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

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<th>OMB APPROVAL</th>
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<tr>
<td>OMB Number: 3235-0045</td>
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<td>Expires: June 30, 2007</td>
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<td>Estimated average burden hours per response: 38</td>
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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**: Cynthia
- **Last Name**: Hoekstra
- **Title**: Vice President
- **E-mail**: cynthia.hoekstra@phlx.com
- **Telephone**: (215) 496-5066
- **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**: 02/28/2007
- **By**: Cynthia Hoekstra, Vice President

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.

Cynthia Hoekstra,
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 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 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.

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 No. 1

The Philadelphia Stock Exchange, Inc. (“Exchange”) hereby submits this Partial Amendment, constituting Amendment No. 1, to its rule filing SR-Phlx-2007-06, in which the Exchange proposes to implement a fee for connecting into the Exchange’s system to enter quotes (“SQF port fee”). The SQF port fee would operate as follows: for the first 5 active SQF ports, a member organization would be charged $250 per port per month and, for each additional active SQF port (over the first 5 active SQF ports), the member organization would be charged $1,000 per port per month. Additionally, the same member organization would be credited $0.02 per side for every option contract executed on the Phlx in that same month (excluding executions resulting from dividend, merger and short stock interest strategies) up to the amount of the SQF port fees.

The purpose of Amendment No. 1 is to clarify the application of the $0.02 per side credit in the description of the proposed rule change in Form 19b-4 and accompanying Exhibit 1, and in the rule text. Specifically, the following sentence should replace the penultimate sentence in the first paragraph on page 3 of Form 19b-4 and the penultimate sentence in the partial paragraph at the top of page 8 of Exhibit 1:

Additionally, the same member organization would be credited $0.02 per side for every option contract executed on the Phlx in that same month (excluding executions resulting from dividend, merger and short stock interest strategies)

up to the amount of the SQF port fees when the member organization or one of its employees is designated as a specialist, streaming quote trader (“SQT”) or remote streaming quote trader (“RSQT”) and the transaction is billed according to the specialist or Registered Option Trader (“ROT”) transaction and/or comparison rates.

Exhibit 5 of the original filing will be replaced in its entirety with the one below to include the clarifying language relating to the application of the $0.02 per side credit.

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2 SQTs and RSQTs are assessed fees pursuant to the ROT rates as SQTs and RSQTs are ROTs. See Exchange Rule 1014(b)(ii)(A) and (B).
Exhibit 5

New text underlined; deleted text bracketed

APPENDIX A

≈ The NASD, on behalf of the Exchange, will bill and collect these fees.

- NASD CRD Processing Fee\textsuperscript{8} $85.00
- NASD Disclosure Processing Fee\textsuperscript{9} $95.00
- NASD Annual System Processing Fee\textsuperscript{10} $30.00
- NASD Fingerprint Card Processing Fee – 1\textsuperscript{st} Submission\textsuperscript{11} $35.00
- NASD Fingerprint Card Processing Fee – 2\textsuperscript{nd} Submission\textsuperscript{12} $13.00
- NASD Fingerprint Card Processing Fee – 3\textsuperscript{rd} Submission\textsuperscript{13} $35.00
- NASD Processing Fee for Fingerprint Results\textsuperscript{14} $13.00

Trading Floor Personnel Registration Fee\textsuperscript{15} $25.00 monthly

Continuing Education Fee\textsuperscript{16} $75.00

Computer Equipment Services,
  Repairs or Replacements $100.00 per service call and
  $75.00 per hour (Two hour minimum)

\textsuperscript{8} The NASD CRD Processing Fee is paid directly to the NASD for all initial, transfer, relicense and dual registration Form U4 filings.
\textsuperscript{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.
\textsuperscript{10} The NASD Annual System Processing Fee is assessed only during renewals and is paid directly to the NASD.
\textsuperscript{11} The NASD Fingerprint Card Processing Fee is for first card submissions and is paid directly to the NASD.
\textsuperscript{12} This NASD Fingerprint Card Processing Fee is for second card submissions and is paid directly to the NASD.
\textsuperscript{13} This NASD Fingerprint Card Processing Fee is for third card submissions and is paid directly to the NASD.
\textsuperscript{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.
\textsuperscript{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.
\textsuperscript{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.
Computer Relocation Requests  $100.00 per service call and $75.00 per person, per hour (Two hour minimum)

SQF Port Fee and Corresponding Credit (up to the amount of the SQF port fee) $250.00 per port per month for the first 5 active SQF ports. $1,000.00 per port per month for each additional active SQF port (over the first 5 active SQF ports).

Credit of $0.02 per side for every option contract executed on the Phlx in that same month from the same member organization (excluding executions resulting from dividend, merger and short stock interest strategies) when the member organization or one of its employees is designated as a specialist, an SQT or RSQT and the transaction is billed according to the specialist or ROT transaction and/or comparison rates.

Appeal Fee for Appeals to the Board of Governors $250.00

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17 Active ports refer to ports that receive inbound quotes at any time within that month.
18 SQTs and RSQTs are assessed fees pursuant to the ROT rates as SQTs and RSQTs are ROTs. See Exchange Rule 1014(b)(ii)(A) and (B).
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.