Proposed Rule Change by Philadelphia Stock Exchange

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

<table>
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<th>Initial</th>
<th>Amendment</th>
<th>Withdrawal</th>
<th>Section 19(b)(2)</th>
<th>Section 19(b)(3)(A)</th>
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Pilot

Extension of Time Period for Commission Action

Date Expires

Rule

☑ 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).

Proposed rule change relating to new hours of business on the Exchange’s foreign currency options floor.

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 Ruchard

Last Name Rudolph

Title Vice President and Counsel

E-mail Richard.Rudolph@phlx.com

Telephone (215) 496-5074

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 11/08/2006

By Richard S. Rudolph

Vice President and Counsel

(Name) (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.

Richard Rudolph,
If the self-regulatory organization is amending only part of the 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.

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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 modify its hours of business for dealings upon the Exchange to change the opening of foreign currency options ("FCOs") trading from 2:30 a.m. Eastern Time (ET) to 7:30 a.m. ET. The change would become effective December 1, 2006.

   A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1.

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

   The Exchange’s Board of Governors approved the proposal for filing with the Securities and Exchange Commission ("SEC" or "Commission") on November 1, 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 make the Exchange’s foreign currency options floor more cost effective by reducing the duration of the foreign currency option trading session.

      Currently, Exchange Rule 101, Hours of Business, states that foreign currency option trading sessions shall be conducted at such times as the Exchange’s Board of

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Governors shall specify between 6:00 P.M. Sundays and 3:00 P.M. Fridays. Accordingly, the Board adopted the current hours for foreign currency options trading sessions, opening at 2:30 a.m. ET and closing at 2:30 p.m. ET.\(^3\)

The Exchange proposes to adopt a reduced time period for foreign currency options trading sessions by specifying that, beginning December 1, 2006, foreign currency option trading sessions would open at 7:30 a.m. ET and close at 2:30 p.m. ET. The Exchange represents that a significant majority of trades in foreign currency options occur during this time period, and thus the Exchange believes that it would be more cost effective to reduce the duration of the trading session with little or no impact on volume in foreign currency options.

In connection with the proposed rule change adopting Rule 101, the Exchange committed to make future filings under section 19(b)(3)(A) of the Act,\(^4\) any time it expands or changes FCO trading hours in connection with Rule 101.\(^5\) The Exchange intends to notify its membership of the change in trading hours for FCOs by issuing a circular to members. The new trading hours for FCOs would be in effect beginning December 1, 2006.

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\(^3\) In 1993, the Exchange filed a proposed rule change to amend Rule 101 to provide that all FCO trading, except FCOs on the Canadian dollar, will be conducted between 1:30 a.m. ET and 2:30 p.m. ET each business day. See Securities Exchange Act Release No. 33246 (November 24, 1993), 58 FR 63421 (December 1, 1993) (SR-Phlx-93-42). Subsequently, the trading hours were modified to move the opening of FCO trading from 1:30 a.m. ET to 2:30 a.m. ET for all Exchange-listed FCOs except the Canadian dollar. See Securities Exchange Act Release No. 34898 (October 26, 1994), 59 FR 54651 (November 1, 1994) (File No. SR-Phlx-94-47). In May, 2004, the Exchange expanded the trading hours for options on the Canadian dollar to conform to the trading hours for all other FCOs on the Exchange. See Securities Exchange Act Release No. 49690 (May 12, 2004), 69 FR 28972 (May 19, 2004) (SR-Phlx-2004-24). Thus, all Exchange-listed FCOs currently trade on the Exchange from 2:30 a.m. ET until 2:30 p.m. ET.


b. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act\(^6\) in general, and furthers the objectives of Section 6(b)(5) of the Act\(^7\) 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.

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 practice with respect to the administration of an existing rule pursuant to Section 19(b)(3)(A)(i) of the Act\(^8\) and Rule 19b-4(f)(1)\(^9\) thereunder. Accordingly, the proposal will take effect upon

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\(^7\) 15 U.S.C. 78f(b)(5).


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.
Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to New Hours of Business on the Exchange’s Foreign Currency Options Floor

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)\(^\text{1}\), and Rule 19b-4\(^\text{2}\) 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\(^\text{3}\) and Rule 19b-4 thereunder,\(^\text{4}\) proposes to modify its hours of business for dealings upon the Exchange to change the opening of foreign currency options (“FCOs”) trading from 2:30 a.m. Eastern Time (ET) to 7:30 a.m. ET. The change would become effective December 1, 2006.

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

In its filing with the Commission, the Phlx included statements concerning the


purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at 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 the Exchange’s foreign currency options floor more cost effective by reducing the duration of the foreign currency option trading session.

Currently, Exchange Rule 101, Hours of Business, states that foreign currency option trading sessions shall be conducted at such times as the Exchange’s Board of Governors shall specify between 6:00 P.M. Sundays and 3:00 P.M. Fridays. Accordingly, the Board adopted the current hours for foreign currency options trading sessions, opening at 2:30 a.m. ET and closing at 2:30 p.m. ET.5

The Exchange proposes to adopt a reduced time period for foreign currency options trading sessions by specifying that, beginning December 1, 2006, foreign currency option trading sessions would open at 7:30 a.m. ET and close at 2:30 p.m. ET. The Exchange represents that a significant majority of trades in foreign currency options

5 In 1993, the Exchange filed a proposed rule change to amend Rule 101 to provide that all FCO trading, except FCOs on the Canadian dollar, will be conducted between 1:30 a.m. ET and 2:30 p.m. ET each business day. See Securities Exchange Act Release No. 33246 (November 24, 1993), 58 FR 63421 (December 1, 1993) (SR-Phlx-93-42). Subsequently, the trading hours were modified to move the opening of FCO trading from 1:30 a.m. ET to 2:30 a.m. ET for all Exchange-listed FCOs except the Canadian dollar. See Securities Exchange Act Release No. 34898 (October 26, 1994), 59 FR 54651 (November 1, 1994) (File No. SR-Phlx-94-47). In May, 2004, the Exchange expanded the trading hours for options on the Canadian dollar to conform to the trading hours for all other FCOs on the Exchange. See Securities Exchange Act Release No. 49690 (May 12, 2004), 69 FR 28972 (May 19, 2004) (SR-Phlx-2004-24). Thus, all Exchange-listed FCOs currently trade on the Exchange from 2:30 a.m. ET until 2:30 p.m. ET.
occur during this time period, and thus the Exchange believes that it would be more cost effective to reduce the duration of the trading session with little or no impact on volume in foreign currency options.

In connection with the proposed rule change adopting Rule 101, the Exchange committed to make future filings under section 19(b)(3)(A) of the Act,\(^6\) any time it expands or changes FCO trading hours in connection with Rule 101.\(^7\) The Exchange intends to notify its membership of the change in trading hours for FCOs by issuing a circular to members. The new trading hours for FCOs would be in effect beginning December 1, 2006.

2. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act\(^8\) in general, and furthers the objectives of Section 6(b)(5) of the Act\(^9\) 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.

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.

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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 has been designated as a practice with respect to the administration of an existing rule pursuant to Section 19(b)(3)(A)(i) of the Act\(^\text{10}\) and Rule 19b-4(f)(1)\(^\text{11}\) thereunder. Accordingly, the proposal will take effect upon filing with the Commission. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. **Solicitation of Comments**

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

**Electronic comments:**

- Use the Commission’s Internet comment form ([http://www.sec.gov/rules/sro.shtml](http://www.sec.gov/rules/sro.shtml)); or

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2006-72 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-2006-72. 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-2006-72 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. 12

Nancy M. Morris
Secretary