**Proposed Rule Change by Philadelphia Stock Exchange**

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

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- **Rule**
  - 19b-4(f)(1)
  - 19b-4(f)(4)
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  - 19b-4(f)(3)
  - 19b-4(f)(6)

**Description**

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

**Addition of Hapoalim Israeli American Index to Rule 1101A**

**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** Jurij
- **Last Name** Trypupenko
- **Title** Director and Counsel
- **E-mail** jtrypup@msn.com
- **Telephone** (215) 496-5019
- **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** 12/12/2006
- **By** Jurij Trypupenko, Director 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.
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.

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.

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.
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 add the Hapoalim American Israeli Index ("Hapoalim Index" or "Index") to Phlx Rule 1101A, which would enable the Exchange to list and trade options on the Hapoalim Index at $2.50 or greater strike price intervals if the strike price is less than $200.\(^3\)

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

*Deletions Bracketed; Additions underlined*

**Rule 1101A.**

**Terms of Option Contracts**

(a) The Exchange shall determine fixed point intervals of exercise prices for index options (options on indexes). Generally, the exercise (strike) price intervals will be no less than $5; provided, that the Exchange may determine to list strike prices at no less than $2.50 intervals for options on the following indexes (which may also be known as sector indexes):

   (i) - (xxviii) – No Change.

   (xxix) Wellspring Bioclinical Trials Index\(^{TM}\), if the strike price is less than $200[.].

   (xxx) Hapoalim American Israeli Index or Hapoalim Index, if the strike price is less than $200.

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\(^3\) The Exchange has recently entered into a license with Hapoalim Securities USA, Inc. that would, among other things, allow it to list and trade options on the Index.
2. Procedures of the Self-Regulatory Organization

The Executive Committee, pursuant to delegated authority, approved the proposal for filing with the Securities and Exchange Commission ("SEC" or "Commission") on December 6, 2006.

Questions and comments on the proposed rule change may be directed to Jurij Trypupenko, Director and Counsel, at (215) 496-5079, 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 amendment is to add the Hapoalim Index to Rule 1101A, which would allow the Exchange to list options on the Index at $2.50 strike price intervals if the strike price is less than $200.

Exchange Rule 1101A currently indicates that the Exchange shall determine fixed point strike price intervals for index options at no less than $5.00, provided that for indexes that are listed in Rule 1101A the Exchange may determine to list strike prices at no less than $2.50 intervals if the strike price is less than $200. The proposed rule change adds the Hapoalim Index to the list of indexes in Rule 1101A upon which the Exchange may list options at $2.50 strike price intervals.
b. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act\(^4\) in general, and furthers the objectives of Section 6(b)(5) of the Act\(^5\) 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 allowing options on the Hapoalim Index to be listed at $2.50 strike price intervals similarly to options on other indexes listed 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)**

The proposed rule change is being designated by the Exchange as a "non-controversial" rule pursuant to Section 19(b)(3)(A)\(^6\) of the Act and subparagraph (f)(6) of Rule 19b-4 thereunder,\(^7\) because the proposed rule change: (1) does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) does not become operative for thirty days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, provided that the Exchange has given the Commission written notice of its intent to file the proposed rule change at least five business days prior to the filing of the proposed rule change.\(^8\)

Consequently, the rule is being filed for immediate effectiveness and the Exchange requests that the Commission waive the 30-day period for the proposal to become operative. The Exchange is for similar reasons requesting that the five-business day pre-filing period be waived.

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.

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\(^8\) As required under Rule 19b-4(f)(6)(iii), the Exchange has provided the Commission with written notice of its intent to file the proposed rule change prior to its filing.
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.\(^9\)

9. **Exhibits**

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

\(^9\) However the proposed rule is similar in function to various subsections of CBOE Rule 24.9, ISE Rule 2009(2), and AMEX Rule 903A.
SECURITIES AND EXCHANGE COMMISSION  
(Release No.                  ; File No. SR-Phlx-2006-82) 

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Addition of Hapoalim Israeli American Index to Rule 1101A

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹, and Rule 19b-4² 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 Act³ and Rule 19b-4 thereunder,⁴ proposes to add the Hapoalim American Israeli Index ("Hapoalim Index" or "Index") to Phlx Rule 1101A, which would enable the Exchange to list and trade options on the

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⁴ 17 CFR 240.19b-4
Hapoalim Index at $2.50 or greater strike price intervals if the strike price is less than $200.⁵

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

Deletions Bracketed; Additions underlined

**Rule 1101A. Terms of Option Contracts**

(a) The Exchange shall determine fixed point intervals of exercise prices for index options (options on indexes). Generally, the exercise (strike) price intervals will be no less than $5; provided, that the Exchange may determine to list strike prices at no less than $2.50 intervals for options on the following indexes (which may also be known as sector indexes):

(i) - (xxviii) – No Change.

(xxix) Wellspring Bioclinical Trials Index™, if the strike price is less than $200.²

(xxx) Hapoalim American Israeli Index or Hapoalim Index, if the strike price is less than $200.

Remainder of (a) -- No Change.

(b) - (c) -- No Change.

Commentary -- No Change.

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

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⁵ The Exchange has recently entered into a license with Hapoalim Securities USA, Inc. that would, among other things, allow it to list and trade options on the Index.
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 amendment is to add the Hapoalim Index to Rule 1101A, which would allow the Exchange to list options on the Index at $2.50 strike price intervals if the strike price is less than $200.

Exchange Rule 1101A currently indicates that the Exchange shall determine fixed point strike price intervals for index options at no less than $5.00, provided that for indexes that are listed in Rule 1101A the Exchange may determine to list strike prices at no less than $2.50 intervals if the strike price is less than $200. The proposed rule change adds the Hapoalim Index to the list of indexes in Rule 1101A upon which the Exchange may list options at $2.50 strike price intervals.

2. 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, by allowing options on the

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\(^7\) 15 U.S.C. 78f(b)(5).
Hapoalim Index to be listed at $2.50 strike price intervals similarly to options on other indexes listed 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

The proposed rule change is being designated by the Exchange as a "non-controversial" rule pursuant to Section 19(b)(3)(A)\(^8\) of the Act and subparagraph (f)(6) of Rule 19b-4 thereunder,\(^9\) because the proposed rule change: (1) does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) does not become operative for thirty days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, provided that the Exchange has given the Commission written notice of its intent to file the proposed rule change at least five business days prior to the filing of the proposed rule change.\(^{10}\)


\(^{10}\) As required under Rule 19b-4(f)(6)(iii), the Exchange has provided the Commission with written notice of its intent to file the proposed rule change prior to its filing.
Consequently, the rule is being filed for immediate effectiveness and the Exchange requests that the Commission waive the 30-day period for the proposal to become operative. The Exchange is for similar reasons requesting that the five-business day pre-filing period be waived.

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission’s Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2006-82 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-2006-82. 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
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-2006-82 and should be submitted on or before [insert date 21 days from
publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated
authority.¹¹

Nancy M. Morris
Secretary