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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<td>19b-4(f)(2)</td>
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<td>Pilot</td>
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Extension of Time Period for Commission Action
Date Expires

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

Proposed rule change relating to the extension of a pilot program relating to Linkage fees.

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: Richard
Last Name: Rudolph
Title: Vice President and Counsel
E-mail: Richard.Rudolph@phlx.com
Telephone: (215) 496-5074
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: 07/19/2007
By: Richard S. Rudolph
Vice President 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.
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 extend, for a one-year period, a pilot relating to transaction fees applicable to the execution of Principal Acting as Agent Orders ("P/A Orders")\(^3\) and Principal Orders ("P Orders")\(^4\) sent to the Exchange via the Intermarket Option Linkage ("Linkage") under the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage (the "Plan").\(^5\) The Exchange proposes to extend the pilot through July 31, 2008.

   A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and a copy of the applicable section of the Exchange’s Summary of Equity Option and RUT and RMN Charges is attached hereto as Exhibit 5.

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 July 19, 2007.

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\(^3\) A P/A Order is an order for the principal account of a specialist reflecting the terms of a related unexecuted Public Customer order for which the specialist is acting as agent. See Exchange Rule 1083(k)(i).

\(^4\) A P Order is an order for the principal account of an Eligible Market Maker and is not a P/A Order. See Exchange Rule 1083(k)(ii).

Questions and comments on the proposed rule change may be directed to Richard S. Rudolph, Vice President and Counsel, at (215) 496-5074 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 extend the current pilot program for one year, through July 31, 2008.6

      The Exchange currently charges $0.25 per option contract for inbound Linkage P Orders sent to the Exchange via “Linkage” under the Plan. The Exchange currently charges $0.15 per option contract for Inbound Linkage P/A Orders.

      By extending the current pilot program, the Exchange should remain competitive with other exchanges that charge fees for P and P/A Orders.7 Consistent with current practice, the Exchange will charge the clearing member organization of the sender of Linkage P and P/A Orders. Also, consistent with current practice, the Exchange will not charge for the execution of Satisfaction Orders sent through Linkage.

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6 The Exchange recently filed a separate proposed rule change to extend, for a one-year period through July 31, 2008, the Exchange’s current pilot program relating to an option transaction charge credit of $0.21 per contract for Exchange options specialist units that incur Phlx option transaction charges when a customer order is delivered to the limit order book via the Exchange’s Options Floor Broker Management System and is then sent to an away market and executed via Linkage under the Plan. This separate proposal is scheduled to be in effect for the same time period as fees for Linkage P Orders and P/A Orders. See SR-Phlx-2007-50.

b. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act\(^8\) in general, and furthers the objectives of Section 6(b)(5) of the Act\(^9\) in particular, in that it is an equitable allocation of reasonable fees among Exchange members.

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 Exchange requests accelerated effectiveness pursuant to Section 19(b)(2) of the Act in order to extend the pilot, which is scheduled to expire July 31, 2007, so that it will apply to transactions settling on or after August 1, 2007, thereby ensuring the continuity of the linkage program.


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

The proposed rule change is based on the rules of another self-regulatory organization or of the Commission.10

9. Exhibits

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

5. Applicable section of the Exchange’s Summary of Equity Option and RUT and RMN Charges.

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Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-Phlx-2007-52)

Self-Regulatory Organizations; Notice of Filing and Accelerated Approval of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to the Extension of a Pilot Program Relating to Transaction Charges Applicable to Linkage “P” and “P/A” Orders

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 extend, for a one-year period, a pilot relating to transaction fees applicable to the execution of Principal Acting as Agent Orders ("P/A Orders")\(^5\) and Principal Orders

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\(^5\) A P/A Order is an order for the principal account of a specialist reflecting the terms of a related unexecuted Public Customer order for which the specialist is acting as agent. See Exchange Rule 1083(k)(i).
sent to the Exchange via the Intermarket Option Linkage ("Linkage") under the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage (the “Plan”). The Exchange proposes to extend the pilot through July 31, 2008.

The text of the proposed rule change is available on the Exchange’s website at http://www.Phlx.com

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 extend the current pilot program for one year, through July 31, 2008.  

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6 A P Order is an order for the principal account of an Eligible Market Maker and is not a P/A Order. See Exchange Rule 1083(k)(ii).


8 The Exchange recently filed a separate proposed rule change to extend, for a one-year period through July 31, 2008, the Exchange’s current pilot program relating to an option transaction charge credit of $0.21 per contract for Exchange options specialist units that incur Phlx option transaction charges when a customer order is delivered to the limit order book via the Exchange’s Options Floor Broker Management System and is then sent to an away market and executed via Linkage under the Plan. This separate proposal is scheduled to be in effect for the same time period as fees for Linkage P Orders and P/A Orders. See SR-Phlx-2007-50.
The Exchange currently charges $0.25 per option contract for Inbound Linkage P Orders sent to the Exchange via “Linkage” under the Plan. The Exchange currently charges $0.15 per option contract for Inbound Linkage P/A Orders.

By extending the current pilot program, the Exchange should remain competitive with other exchanges that charge fees for P and P/A Orders. Consistent with current practice, the Exchange will charge the clearing member organization of the sender of Inbound Linkage P and P/A Orders. Also, consistent with current practice, the Exchange will not charge for the execution of Satisfaction Orders sent through Linkage.

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) of the Act in particular, in that it is an equitable allocation of reasonable fees among Exchange members.

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

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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 in order to extend the pilot, which is scheduled to expire July 31, 2007, so that it will apply to transactions settling on or after August 1, 2007, thereby ensuring the continuity of the linkage program.

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-2007-52 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-2007-52**. 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](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-2007-52 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.12

Nancy M. Morris
Secretary

SUMMARY OF EQUITY OPTION AND RUT AND RMN CHARGES (p. 2/6)

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OPTION TRANSACTION CHARGE

<table>
<thead>
<tr>
<th>Linkage</th>
<th>Charge</th>
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<tbody>
<tr>
<td>“P”</td>
<td>$.25 per contract</td>
</tr>
<tr>
<td>“P/A”</td>
<td>$.15 per contract</td>
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5 Fees for Linkage “P” and “P/A” Orders are subject to a pilot program scheduled to expire July 31, 200[7].