Proposed Rule Change by Philadelphia Stock Exchange
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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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.

<table>
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<tr>
<th>First Name</th>
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<tr>
<td>Jurij</td>
<td>Trypupenko</td>
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<th>Title</th>
<th>E-mail</th>
<th>Telephone</th>
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<tbody>
<tr>
<td>Director and Counsel</td>
<td><a href="mailto:jurij.trypupenko@phlx.com">jurij.trypupenko@phlx.com</a></td>
<td>(215) 496-5019</td>
<td>(215) 496-6729</td>
</tr>
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</table>

**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: 09/06/2007
By: Jurij Trypupenko

(Note)

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.

Jurij Trypupenko,
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.

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 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 amend its existing Rule 803 (Criteria for Listing – Tier I) to eliminate the requirement that indexes underlying certain Trust Shares and Index Fund Shares (collectively “ETFs” or “Exchange Traded Funds”)\(^3\) are calculated following a specific methodology.\(^4\)

The text of the proposed rule change is set forth below. A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1.

* New language is underlined. Deleted language is bracketed.

* * * * *

Rule 803.

Criteria for Listing —Tier I

Issuers should consider whether to list their securities under the Tier I or Tier II listing standards. While all listed issues will be traded pursuant to the identical Exchange auction rules, issues listed pursuant to the Tier I and Tier II standards may be distinguished with respect to blue sky exemptions, transactions reporting symbols, listing fees and maintenance standards. The Exchange will identify and distinguish at all times which securities are listed pursuant to the Exchange's Tier I and Tier II standards. An issuer seeking to list its securities pursuant to the Tier I standards must satisfy one of the two alternative Tier I quantitative criteria and an issuer seeking to list its securities pursuant to the Tier II standards must satisfy the Tier II quantitative criteria. Issuers listing under either criteria must adhere to the policies and procedures and the corporate

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\(^3\) See definitions of Trust Shares and Index Fund Shares in Phlx Rules 803 (i) and 803(l), respectively.

\(^4\) This Amendment No. 1 supercedes the original filing and replaces it in its entirety.
governance criteria provided in Rules 812 through 853.

The Exchange also places great emphasis upon the level of public interest in the securities of an issuer. Causes for concern may include a low trading volume on another Exchange, lack of dealer interest in the over-the-counter market, unusual geographical concentration of shareholders or a low rate of transfers. Under such circumstances the Exchange may implement a higher distribution standard provided it perceives a relatively low level of investor interest.

Phlx may extend unlisted trading privileges to any security for which Phlx has in effect rules providing for transactions in such class or type of security. Provisions of Rule 803 that govern trading hours, dissemination of information (i.e. Intraday Indicative Value and index value) and surveillance procedures, and that relate to information circulars and prospectus delivery, shall apply to securities traded on an unlisted trading privileges basis.

The listing criteria for Tier I Issues are as follows:

(a) – (h) – No Change.

(i) Trust Shares

(1) – (10) – No Changes.

(11) The Exchange may approve a series of Trust Shares for listing and trading pursuant to Rule 19b-4(e) under the Exchange Act provided the criteria described in paragraphs (a), (b) or (c) below and (d) through (i) are satisfied:

(a) – (c) – No Change.

(d) Index Methodology and Calculation.

(i) [The index underlying a series of Trust Shares will be calculated based upon either the market capitalization, modified market capitalization, price, equal-dollar or modified equal-dollar weighting methodology;]

(ii) [If the index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect a "fire wall" around the personnel who have access to information concerning changes and adjustments to the index and the]
index shall be calculated by a third party who is not a broker-dealer or fund advisor; and

(ii[i]) Any advisory committee, supervisory board, or similar entity that advises a Reporting Authority or a major market data vendor or that makes decisions on the index or portfolio composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the applicable index.

(e) – (l) – No Change.

(j) – (k) – No Change.

(l) Index Fund Shares.

(1) – (5) – No Change.

(6) Listing Pursuant to SEC Rule 19b-4(e). The Exchange may approve a series of Index Fund Shares for listing and trading pursuant to Rule 19b-4(e) under the Exchange Act provided the criteria described in paragraph (A), (B) or (C) below and (D)-(K) are satisfied:

(A) – (C) – No Change.

