Proposed Rule Change by Philadelphia Stock Exchange

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

Initial Amendment Withdrawal

Section 19(b)(2) Section 19(b)(3)(A) Section 19(b)(3)(B)

Rule

Pilot Extension of Time Period for Commission Action Date Expires

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 Jurij Last Name Trypupenko

Title Director and Counsel

E-mail jurij.trypupenko@phlx.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 02/02/2007

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.
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information

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.

Exhibit 1 - Notice of 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. 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).

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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.

Exhibit 3 - Form, Report, or Questionnaire

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.

Exhibit 4 - Marked Copies

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.

Exhibit 5 - Proposed Rule Text

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item 1 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.

Partial Amendment

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.
Partial Amendment

The Philadelphia Stock Exchange, Inc. (“Phlx” or “Exchange”) is filing this partial Amendment No. 1 to SR-Phlx-2007-01 to make the changes noted below.

1) Replace footnote four at page 3 of 14 and footnote six at page 9 of 14 with the following new language:

"KBW is a registered broker-dealer that, among other things, specializes in U.S. bank stocks and is recognized as the "financial services industry authority." The Bank Index (BKX), also known as the KBW Bank Index and as a sector index, is a European-style modified-capitalization-weighted index composed of 24 geographically dispersed companies representing national money center banks and leading regional institutions. KBW has informed the Exchange that an independent third party, Dow Jones, on behalf of KBW will calculate and publicly disseminate the current values of the Bank Index and will follow necessary procedures such as publicly reporting the current underlying index values at least once every 15 seconds during the periods that options on the Bank Index are traded."

2) Replace the last sentence in the penultimate paragraph of section 3.a. Purpose at page 5 of 14 and section II.A.1. Purpose at page 10 of 14 with the following language:

“The Exchange is proposing in this filing that it (and any third party on the Exchange’s behalf) will cease calculating and disseminating the Bank Index values and, in its place, Dow Jones¹ will be solely responsible for such calculation and dissemination.²”

¹ Dow Jones is an independent third party vis a vis KBW, and KBW has informed the Exchange that Dow Jones will report the underlying values of the Bank Index at least once every 15 seconds during the times that options on the Bank Index are traded on the Exchange.

² Where an underlying index is maintained by a broker-dealer, and the index is calculated by a third party who is not a broker-dealer, the broker-dealer will have to erect a
3) Add the following sentence at the end of the final paragraph of section 3.a. **Purpose** at page 5 of 14 and section II.A.1. **Purpose** at page 10 of 14 (which continues to page 11 of 14):

“This rule permits the Exchange to list qualifying index options pursuant to a form filing per Rule 19b-4(e) under the Exchange Act (instead of a rule filing as with the Bank Index), and does not require a filing regarding the identity of the entity calculating or disseminating the current index values, so long as such values are publicly reported at least once every 15 seconds during the periods that the index options are traded on the Exchange.”

4) Add the following sentence at the end of section 7. **Basis for Summary Effectiveness pursuant to Section 19(b)(3) or for Accelerated Effectiveness pursuant to Section 19(b)(2)** at page 7 of 14 and section III. **Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action** at page 12 of 14:

“The waivers would assure the availability of current Bank Index values by Dow Jones calculating and disseminating these values.”

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“Chinese Wall” around its personnel who have access to information concerning changes in and adjustments to the index. See Phlx Rule 1009A(b)(12).

3 Although Dow Jones will take over from Phlx the responsibility to calculate and disseminate current index values of 4 additional KBW indexes, this is not part of the proposed filing because such indexes were listed pursuant to Rule 19b-4(e).