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

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).

Proposal to adopt a rule creating restricted trading session on XLE.

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 John Last Name Dayton
Title Director and Counsel
E-mail john.dayton@phlx.com
Telephone (435) 783-6415 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 08/03/2007 By Jurij trypupenko

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.
<table>
<thead>
<tr>
<th><strong>Form 19b-4 Information</strong></th>
<th>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.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exhibit 1 - Notice of Proposed Rule Change</strong></td>
<td>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)</td>
</tr>
<tr>
<td><strong>Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Exhibit 3 - Form, Report, or Questionnaire</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Exhibit 4 - Marked Copies</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Exhibit 5 - Proposed Rule Text</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Partial Amendment</strong></td>
<td>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.</td>
</tr>
</tbody>
</table>
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 Phlx Rule 101, Supplementary Material .02 to provide for securities that trade in one or two, but not all three trading sessions on XLE.\(^3\) In addition, the rule will be amended to require the Exchange to maintain, on its web site, information regarding securities that do not trade in all three sessions on XLE and securities which have a Core Session that lasts until 4:15 PM.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and the text of the amended Phlx Rule is set forth below:

Underlining indicates additions

**Rule 101.**

**Hours of Business**

* * * * *

**Supplementary Material:** ...

.01 No Change

.02 XLE Trading Hours. XLE shall have three trading sessions each day the Exchange is open for business unless otherwise determined by the Exchange:

(1)-(3) No Change

(4) Securities qualified for trading will be eligible to trade during all three trading sessions identified in paragraphs (1)-(3) above, except for securities of

---


\(^3\) Phlx Rule 101 Supplementary Material .02(1)-(3) describes XLE’s three trading sessions. The Pre Market Session begins at 8:00 AM and concludes at the commencement of the Core Session. The Core Session begins at 9:30 AM and concludes at 4:00 PM, provided that for specified exchange-traded funds, the Core Session concludes at 4:15 PM. The Post Market Session begins following the conclusion of the Core Session and concludes at 6:00 PM.
the following issuers, which are eligible to trade in the Core Session and in the below designated trading session, but not all three trading sessions:

- iShares® MSCI Australia Index Fund  Core, Post Market
- iShares® MSCI Brazil Index Fund  Core, Post Market
- iShares® MSCI Germany Index Fund  Core, Post Market
- iShares® MSCI Mexico Index Fund  Core, Post Market
- iShares® MSCI United Kingdom Index Fund  Core, Post Market
- iShares® S&P Latin America 40 Index Fund  Core, Post Market

(5) The Exchange shall maintain on its Internet Web site a list that identifies all securities traded on XLE that do not trade for the duration of each of the three sessions specified in paragraphs (1)-(3) above. This list will also identify the trading sessions during which such securities do trade, as well as those securities for which the Core Session extends to 4:15:00 P.M. pursuant to paragraph (2) above. The Exchange shall update that Web site promptly upon any change to the list and indicate on the Web site a "current as of" date.

Although a security may be authorized to trade outside the Core Session, the Exchange may in its discretion determine not to permit the trading of such security in a session for which it has been authorized, or to restore such security to a trading session for which it previously had been authorized and for which such authorization is still valid. Promptly after exercising such discretion, the Exchange shall update the list of securities and their trading sessions on its Web site.

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 John Dayton, Director and Counsel, at (435) 783-6415 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 clarify with respect to the trading hours eligibility of certain securities that will not trade during the entire XLE trading day. Phlx Rule 101 currently provides, in part, that XLE shall have three trading session each day: a Pre Market Session (8:00 A.M. until 9:30 A.M.), a Core Session (9:30 A.M. until 4:00 P.M., except for certain exchange traded funds (“ETFs”), which shall take place until 4:15 P.M.) and a Post Market Session (conclusion of Core Session until 6:00 P.M.) Phlx Rule 101 shall include a list of those securities which are eligible to trade in one or more, but not all three of these trading sessions, and to maintain on its internet web site (www.phlx.com) a list that identifies all securities traded on XLE that do not trade for the duration of each of the three sessions specified in Rule 101. For example, certain ETFs that are based on indexes composed of commodities, or securities not registered in the United States may not be eligible to trade during the entire XLE trading day because the instruments underlying the indexes underlying the ETF are not active during certain times and therefore last sale or other data used to determine the index value is not available. In addition, Phlx will maintain on its Internet web site a list that identifies all securities traded on XLE for which the Core Session is extended until 4:15 PM.

   b. **Statutory Basis**

   The Exchange believes that its proposal is consistent with Section 6(b) of the Act\(^4\) in general, and furthers the objectives of Section 6(b)(5) of the Act\(^5\) 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.

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)

Because the foregoing proposed rule change does not:

(i) Significantly affect the protection of investors or the public interest;

(ii) Impose any significant burden on competition; and

(iii) Become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁶ and Rule 19b-4(f)(6) thereunder.⁷ The Phlx requests that the Commission waive the 30-day operative delay and make the proposed rule change effective immediately.

---


effective upon filing. The Phlx believes that the earlier operative date is consistent with
the protection of investors and the public interest because the proposed rule change is
substantially similar to NYSEArca Equity Rule 7.34(a)(3)(B) and (C).

