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

Section 19(b)(1) Section 19(b)(4)

Section 19(b)(2) Section 19(b)(5)

Section 19(b)(3) Section 19(b)(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 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 05/23/2007

By Carla Behnfeldt

(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.
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.

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 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.
PARTIAL AMENDMENT

SR-Phlx-2007-35, Amendment No.1

The Philadelphia Stock Exchange, Inc. hereby amends SR-Phlx-2007-35 as follows:

1) In the last sentence of the carryover paragraph at the top of page 5, the reference to “subsection (c)” is replaced with a reference to “subsection (b)(iv)”.

2) Section (2) of the first sentence of the first full paragraph on page 6 is revised to read as follows: “(2) the value of the index or, pursuant to new language being added to the Commentary by this proposed rule change, the value of the non-U.S. currency, portfolio of commodities including commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities, or portfolio of securities on which the Shares are based is no longer calculated or available; or”

3) Footnote 5 of the filing is revised to read as follows:

5 See SR-CBOE-2007-21, Amendment No. 1. CBOE explained in its proposed rule change that the American Stock Exchange (“Amex”) had filed a proposed rule change seeking to add “Commodity Pool ETFs” to the types of securities on which it lists equity options, and that in Section 1(a) of Amex’s filing, the term “Commodity Pool ETFs” is defined to include, but is not limited to, Trust Issued Receipts, Partnership Units and other entities. See Securities Exchange Act Release No. 55187 (January 29, 2007), 72 FR 5467 (February 6, 2007) (Notice of Filing of Proposed Rule Change Relating to Options Based on Commodity Pool ETFs). CBOE noted that it did not have a definition of Partnership Units and was proposing to add one, as Phlx is doing now. The definition Phlx is proposing to add is the same as that proposed by CBOE. CBOE’s proposal was approved in Securities Exchange Act Release No. 55630 (April 16, 2007), 72 FR 19993 (April 20, 2007).

4) At the end of the first full paragraph on page 7 of the filing, the following language is added: “The Exchange also proposes to amend Commentary .02 to Rule 1022 to require Specialists and Registered Options Traders in commodity futures contracts, options on commodity futures contracts or any other derivatives based on such commodity, to make available to the Exchange such books, records or other information pertaining to transactions in the applicable physical commodity, physical commodity options,
commodity futures contracts, options on commodity futures contracts, or any
other derivatives on such commodity, as may be requested by the Exchange.”

5) Immediately before the last paragraph on page 7, the following language is inserted:

This proposal is necessary to enable the Exchange to list and trade options on an expanding range of Commodity Pool ETFs currently approved for trading. The Exchange notes that The DB Commodity Index Tracking Fund (the "DBC Fund"), the United States Oil Fund, L.P. (the "Oil Fund"), and the PowerShares DB G10 Currency Harvest Fund (the "DBV Fund") are listed and traded on the American Stock Exchange. The DBC Fund is a Commodity TIR and tracks the performance of the Deutsche Bank Liquid Commodity Index TM -- Excess Return, while the Oil Fund is a Partnership Unit and tracks the spot price of West Texas Intermediate light, sweet crude oil delivered to Cushing, Oklahoma.

The DBC Fund is a "feeder fund" that invests substantially all of its assets in the DB Commodity Index Tracking Master Fund, and the Master Fund in turn maintains a portfolio of exchange-traded futures on aluminum, gold, corn, wheat, heating oil and light, sweet crude oil. The Index is derived from the prices of those futures contracts. The Master Fund's portfolio is managed on an ongoing basis by DB Commodity Services LLC, a registered CPO and CTA, so that the value of the portfolio closely tracks the value of the Index over time.

The DBV Fund is a "feeder fund" that invests substantially all of its assets in the PowerShares DB G10 Currency Harvest Master Fund, and the Master Fund in turn maintains a portfolio of exchange-traded futures on foreign currencies that comprise the G-10 countries. The Index is derived from the prices of those futures contracts. The Master Fund's portfolio is managed on an ongoing basis by DB Commodity Services LLC, a registered CPO and CTA, so that the value of the portfolio closely tracks the value of the Index over time.

Unlike the DBC and DBV Funds, the Oil Fund does not invest through a master-feeder structure but rather trades directly in futures on crude and heating oil, natural gas, gasoline and other petroleum-based fuels, options on such futures contracts, forward contracts on oil and other over-the-counter derivatives based on the price of oil, other petroleum-based fuels, the futures contracts described above, and the indexes based on any of the foregoing. The Oil Fund's portfolio is managed by Victoria Bay Asset Management LLC with the aim of tracking the West Texas Intermediate light, sweet crude oil futures contract listed and traded on the New York Mercantile Exchange.
The Exchange believes that it is reasonable to expect other types of Commodity Pool ETFs to be introduced for trading in the near future and also believes that the proposed amendment to the Exchange's listing criteria for options on Commodity TIRs and Partnership Units is necessary to ensure that the Exchange will be able to list options on Commodity Pool ETFs that have been recently launched as well as any other similar Commodity Pool ETFs that may be listed and traded in the future.

6) Rule 761, Supervisory Procedures Relating to ITSFEA, is amended as follows. (New language is underlined.)

**Rule 761. Supervisory Procedures Relating to ITSFEA and to Prevention of Misuse of Material Nonpublic Information**

(a) – (b) No Change.

* * * Commentary: ...  

.01 No Change.

.02 Every member or member organization, other than a lessor that is neither registered, nor required to be registered, as a broker-dealer under Section 15 of the Securities Exchange Act of 1934, shall establish, maintain and enforce written policies and procedures reasonably designed, taking into consideration the nature of the member's business, to prevent the misuse of material nonpublic information by such member or persons associated with such member in violation of the Securities Exchange Act of 1934 and the rules thereunder and the Exchange's own Rules. For purposes of this Commentary section .02, misuse of material nonpublic information means:

(a) trading in any securities issued by a corporation, partnership, Portfolio Depository Receipts, Index Fund Shares, trust issued receipts, currency trust shares or a trust or similar entities, or in any related securities or related options or other derivative securities, or in any related commodity, related commodity futures or options on commodity futures or any other related commodity derivatives, while in possession of material nonpublic information concerning that corporation, Portfolio Depository Receipt, Index Fund Share, trust issued receipts, currency trust shares, trust or similar entity;  

(b) trading in an underlying security or related options or other derivative securities, or in any related commodity, related commodity futures or options on commodity futures or any other related commodity derivatives,
while in possession of material nonpublic information concerning imminent transactions in the above; and

(iii) disclosing to another person any material nonpublic information involving a corporation, partnership, Portfolio Depository Receipts, Index Fund Shares, trust issued receipts, currency trust shares or a trust or similar entities whose shares are publicly traded or an imminent transaction in an underlying security or in any related commodity, related commodity futures or options on commodity futures or any other related commodity derivatives, for the purpose of facilitating the possible misuse of such material nonpublic information.