted rule text as set forth below. All other aspects of the proposed rule change are unchanged from the previous submission.

New text underlined; deleted text bracketed.

Options Order and Decorum Regulations

Regulation 2 - Food, Liquids and Beverages, Trash, Litter and Vandalism

(a) Food, Liquids and Beverages

Food, liquids and beverages [are prohibited on the trading floor and the lower level areas adjacent to the trading floor except for the lunchrooms] while allowed on the trading floor, should be kept and consumed in a way that does not unreasonably interfere with others. All drinks should be in cans or covered containers. Food and drink may not be consumed while in transit on the trading floor.

[Any provision of this rule may be waived for a specified period of time by the chairperson of the appropriate floor standing committee or his designee.]

1st Occurrence [Official Warning] $100.00
2nd Occurrence [$100.00] $200.00
3rd Occurrence [$200.00] $300.00
4th Occurrence and Thereafter Sanction is discretionary with Business Conduct Committee

(b) Trash and Litter

All debris resulting from the consumption of food and drink, and other non-business trash, must be properly disposed of. Throwing or dropping objects on the trading floor, including food or drink, is strictly prohibited. All trading posts/booths must be free of debris, trash or litter at the end of each trading day.

The following fine schedule will apply to a violation of this section:

1st Occurrence $250.00
2nd Occurrence $500.00
3rd Occurrence $1000.00
4th Occurrence and Thereafter Sanction is discretionary with Business Conduct Committee

(c) Vandalism
The abuse, destruction, or theft (“Vandalism”) of any property on the Exchange’s premises, whether or not owned by the Exchange, is a serious offense and will be dealt with appropriately, including prompt disciplinary action.

The following fine schedule will apply to a violation of this section:

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Each Floor Manager, Post Supervisor, or Firm Representative will be responsible for monitoring staff compliance with this Regulation. A violation of this Regulation may result in fines to the members, member organizations, participants, participant organizations and their associated persons.

**Regulation 4 - Order**

(a) Members, participants and their associated persons shall not conduct themselves in a disorderly manner on the trading floor or on the premises immediately adjacent to the trading floor. Further, members, participants and their associated persons shall not conduct themselves in an indecorous manner that is disruptive to the conduct of business on the trading floor, including but not limited to the use of profanity.

The fines to be imposed for such violations shall be as follows:

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(b) – (d) No Change

(e) Each Floor Manager, Post Supervisor, or Firm Representative will be responsible for monitoring staff compliance with this Regulation. A violation of this Regulation may result in fines to the members, member organizations, participants, participant organizations and their associated persons.
Regulation 5 – [Guests] Visitors

Non-member [guests] visitors will be permitted on the trading floor at the discretion of [the respective floor committee (Options or FCO)] an Exchange official or Options Exchange Official. All [guests] visitors must be signed in by a member or Exchange official and accompanied at all times by a member, associated person of a member or an Exchange official.

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Each Floor Manager, Post Supervisor, or Firm Representative will be responsible for monitoring staff compliance with this Regulation. A violation of this Regulation may result in fines to the members, member organizations, participants, participant organizations and their associated persons.

Regulation 6 - Dress

[All members have a choice of wearing their suit jacket or a color coded firm jacket. All clerks are required to wear a color coded firm jacket. No hats of any type may be worn except for visors. Any type of clothing that draws excessive attention and detracts from a professional atmosphere, including words or pictures on clothing, is prohibited.

The appropriate floor standing committee shall determine whether males must wear dress shirts with collars and neckties or bowties. If required, neckties must be properly knotted and clip-on bowties must be connected to both sides of the collar. The following are not permitted: Bluejeans, dungarees, golf, polo or T-shirts, shorts, sweats, sandals, any shoes or garments that are dirty frayed, faded or torn. This rule shall be in effect on regular business days for any floor open for trading.

Any provision of this rule may be waived for a specific period of time by the chairperson of the appropriate floor standing committee or his designee.

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The Dress Code must be complied with at the point of entry to the trading floor. The Dress Code is in effect on the trading floor before, during and after trading hours.
Acceptable Business Casual Dress (Men):

- Casual slacks (i.e. khakis, dockers, corduroy fabric).
- Ties are optional, but must be neat, clean, and properly tied. If a tie is torn or frayed, you will be asked to remove it.
- Traditional collared shirts, polo shirts, golf shirts (shirts may be long or short sleeved). Shirts must be neat and clean. All shirts must be tucked in. Shirts must be buttoned at least to the second button from the top.
- Dress shoes, casual shoes, loafers, athletic shoes and boots (note: pant legs may not be tucked into boots). All shoes must be neat and clean.
- Traditional business attire is always acceptable. Blazers may be worn in lieu of trading jackets.
- Trading jackets or blazers must be worn at all times on the trading floor. Identification badges must be properly displayed at chest level.
- Sweaters worn over a collared shirt, turtlenecks worn under a collared shirt.

Acceptable Business Casual Dress (Women):

- Dresses or casual slacks (i.e. khakis, dockers, corduroy fabric).
- Shirts, sweaters, shells, turtlenecks, blouses, polo shirts, golf shirts (long or short sleeved).
- Dress shoes, casual shoes, loafers, athletic shoes and boots (note: pant legs may not be tucked into boots). All shoes must be neat and clean.

Inappropriate Casual Dress (Men & Women):

- Denim clothing of any kind (i.e. pants, skirts, dresses, shirts, vests, blouses).
- Sweat shirts, sweat pants, other sweat apparel of any kind and sport jerseys.
- Shorts, gym shorts, skorts, culottes, beach wear, workout attire or miniskirts.
- T-shirts of any kind.
- Stirrup pants or other excessively tight or revealing clothing (i.e. bike shorts, leggings, sheer blouses, stretch pants).
• Tank tops, halter tops, tube tops, tops with spaghetti straps, backless tops, crop tops (note: no bare midriffs).

• Clothing with any inappropriate, or oversized logos (cartoon logos, oversized sports logos or inappropriately suggestive logos).

• Slippers, sandals of any kind or open toed shoes.

• Military fatigues, cargo pants, surgical scrubs, bib overalls.

• Clothing which is torn, soiled or in need of repair.

• Clothing and/or accessories which disrupt business operations or which draw excessive attention to an employee.

• Hats or headgear unless worn for religious purposes.

Each Floor Manager, Post Supervisor, or Firm Representative will be responsible for monitoring staff compliance with this Regulation. A violation of this Regulation may result in fines to the members, member organizations, participants, participant organizations and their associated persons.

The following is the fine schedule for dress code violations:

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