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>
</tr>
</thead>
<tbody>
<tr>
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<td>✔</td>
<td></td>
<td></td>
<td>✔</td>
<td></td>
<td>✔</td>
</tr>
</tbody>
</table>

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 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: 12/20/2006
By: Angela Saccomandi Dunn  Director 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.

Angela Dunn, angela.dunn@phlx.com
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 adopt a $250.00 Appeal Fee for Appeals to the Board of Governors from decisions of Standing Committees.\(^3\) A decision of the Business Conduct Committee, the Hearing Officer or a Hearing Panel, pursuant to Exchange Rule 960.9 and By-Law Article XI, Section 11-3, as well as a decision of the Nominating, Elections and Governance Committee, pursuant to By-Law Article XI, Section 11-1, will not be subject to the Appeal Fee. The Appeal Fee, which will be paid by appellant at the time of filing an appeal, will be refunded to the appellant in the event the Board of Governors overturns the decision of the Standing Committee.\(^4\)

This fee will become effective January 1, 2007.

A notice of the proposed rule change for publication in the *Federal Register* is attached hereto as **Exhibit 1** and Appendix A of the Exchange’s schedule of fees is attached hereto as **Exhibit 5**.

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\(^3\) See Exchange By-Law Article X, Section 10-1.

\(^4\) The Exchange originally filed SR-Phlx-2006-84 on December 8, 2006. Amendment No. 1 replaces the original proposed rule change in its entirety and clarifies certain aspects of the Exchange’s proposal.
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 November 13, 2006.

   Questions and comments on the proposed rule change may be directed to Angela Saccomandi Dunn, Director and Counsel, at (215) 496-5692, 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 reduce the number of frivolous appeals by assessing a fee for all appeals that are upheld. Currently, three Governors hear appeals from decisions of Standing Committees, with the exception of an appeal from the Nominating, Elections and Governance Committee, which is heard by a majority of Governors who are not then candidates for office. The appeal may require several hours of time from each Governor. It is believed that the appeal process is subject to abuse by members, participants, member organizations and participant organizations who incur no downside to filing repeated appeals, whether valid or otherwise. Currently, the ease with which an appeal can be filed and receive a “second look” at no cost, creates a potential for abuse. This fee will become effective January 1, 2007.

      A decision of the Business Conduct Committee, the Hearing Officer or a Hearing Panel, pursuant to Exchange Rule 960.9 and By-Law Article XI, Section 11-3, and a decision of the Nominating, Elections and Governance Committee, pursuant to By-Law
Article XI, Section 11-1, will not be subject to the Appeal Fee. The Appeal Fee, which will be paid by appellant at the time of filing an appeal, will be refunded to the appellant in the event the Board of Governors overturns the decision of the Standing Committee.

b. **Statutory Basis**

The Exchange believes that its proposal to amend its schedule of fees is consistent with Section 6(b) of the Act\(^5\) in general, and furthers the objectives of Section 6(b)(5)\(^6\) in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principals of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove the impediments to and perfect the mechanism of a free and open market and a national market system. Finally, the proposed rule change furthers the objectives of Section 6(b)(4) of the Act\(^7\) in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members.

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**

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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 establishes or changes a due, fee, or other
charge applicable only to a member pursuant to Section 19(b)(3)(A)(ii) of the Act\(^8\) and
Rule 19b-4(f)(2)\(^9\) 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*.

5. Appendix A of the Exchange’s schedule of fees.

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Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. to Adopt an Appeal Fee

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act") \(^1\), and Rule 19b-4 thereunder, \(^2\) 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 adopt a $250.00 Appeal Fee for Appeals to the Board of Governors from decisions of Standing Committees. \(^5\) A decision of the Business Conduct Committee, the Hearing Officer or a Hearing Panel, pursuant to Exchange Rule 960.9 and By-Law Article XI, Section 11-3, as well as a decision of the Nominating, Elections and Governance Committee, pursuant to By-Law Article XI, Section 11-1, will not be subject

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\(^5\) See Exchange By-Law Article X, Section 10-1.
to the Appeal Fee. The Appeal Fee, which will be paid by appellant at the time of filing an appeal, will be refunded to the appellant in the event the Board of Governors overturns the decision of the Standing Committee.\textsuperscript{6}

This fee will become effective January 1, 2007. Appendix A of the Exchange’s schedule of fees is available at www.phlx.com.

