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

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

Dissemination of currency spot values

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 Carla Last Name Behnfeldt
Title Director
E-mail carla.behnfeldt@phlx.com
Telephone (215) 496-5208 Fax

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 03/22/2007
By Carla Behnfeldt Director

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.

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 disseminate a modified spot rate for its U.S. dollar-settled foreign currency options ("FCOs").

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1.\(^3\)

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 March 7, 2007.

Questions and comments on the proposed rule change may be directed to Carla Behnfeldt, Director and Counsel, at (215) 496-5208, 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 permit the Exchange to disseminate over the facilities of the Consolidated Tape Association a modified spot rate for U.S.

---


dollar-settled FCOs on the British pound and the euro which the Exchange has listed since January 8, 2007.³

The modified spot rate will be calculated by the Exchange, based on spot prices (bids and asks) it receives from Thomson Financial LLC (“Thomson”).⁴ For each currency, the Exchange will determine the midpoint between the bid and the ask and will modify that rate by multiplying it by 100. For example, if 1.3200 U.S. dollars buys 1 euro, a modifier of 100 would be used so that the modified spot rate would become 132.00. If 1.3358 U.S. dollars buys 1 euro, the modified spot rate, using the same 100 modifier, would become 133.58. This proposed rule change is merely for purposes of dissemination of the modified spot rate over the facilities of the Consolidated Tape Association and does not amend or affect the Exchange’s existing rules governing U.S. dollar-settled FCOs.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁵ in general, and furthers the objectives of Section 6(b)(5) of the Act⁶ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to


⁴ Currently, the Thomson spot prices are based on the bid/ask prices supplied to its agent Tenfore System Ltd. (“Tenfore”) by contributors reporting to Tenfore. Tenfore contributors comprise 19 different banks, brokers and FX real time dealing portals. Contributors provide bid/ask prices to Tenfore which, in turn, forwards them to Thomson upon receipt. Thomson forwards those bid/ask prices to Phlx upon receipt from Tenfore. At any given time the Thomson spot rate consists of the most current bid/ask prices provided by any contributor to Tenfore and forwarded by Tenfore to Thomson.


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 providing investors in U.S.
dollar-settled FCOs the ability to more easily track the value of the underlying currencies
in the spot market and therefore make informed trading decisions.

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)\(^7\) of the Act and subparagraph (f)(6) of
Rule 19b-4 thereunder,\(^8\) 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 30 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.⁹

The Exchange requests that the Commission waive the thirty day operative delay so that investors may more quickly receive the benefits of the dissemination of the modified spot rate.

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. However, the Exchange notes that the International Securities Exchange, LLC has filed a proposed rule change in which it proposes to list and trade cash-settled FCOs using the Reuters Composite Currency Rate and to modify that rate to create an underlying value that represents the prevailing rate of a currency pair in an index-like format. ISE proposes to use modifiers of 1, 10, or 100 depending on the exchange rate level of the underlying foreign currency, as described for each currency in its rule filing.¹⁰ Like the Exchange, ISE is proposing a rate modifier of 100 for its euro and British pound FCOs.

---

⁹ 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 at least five business days prior to the filing date of this proposal.

9. **Exhibits**

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

SECURITIES AND EXCHANGE COMMISSION
(Release No.                  ; File No. SR-Phlx-2007-28)

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Dissemination of Currency Spot Values

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 ______________________ 2007, 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 disseminate a modified spot rate for its U.S. dollar-settled foreign currency options ("FCOs").

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 permit the Exchange to disseminate over the facilities of the Consolidated Tape Association a modified spot rate for U.S. dollar-settled FCOs on the British pound and the euro which the Exchange has listed since January 8, 2007.\(^5\)

The modified spot rate will be calculated by the Exchange, based on spot prices (bids and asks) it receives from Thomson Financial LLC (“Thomson”).\(^6\) For each currency, the Exchange will determine the midpoint between the bid and the ask and will modify that rate by multiplying it by 100. For example, if 1.3200 U.S. dollars buys 1 euro, a modifier of 100 would be used so that the modified spot rate would become 132.00. If 1.3358 U.S. dollars buys 1 euro, the modified spot rate, using the same 100 modifier, would become 133.58. This proposed rule change is merely for purposes of

---


\(^6\) Currently, the Thomson spot prices are based on the bid/ask prices supplied to its agent Tenfore System Ltd. (“Tenfore”) by contributors reporting to Tenfore. Tenfore contributors comprise 19 different banks, brokers and FX real time dealing portals. Contributors provide bid/ask prices to Tenfore which, in turn, forwards them to Thomson upon receipt. Thomson forwards those bid/ask prices to Phlx upon receipt from Tenfore. At any given time the Thomson spot rate consists of the most current bid/ask prices provided by any contributor to Tenfore and forwarded by Tenfore to Thomson.
dissemination of the modified spot rate over the facilities of the Consolidated Tape Association and does not amend or affect the Exchange’s existing rules governing U.S. dollar-settled FCOs.

2. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act\(^7\) in general, and furthers the objectives of Section 6(b)(5) of the Act\(^8\) 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 providing investors in U.S. dollar-settled FCOs the ability to more easily track the value of the underlying currencies in the spot market and therefore make informed trading decisions.

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**

---

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

The proposed rule change is being designated by the Exchange as a "non-controversial" rule pursuant to Section 19(b)(3)(A)\(^9\) of the Act and subparagraph (f)(6) of Rule 19b-4 thereunder,\(^10\) 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 30 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.\(^11\)

The Exchange requests that the Commission waive the thirty day operative delay so that investors may more quickly receive the benefits of the dissemination of the modified spot rate.

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

---


\(^11\) 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 at least five business days prior to the filing date of this proposal.
• Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2007-28 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-2007-28. 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-2007-28 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).