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

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).

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 03/16/2007
By cynthia hoekstra

(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.

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 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.

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.
The Philadelphia Stock Exchange, Inc. (“Exchange”) hereby submits this Partial Amendment, constituting Amendment No. 1, to its rule filing SR-Phlx-2007-19, in which the Exchange proposes to amend the fees applicable to certain odd lot transactions over XLE, the Exchange’s equity trading system.

The purpose of Amendment No. 1 is to clarify in the description of the proposed rule change in Form 19b-4 and accompanying Exhibit 1, and, if applicable, in the rule text the language relating to: (1) the odd lot fee for IOC Cross and Mid-Point Cross orders that are not entered over technology provided by Phlx; (2) single-sided odd lot orders executed against another XLE Participant; and (3) single-sided odd lot orders that are routed to and executed at an away market. No new fees are being proposed pursuant to Partial Amendment No. 1.

Specifically, the following paragraph should replace the second paragraph on page 3 of Form 19b-4 and the first full paragraph on page 9 of Exhibit 1:

Currently, all odd lot executions (IOC Cross and Mid-Point Cross orders and single-sided orders) are charged the execution fee for odd lot orders, which is $0.003 per share for all tiers. Pursuant to this proposal: (1) the execution fee for odd lot IOC Cross and Mid-Point Cross orders entered over technology provided by Phlx will be reduced to $0.0023 per share per side for all tiers. This is the same amount as round lot IOC Cross and Mid-Point Cross orders today, such that odd lot and round lot IOC Cross and Mid-Point Cross orders will be charged the same amount when entered over technology provided by Phlx; (2) odd lot IOC Cross and Mid-Point Cross orders that are not entered over technology provided by Phlx will no longer be assessed any fee, such that odd lot and round lot IOC Cross and Mid-Point Cross orders not entered over technology provided by Phlx will not be charged execution fees.

Additionally, the following sentence should replace the second sentence in the first full paragraph on page 4 of Form 19b-4 and the second sentence in the last paragraph, which begins on page 9 and continues to the top of page 10 of Exhibit 1:

The execution fee for single-sided odd lot orders executed on XLE against another XLE Participant will remain at the current rate of $0.003 per share for all tiers.

Exhibit 5 of the original filing will be replaced in its entirety with the one below to include the clarifying language relating to the execution fee for single-sided odd lot orders executed on XLE against another XLE Participant and to clarify the title of the fee for single-sided odd lot orders executed at an away market.

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1 The execution fees for odd lot transactions are set forth in the Miscellaneous Transaction Fee section of the XLE fee schedule. The Exchange has adopted volume tiers in connection with the assessment of transaction fees, which are based on the monthly shares executed per XLE Participant Organization.

2 IOC Cross and Mid-Point Cross orders entered over technology provided by Phlx are subject to a maximum charge of $50.00 per trade side.
**XLE Fee Schedule**

**Transaction Fees**

<table>
<thead>
<tr>
<th>XLE Participant Organization Tier</th>
<th>Monthly Shares Executed</th>
<th>Fee to Remove Liquidity (Per Share Executed)</th>
<th>Credit for Providing Liquidity (Per Share Executed)</th>
<th>Fee for Routing Liquidity (Per Share Executed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Less than or equal to 10 million shares executed</td>
<td>$0.003</td>
<td>$0.002</td>
<td>$.0036</td>
</tr>
<tr>
<td>2</td>
<td>Greater than 10 million and less than or equal to 50 million shares executed</td>
<td>$0.0028</td>
<td>$0.0025</td>
<td>$.0036</td>
</tr>
<tr>
<td>3</td>
<td>Greater than 50 million and less than or equal to 200 million shares executed</td>
<td>$0.0027</td>
<td>$0.0026</td>
<td>$.0036</td>
</tr>
<tr>
<td>4</td>
<td>Greater than 200 million shares executed</td>
<td>$0.0026</td>
<td>$0.0026</td>
<td>$.0036</td>
</tr>
</tbody>
</table>

* Securities executed on XLE with a per share price below $1.00 that remove liquidity, will be charged 0.1% (i.e., 10 basis points) of total dollar value of the transaction. There is no execution fee credit for providing liquidity for shares with a per share price below $1.00.\

| + Excluding single-sided odd lot orders executed at an away market. See Miscellaneous Transaction Fees. |
Miscellaneous Transaction Fees

Execution Fee for all IOC Cross and Mid-Point Cross Orders entered over technology provided by the Phlx\(^4\), including odd lot IOC and Mid-Point Cross Orders: \(\text{\textdollar}0.0023\) per share per side, maximum charge of \$50.00 per trade side.

Execution Fee for all other IOC Cross and Mid-Point Cross Orders: \(\text{\textdollar}0.0023\) per share per side, maximum charge of \$50.00 per trade side.

Routing Fee for Single-Sided Odd Lot Orders executed on XLE against another XLE Participant: \(\text{\textdollar}0.03\) per share.

Execution Fee for Incoming NMS Linkage Orders or ITS Commitments: \(\text{\textdollar}0.003\) per share.

Covered Sale Fee

Each member and member organization engaged in executing sale transactions on the Exchange or executing transactions, which were routed over the Intermarket Trading System or pursuant to the NMS Linkage Plan, on another exchange or on a Participant in NASD’s Alternative Display Facility (“ADF Participant”) during any computational period shall pay a Covered Sale Fee equal to (i) the Section 31 fee rate multiplied by (ii) the member’s aggregate dollar amount of covered sales.\(^8\)

System Fees

Monthly FIX Computer-to-Computer Interface (CTCI) Port Fee \(\text{\textdollar}100\) per port.

Monthly Drop Copy Feed Fee: No Charge.

Monthly Phlx Systems Fee: No Charge.

Depth of Book Data Feed Fee: No Charge.

Quarterly Market Data Revenue Sharing for Tape A (NYSE), Tape B (Amex and other non-NASDAQ, non-NYSE exchanges), and Tape C (Nasdaq) Securities

50% of gross market data revenue for trades executed on XLE will be shared with the member organization responsible for providing the liquidity portion of the trade. Sponsored Participant trades will be credited to the applicable Sponsoring Member Organization.

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\(^4\) Phlx provides optional technology to XLE Participants for the entry of two-sided orders into XLE. Executed volume will accrete towards the volume tier breakpoint for each XLE Participant Organization that is a party to the execution. There is no execution credit for IOC Cross and Mid-Point Cross executions entered through technology provided by Phlx.

\(^5\) Executed volume will accrete towards the volume tier breakpoint per XLE Participant Organization. There is no execution credit for IOC Cross and Mid-Point Cross executions.

\(^6\) Applicable to orders initially entered as odd-lot orders and executed on XLE. Executed volume will accrete towards the volume tier breakpoint per XLE Participant Organization. There is no execution credit for orders initially entered as odd-lot orders and executed on XLE.

\(^7\) Applicable to Incoming NMS Linkage Orders or ITS Commitments routed to the Phlx and executed on XLE. Activity will not accrete towards the XLE Participant Organization’s volume tier.

\(^8\) A Sponsoring Member Organization is responsible for the fees generated in connection with its Sponsored Participant’s sale transactions.

\(^9\) A port is defined as an IP address assigned by the Exchange for connectivity to XLE.

\(^10\) The drop copy feed will be provided on a subscription basis. The feed will provide real-time information concerning trades executed by an XLE Participant Organization.

\(^11\) Per device, for use of optional Phlx technology to enter in two-sided orders and related clearing information.

\(^12\) The Depth of Book feed will be provided on a subscription basis. The feed will display every order, except the undisplayed portion of a Reserve Order, within XLE at each price level.