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 reduce the number of frivolous appeals by assessing a fee for all appeals that are upheld. Currently, three Governors hear appeals from decisions of Standing Committees, with the exception of an appeal from the Nominating, Elections and Governance Committee, which is heard by a majority of Governors who are not then candidates for office. The appeal may require several hours of time from each Governor. It is believed that the appeal process is subject to abuse by members, participants, member organizations and participant

\textsuperscript{6} The Exchange originally filed SR-Phlx-2006-84 on December 8, 2006. Amendment No. 1 replaces the original proposed rule change in its entirety and clarifies certain aspects of the Exchange’s proposal.
organizations who incur no downside to filing repeated appeals, whether valid or otherwise. Currently, the ease with which an appeal can be filed and receive a “second look” at no cost, creates a potential for abuse. This fee will become effective January 1, 2007.

A decision of the Business Conduct Committee, the Hearing Officer or a Hearing Panel, pursuant to Exchange Rule 960.9 and By-Law Article XI, Section 11-3, and a decision of the Nominating, Elections and Governance Committee, pursuant to By-Law Article XI, Section 11-1, will not be subject to the Appeal Fee. The Appeal Fee, which will be paid by appellant at the time of filing an appeal, will be refunded to the appellant in the event the Board of Governors overturns the decision of the Standing Committee.

2. **Statutory Basis**

The Exchange believes that its proposal to amend its schedule of fees is consistent with Section 6(b) of the Act\(^7\) in general, and furthers the objectives of Section 6(b)(5)\(^8\) in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principals of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove the impediments to and perfect the mechanism of a free and open market and a national market system. Finally, the proposed rule change furthers the objectives of Section 6(b)(4) of the Act\(^9\) in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members.

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


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 rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act\(^\text{10}\) and paragraph (f)(2) of Rule 19b-4\(^\text{11}\) thereunder. 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-2006-84 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-2006-84. 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-2006-84 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{12}

Nancy M. Morris
Secretary

\textsuperscript{12} 17 CFR 200.30-3(a)(12).
Exhibit 5

APPENDIX A

New text underlined.

Permit Fees

Order Flow Provider Permit Fee
  a. Permits used only to submit orders to XLE, foreign currency options trading floor, or options trading floor (one trading venue only) $ 200.00 per month
  b. Permits used only to submit orders to more than one trading venue $ 300.00 per month

Floor Broker, Specialist, ROT (including RSQTs and SQTs), Off-Floor Trader, Market Maker Authorized Traders, or XLE Sponsoring Member Organization Permit Fee
  a. First Permit $ 1,200.00 per month
  b. Additional permits for members in the same organization $ 1,000.00 per month

Excess Permit Holders $ 200.00 per month

Other Permit Holders

Foreign Currency User Fee $ 1,200.00 monthly

Application Fee $ 350.00

Initiation Fee $ 1,500.00

Sponsoring Member Organization Application Fee for Each Sponsored Participant $ 1,850.00

Account Fee $ 50.00 monthly for each account beyond the number of permits billed to that member organization

Transfer Fee for FCO Participant $ 500.00

Trading Post/Booth $ 250.00 monthly

Trading Post with Kiosk $ 375.00 monthly

Kiosk Construction Fee (when requested by specialist) Pass-through cost

Controller Space $ 250.00 monthly

Floor Facility Fees $ 125.00 monthly

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1 The Exchange has established the date of notification of termination of a permit as the date that permit fee billing will cease. Additionally, a permit holder will be billed only one monthly permit fee if the holder transfers from one member organization to another previously unrelated member organization as a result of a merger, partial sale or other business combination during a monthly permit fee period in order to avoid double billing in the month the merger or business combination occurred. These policies will be effective as of February 2, 2004.

2 The XLE Sponsoring Member Organization permit fee applies to a Sponsoring Member Organization whose only function is to sponsor a Sponsored Participant.

3 A permit holder or the member organization they solely qualify must apply for “other” status in writing to the Membership Services Department. This status requires that a permit holder or the member organization have no transaction activity for the applicable monthly billing period. Should a permit holder actively transact business during a particular month, the highest applicable monthly permit fee will apply to such permit holder and member organization for that monthly period. The “other” status only applies to permit holders who solely qualify their member organization. These policies will be effective as of February 2, 2004.

4 This fee is imposed on a member upon election, on a non-member FCO participant upon the purchase of an FCO participation, and on persons or entities registering as approved lessors.