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

   The proposed rule change is based on NYSEArca Equity Rule 7.34(a)(3)(B) and
   (C).

9. **Exhibits**

   1. Notice of proposed rule for publication in the Federal Register.
SECURITIES AND EXCHANGE COMMISSION
(Release No. ___ ; File No. SR-Phlx-2007-57)

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Restricted Trading Sessions on XLE

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 Phlx Rule 101, Supplementary Material .02 to provide for securities that trade in one or two, but not all three trading sessions on XLE.\(^5\) In addition, the rule will be amended to require the Exchange to maintain, on its web site, information

---

\(^5\) Phlx Rule 101 Supplementary Material .02(1)-(3) describes XLE’s three trading sessions. The Pre Market Session begins at 8:00 AM and concludes at the commencement of the Core Session. The Core Session begins at 9:30 AM and concludes at 4:00 PM, provided that for specified exchange-traded funds, the Core Session concludes at 4:15 PM. The Post Market Session begins following the conclusion of the Core Session and concludes at 6:00 PM.
regarding securities that do not trade in all three sessions on XLE and securities which have a Core Session that lasts until 4:15 PM.

The text of the amended Phlx Rule is set forth below:

Underlining indicates additions

**Rule 101.**

**Hours of Business**

* * * * *

**Supplementary Material:** ...

.01 No Change

.02 XLE Trading Hours. XLE shall have three trading sessions each day the Exchange is open for business unless otherwise determined by the Exchange:

(1)-(3) No Change

(4) Securities qualified for trading will be eligible to trade during all three trading sessions identified in paragraphs (1)-(3) above, except for securities of the following issuers, which are eligible to trade in the Core Session and in the below designated trading session, but not all three trading sessions:

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Trading Session</th>
</tr>
</thead>
<tbody>
<tr>
<td>iShares® MSCI Australia Index Fund</td>
<td>Core, Post Market</td>
</tr>
<tr>
<td>iShares® MSCI Brazil Index Fund</td>
<td>Core, Post Market</td>
</tr>
<tr>
<td>iShares® MSCI Germany Index Fund</td>
<td>Core, Post Market</td>
</tr>
<tr>
<td>iShares® MSCI Mexico Index Fund</td>
<td>Core, Post Market</td>
</tr>
<tr>
<td>iShares® MSCI United Kingdom Index Fund</td>
<td>Core, Post Market</td>
</tr>
<tr>
<td>iShares® S&amp;P Latin America 40 Index Fund</td>
<td>Core, Post Market</td>
</tr>
</tbody>
</table>

(5) The Exchange shall maintain on its Internet Web site a list that identifies all securities traded on XLE that do not trade for the duration of each of the three sessions specified in paragraphs (1)-(3) above. This list will also identify the trading sessions during which such securities do trade, as well as those securities for which the Core Session extends to 4:15:00 P.M. pursuant to paragraph (2) above. The Exchange shall update that Web site promptly upon any change to the list and indicate on the Web site a "current as of" date.

Although a security may be authorized to trade outside the Core Session, the Exchange may in its discretion determine not to permit the trading of such security in a session for which it has been authorized, or to restore such security to a trading session for which it previously had been authorized and for which
such authorization is still valid. Promptly after exercising such discretion, the Exchange shall update the list of securities and their trading sessions on its Web site.

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 clarify with respect to the trading hours eligibility of certain securities that will not trade during the entire XLE trading day. Phlx Rule 101 currently provides, in part, that XLE shall have three trading sessions each day: a Pre Market Session (8:00 A.M. until 9:30 A.M.), a Core Session (9:30 A.M. until 4:00 P.M., except for certain exchange traded funds (“ETFs”), which shall take place until 4:15 P.M.) and a Post Market Session (conclusion of Core Session until 6:00 P.M.) Phlx Rule 101 shall include a list of those securities which are eligible to trade in one or more, but not all three of these trading sessions, and to maintain on its internet web site (www.phlx.com) a list that identifies all securities traded on XLE that do not trade for the duration of each of the three sessions specified in Rule 101. For example, certain ETFs that are based on indexes composed of commodities, or securities not registered in the United States may not be eligible to trade during the entire XLE trading day because the
instruments underlying the indexes underlying the ETF are not active during certain times and therefore last sale or other data used to determine the index value is not available. In addition, Phlx will maintain on its Internet web site a list that identifies all securities traded on XLE for which the Core Session is extended until 4:15 PM.

2. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act\(^6\) in general, and furthers the objectives of Section 6(b)(5) of the Act\(^7\) 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.

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**

Because the foregoing proposed rule change does not:

(i) Significantly affect the protection of investors or the public interest;

(ii) Impose any significant burden on competition; and

---


\(^7\) 15 U.S.C. 78f(b)(5).
(iii) Become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder. The Phlx requests that the Commission waive the 30-day operative delay and make the proposed rule change effective upon filing. The Phlx believes that the earlier operative date is consistent with the protection of investors and the public interest because the proposed rule change is substantially similar to NYSEArca Equity Rule 7.34(a)(3)(B) and (C).

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
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2007-57 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-2007-57. 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-2007-57 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{10}

Nancy M. Morris
Secretary

\textsuperscript{10} 17 CFR 200.30-3(a)(12).