(D) Index Methodology and Calculation. (I) [The index underlying a series of Index Fund Shares will be calculated based on either the market capitalization, modified market capitalization, price, equal-dollar or modified equal-dollar weighting methodology; (II) ]If the index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect a "fire wall" around the personnel who have access to information concerning changes and adjustments to the index and the index shall be calculated by a third party who is not a broker-dealer or fund advisor; and (II[II]) Any advisory committee, supervisory board, or similar entity that advises a Reporting Authority or a major market data vendor or that makes decisions on the index or portfolio composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the applicable index.

(E) – (K) – No Change.
(7) - (8) – No Change.

(m) – (n) -- No Change.

* * * * * *

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 June 8, 2007.

Questions and comments on the proposed rule change may be directed to Jurij Trypuppenko, Director and Counsel, at 215-496-5019, or Edith H. 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 amend Phlx Rule 803 (Criteria for Listing – Tier I) regarding Phlx’s current generic listing standards pursuant to Rule 19b-4(e) under the Act\(^5\) for Trust Shares and Index Fund Shares to eliminate the requirement that an index underlying an ETF be calculated following one of five specified methodologies.

The Exchange currently has generic listing standards (within the meaning of Rule 19b-4(e) under the Act), which permit the listing and trading of various ETFs subject to

the procedures contained in Rule 19b-4(e)\textsuperscript{6}. The existence of generic listing standards allows ETFs to list or trade without the need to file a rule change for each security under Rule 19b-4 under the Act.\textsuperscript{7} By amending its generic listing standards pursuant to Rule 19b-4(e), the Exchange intends to reduce the time frame for listing ETFs that utilize methodologies not currently identified in the generic listing standards and thereby reduce the burdens on issuers and other market participants.

The generic listing standards for ETFs presently provide that they be calculated based on the market capitalization, modified market capitalization, price, equal-dollar, or modified equal-dollar weighting methodology.\textsuperscript{8} The proposed rule change will eliminate this standard and, as a result, the Exchange will no longer consider index methodology in its review of an ETF's eligibility for listing and trading pursuant to Rule 19b-4(e) under the Act.\textsuperscript{9}

The Exchange notes that as the market for Trust Shares and Index Fund Shares in particular and exchange traded funds in general has grown, and the relevant product lines have matured, there has been an increase in the number of methodologies used to calculate the underlying indexes. In order for an index that employs a novel methodology to satisfy the generic listing standards, either a traditional methodology

\begin{itemize}
\item \textsuperscript{6} 17 CFR 240.19b-4(e).
\item \textsuperscript{7} Id.
\item \textsuperscript{8} See Phlx Rule 803 (i) and (l) regarding Trust Shares and Index Fund Shares, respectively.
\item \textsuperscript{9} 17 CFR 240.19b-4(e).
\end{itemize}
(that is, one that is already noted in the rule) must be substituted for the new methodology, or the Exchange must submit a proposed rule change to the Commission that either amends the generic listing standards to add the new methodology or in the alternative eliminates the use of any calculation methodology. The Exchange has chosen the latter approach eliminating any methodology, as has been done by other exchanges such as the American Stock Exchange LLC (“AMEX”).

The Exchange believes that the proposed elimination of any index methodology from its generic listing standards for ETFs would potentially reduce the time frame for bringing products based on indexes with nontraditional weighting techniques to the market, thereby reducing the burdens on issuers and other market participants and promoting competition. The Exchange notes that these ETFs would continue to be subject to the other requirements of the generic listing standards pursuant to Rule 19b-4(e) under the Act. For example, the generic listing standards for Trust Shares will continue to require, without limitation: that the most heavily weighted component stock of an index not exceed 25% of the weight of the index where the index is comprised solely of Non-U.S. Component Stocks or of both U.S. Component Stocks and Non-U.S.