DECEMBER 2006
## APPENDIX A

<table>
<thead>
<tr>
<th>Service</th>
<th>Fee</th>
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</thead>
<tbody>
<tr>
<td>Shelf Space on Equity Option Trading Floor</td>
<td>$125.00 monthly</td>
</tr>
<tr>
<td>Direct Wire to the Floor</td>
<td>$20.00 monthly</td>
</tr>
<tr>
<td>Telephone System Line Extensions</td>
<td>$22.50 monthly/per extension</td>
</tr>
<tr>
<td>Wireless Telephone System</td>
<td>$100.00 monthly</td>
</tr>
<tr>
<td>Tether Initial Connectivity Fee</td>
<td>$1,100.00 per initial connection</td>
</tr>
<tr>
<td>Tether Monthly Service Fee</td>
<td>$150.00 monthly</td>
</tr>
<tr>
<td>Execution Services/Communication Charge</td>
<td>$200.00 monthly</td>
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<table>
<thead>
<tr>
<th>Service</th>
<th>Fee</th>
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</thead>
<tbody>
<tr>
<td>PHLX CCH Guide</td>
<td>$200.00 annually</td>
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<table>
<thead>
<tr>
<th>Service</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option Report Service</td>
<td></td>
</tr>
<tr>
<td>(New York)</td>
<td>$600.00 monthly</td>
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<tr>
<td>(Chicago)</td>
<td>$800.00 monthly</td>
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<table>
<thead>
<tr>
<th>Service</th>
<th>Fee</th>
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<tbody>
<tr>
<td>Instinet, Reuters Equipment</td>
<td>cost passed through</td>
</tr>
<tr>
<td>Hyperfeed Fee</td>
<td>100% of cost passed through</td>
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<table>
<thead>
<tr>
<th>Service</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Review/Process Subordinated Loans</td>
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<table>
<thead>
<tr>
<th>Service</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examinations Fee</td>
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</table>

<table>
<thead>
<tr>
<th>Number of Off-Floor Traders in the Same Member Organization</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-10</td>
<td>$2,100 per month</td>
</tr>
<tr>
<td>11-50</td>
<td>$2,600 per month</td>
</tr>
<tr>
<td>51-200</td>
<td>$5,000 per month</td>
</tr>
<tr>
<td>Over 200</td>
<td>$12,500 per month</td>
</tr>
</tbody>
</table>

| Registered Representative /Member Exchange/Off-Floor Trader Registration:  |
| Initial                                                                | $55.00  |
| Renewal                                                                | $55.00 annually |

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5 PHLX Guides will be provided to new members/member organizations without charge but there will be a $200/year charge for renewals. Alternatively, members/member organizations can get access to the PHLX Guide at no cost through the internet.

6 This fee is applicable to member/participant organizations for which the PHLX is the DEA. The following organizations are exempt: 1) inactive organizations; and 2) organizations operating through one or more PHLX markets that demonstrated that 25% or more of its revenue as reflected on the most recently submitted FOCUS Report or transactions as reflected on its purchase and sales blotter are derived from securities transactions on the Phlx. An inactive organization is one which had no securities transaction revenue, as determined by FOCUS reports or other filings, as long as the organization continues to have no such revenue each month.

7 For the purposes of these fees, the registered representative categories include registered options principals, general securities representatives, general securities sales supervisors and United Kingdom limited general securities registered representatives. See Phlx Rule 604(e). The member Exchange category refers to Exchange permit holders.
### APPENDIX A

<table>
<thead>
<tr>
<th>Service</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer</td>
<td>$ 55.00</td>
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<tr>
<td>Termination</td>
<td>$ 30.00</td>
</tr>
</tbody>
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$ The NASD, on behalf of the Exchange, will bill and collect these fees.

8 The NASD CRD Processing Fee is paid directly to the NASD for all initial, transfer, relicense and dual registration Form U4 filings.
9 The NASD Disclosure Processing Fee, applicable to Form U4, Form U5 and amendments thereto, will be paid directly to the NASD for all registration, transfer or termination filings with new or amended disclosure information or that require certification, as well as any amendment to disclosure information. This fee applies to any filing containing a disclosure that was not previously disclosed on Web CRD.
10 The NASD Annual System Processing Fee is assessed only during renewals and is paid directly to the NASD.
11 This NASD Fingerprint Card Processing Fee is for first card submissions and is paid directly to the NASD.
12 This NASD Fingerprint Card Processing Fee is for second card submissions and is paid directly to the NASD.
13 This NASD Fingerprint Card Processing Fee is for third card submissions and is paid directly to the NASD.
14 The NASD Processing Fee for Fingerprint Results applies to results submitted by other self-regulatory organizations; this fee is paid directly to the NASD.
15 This fee is imposed on member/participant organizations for individuals who are employed by such member/participant organizations and who work on the Exchange’s trading floor, such as clerks, interns, stock execution clerks and other associated persons, but who are not registered as members or participants.
16 This fee will be assessed as to each individual who is required to complete the Regulatory Element of the Continuing Education Requirements pursuant to Exchange Rule 640. This fee is paid directly to the NASD.
17 This fee will apply to an appeal from a decision of a Standing Committee with the exception of appeals from a decision of the Business Conduct Committee, the Hearing Officer, Hearing Panels or Nominating Elections and Governance Committee. This fee will be refunded to appellant in the event the Board of Governors overturns the decision of the Standing Committee.