Component Stocks ("Combination Stocks") or 30% where the index is comprised solely of U.S. Component Stocks;\(^{12}\) that the five most heavily weighted component stocks of an index not exceed 60% of the weight of the index where the index is comprised solely of Non-U.S. Component Stocks or of Combination Stocks or 65% of the weight of the index where the index is comprised solely of U.S. Component Stocks; and that an index include a minimum of 20 component stocks where the index is comprised solely of Non-U.S. Component Stocks or of Combination Stocks or 13 component stocks where the index is comprised solely of U.S. Component Stocks.\(^{13}\) The generic listing standards for Index Fund Shares will continue to have similar requirements that are dependent on whether the index is comprised of U.S. Component Stocks, Non-U.S. Component Stocks, or Combination Stocks.\(^{14}\) The Exchange believes that such requirements will ensure that the indexes are sufficiently diversified, and that their components are sufficiently liquid to underlie the ETFs.

\(^{12}\) A U.S. Component Stock is an equity security that is registered under Sections 12(b) or 12(g) of the Act or an American Depository Receipt (ADR) the underlying equity security of which is registered under Sections 12(b) or 12(g) of the Act. A Non-U.S. Component Stock is an equity security that is not registered under Sections 12(b) or 12(g) of the Act and that is issued by an entity that (a) is not organized, domiciled or incorporated in the United States, and (b) is an operating company (including real estate investment trusts (REITs) and income trusts, but excluding investment trusts, unit trusts, mutual funds, and derivatives). See Phlx Rules 803(i)(1) and 803 (l)(2).

\(^{13}\) See Phlx Rule 803 (i)(11)(a) and (b).

\(^{14}\) See Phlx Rule 803 (l)(6)(A) and (B).
b. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Section 6(b)(5), specifically, in that it is designed to perfect the mechanism of a free and open market and the national market system, protect investors and the public interest and promotes just and equitable principles of trade. The proposal would achieve this by eliminating the need to use calculation methodologies for indexes underlying ETFs while retaining requirements calculated to ensure sufficient diversification and liquidity, thereby facilitating listing and trading such products for the benefit of investors while reducing the burdens on issuers and other market participants.

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

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Commission action.

7. **Basis for Summary Effectiveness pursuant to Section 19(b)(3) or for Accelerated Effectiveness pursuant to Section 19(b)(2)**

The Exchange requests accelerated effectiveness pursuant to Section 19(b)(2) of the Act\(^\text{17}\) so that, for competitive purposes, it has generic listing standards that are similar to those in use by other options exchanges.

8. **Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission**

The proposed rule change is based on AMEX Rules 1000 and 1000A.\(^\text{18}\)

9. **Exhibits**

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

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Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No.                  ; File No. SR-Phlx-2007-43)

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of
Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Elimination
of Calculation Methodology From Generic Listing Standards

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")\(^1\), and
Rule 19b-4\(^2\) 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 Act\(^3\) and Rule 19b-4 thereunder,\(^4\)
proposes to amend its existing Rule 803 (Criteria for Listing – Tier I) to eliminate the
requirement that indexes underlying certain Trust Shares and Index Fund Shares

(collectively “ETFs” or “Exchange Traded Funds”)\(^5\) are calculated following a specific methodology.\(^6\)

The text of the proposed rule change is set forth below.

*New language is underlined. Deleted language is bracketed.*

* * * * *

**Rule 803.**

**Criteria for Listing – Tier I**

Issuers should consider whether to list their securities under the Tier I or Tier II listing standards. While all listed issues will be traded pursuant to the identical Exchange auction rules, issues listed pursuant to the Tier I and Tier II standards may be distinguished with respect to blue sky exemptions, transactions reporting symbols, listing fees and maintenance standards. The Exchange will identify and distinguish at all times which securities are listed pursuant to the Exchange's Tier I and Tier II standards. An issuer seeking to list its securities pursuant to the Tier I standards must satisfy one of the two alternative Tier I quantitative criteria and an issuer seeking to list its securities pursuant to the Tier II standards must satisfy the Tier II quantitative criteria. Issuers listing under either criteria must adhere to the policies and procedures and the corporate governance criteria provided in Rules 812 through 853.

The Exchange also places great emphasis upon the level of public interest in the securities of an issuer. Causes for concern may include a low trading volume on another Exchange, lack of dealer interest in the over-the-counter market, unusual geographical concentration of shareholders or a low rate of transfers. Under such circumstances the Exchange may implement a higher distribution standard provided it perceives a relatively low level of investor interest.

Phlx may extend unlisted trading privileges to any security for which Phlx has in effect rules providing for transactions in such class or type of security. Provisions of Rule 803 that govern trading hours, dissemination of information (i.e. Intraday Indicative Value and index value) and surveillance procedures, and that relate to information circulars and prospectus delivery, shall apply to securities traded on an unlisted trading privileges basis.

The listing criteria for Tier I Issues are as follows:

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\(^5\) See definitions of Trust Shares, also known as Portfolio Deposits, and Index Fund Shares in Phlx Rules 803 (i) and 803(l), respectively.

\(^6\) This Amendment No. 1 supercedes the original filing and replaces it in its entirety.
(a) – (h) – No Change.

(i) Trust Shares

(1) – (10) – No Changes.

(11) The Exchange may approve a series of Trust Shares for listing and trading pursuant to Rule 19b-4(e) under the Exchange Act provided the criteria described in paragraphs (a), (b) or (c) below and (d) through (l) are satisfied:

(a) – (c) – No Change.

(d) Index Methodology and Calculation.

(i) [The index underlying a series of Trust Shares will be calculated based upon either the market capitalization, modified market capitalization, price, equal-dollar or modified equal-dollar weighting methodology;]

(ii) [If the index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect a "fire wall" around the personnel who have access to information concerning changes and adjustments to the index and the index shall be calculated by a third party who is not a broker-dealer or fund advisor; and]

(iii[i]) Any advisory committee, supervisory board, or similar entity that advises a Reporting Authority or a major market data vendor or that makes decisions on the index or portfolio composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the applicable index.

(e) – (l) – No Change.

(j) – (k) – No Change.

(l) Index Fund Shares.

(1) – (5) – No Change.
(6) Listing Pursuant to SEC Rule 19b-4(e). The Exchange may approve a series of Index Fund Shares for listing and trading pursuant to Rule 19b-4(e) under the Exchange Act provided the criteria described in paragraph (A), (B) or (C) below and (D)-(K) are satisfied:

(A) – (C) – No Change.

(D) Index Methodology and Calculation. (I) [The index underlying a series of Index Fund Shares will be calculated based on either the market capitalization, modified market capitalization, price, equal-dollar or modified equal-dollar weighting methodology; (II) ]If the index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect a "fire wall" around the personnel who have access to information concerning changes and adjustments to the index and the index shall be calculated by a third party who is not a broker-dealer or fund advisor; and (II[I]) Any advisory committee, supervisory board, or similar entity that advises a Reporting Authority or a major market data vendor or that makes decisions on the index or portfolio composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the applicable index.

(E) – (K) – No Change.

(7) - (8) – No Change.

(m) – (n) -- No Change.

* * * * *


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 amend Phlx Rule 803 (Criteria for Listing – Tier I) regarding Phlx’s current generic listing standards pursuant to Rule 19b-4(e) under the Act\(^7\) for Trust Shares and Index Fund Shares to eliminate the requirement that an index underlying an ETF be calculated following one of five specified methodologies.

The Exchange currently has generic listing standards (within the meaning of Rule 19b-4(e) under the Act), which permit the listing and trading of various ETFs subject to the procedures contained in Rule 19b-4(e)\(^8\). The existence of generic listing standards allows ETFs to list or trade without the need to file a rule change for each security under Rule 19b-4 under the Act.\(^9\) By amending its generic listing standards pursuant to Rule 19b-4(e), the Exchange intends to reduce the time frame for listing ETFs that utilize methodologies not currently identified in the generic listing standards and thereby reduce the burdens on issuers and other market participants.

The generic listing standards for ETFs presently provide that they be calculated based on the market capitalization, modified market capitalization, price, equal-dollar, or

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\(^7\) 17 CFR 240.19b-4(e).

\(^8\) 17 CFR 240.19b-4(e).

\(^9\) Id.
modified equal-dollar weighting methodology. The proposed rule change will eliminate this standard and, as a result, the Exchange will no longer consider index methodology in its review of an ETF's eligibility for listing and trading pursuant to Rule 19b-4(e) under the Act.

The Exchange notes that as the market for Trust Shares and Index Fund Shares in particular and exchange traded funds in general has grown, and the relevant product lines have matured, there has been an increase in the number of methodologies used to calculate the underlying indexes. In order for an index that employs a novel methodology to satisfy the generic listing standards, either a traditional methodology (that is, one that is already noted in the rule) must be substituted for the new methodology, or the Exchange must submit a proposed rule change to the Commission that either amends the generic listing standards to add the new methodology or in the alternative eliminates the use of any calculation methodology. The Exchange has chosen the latter approach eliminating any methodology, as has been done by other exchanges such as the American Stock Exchange LLC (“AMEX”).

10 See Phlx Rule 803 (i) and (l) regarding Trust Shares and Index Fund Shares, respectively.


The Exchange believes that the proposed elimination of any index methodology from its generic listing standards for ETFs would potentially reduce the time frame for bringing products based on indexes with nontraditional weighting techniques to the market, thereby reducing the burdens on issuers and other market participants and promoting competition. The Exchange notes that these ETFs would continue to be subject to the other requirements of the generic listing standards pursuant to Rule 19b-4(e) under the Act.\textsuperscript{13} For example, the generic listing standards for Trust Shares will continue to require, without limitation: that the most heavily weighted component stock of an index not exceed 25\% of the weight of the index where the index is comprised solely of Non-U.S. Component Stocks or of both U.S. Component Stocks and Non-U.S. Component Stocks (“Combination Stocks”) or 30\% where the index is comprised solely of U.S. Component Stocks;\textsuperscript{14} that the five most heavily weighted component stocks of an index not exceed 60\% of the weight of the index where the index is comprised solely of Non-U.S. Component Stocks or of Combination Stocks or 65\% of the weight of the index where the index is comprised solely of Non-U.S. Component Stocks or of Combination Stocks or 65\% of the weight of the index where the index is comprised solely of U.S. Component Stocks; and that an index include a minimum of 20 component stocks where the index is comprised solely of Non-U.S. Component Stocks or of Combination Stocks or 13 component stocks where the

\textsuperscript{13} 17 CFR 240.19b-4(e).

\textsuperscript{14} A U.S. Component Stock is an equity security that is registered under Sections 12(b) or 12(g) of the Act or an American Depository Receipt (ADR) the underlying equity security of which is registered under Sections 12(b) or 12(g) of the Act. A Non-U.S. Component Stock is an equity security that is not registered under Sections 12(b) or 12(g) of the Act and that is issued by an entity that (a) is not organized, domiciled or incorporated in the United States, and (b) is an operating company (including real estate investment trusts (REITs) and income trusts, but excluding investment trusts, unit trusts, mutual funds, and derivatives). See Phlx Rules 803(i)(1) and 803 (l)(2).
index is comprised solely of U.S. Component Stocks. The generic listing standards for Index Fund Shares will continue to have similar requirements that are dependent on whether the index is comprised of U.S. Component Stocks, Non-U.S. Component Stocks, or Combination Stocks. The Exchange believes that such requirements will ensure that the indexes are sufficiently diversified, and that their components are sufficiently liquid to underlie the ETFs.

2. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Section 6(b)(5), specifically, in that it is designed to perfect the mechanism of a free and open market and the national market system, protect investors and the public interest and promotes just and equitable principles of trade. The proposal would achieve this by eliminating the need to use calculation methodologies for Eligible Indexes while retaining requirements calculated to ensure sufficient diversification and liquidity, thereby facilitating listing and trading such products for the benefit of investors while reducing the burdens on issuers and other market participants.

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15 See Phlx Rule 803 (i)(11)(a) and (b).

16 See Phlx Rule 803 (l)(6)(A) and (B).


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**

The Exchange requests accelerated effectiveness pursuant to Section 19(b)(2) of the Act\(^\text{19}\) so that, for competitive purposes, it has generic listing standards that are similar to those in use by other options exchanges.

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](http://www.sec.gov/rules/sro.shtml); or

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2007-43 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-2007-43. 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-2007-43 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{20}

Nancy M. Morris  
Secretary

\textsuperscript{20} 17 CFR 200.30-3(a)(12).