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).

Proposed rule change relating to fees on U.S. Dollar-settled Foreign Currency Options.

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 08/15/2007
By Richard S. Rudolph Vice President and Counsel

{Name} (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.
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 Summary of Index Option and U.S. Dollar-Settled Foreign Currency Option Charges to cap U.S. dollar-settled foreign currency options ("WCO") fees at 10,000 contracts per trade per side. Specifically, on the Exchange’s fee schedule, the option transaction charge applicable to customer executions would be amended to add the following: maximum charge of $4,000 per trade per side. This reflects the proposed 10,000 contract cap multiplied by the current $.40 per contract charge.

This proposal is scheduled to become effective for trades settling on or after August 16, 2007.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and a copy of the Exchange’s Summary of Index Option and U.S. Dollar-Settled Foreign Currency Option Charges is attached hereto as Exhibit 5.

2. **Procedures of the Self-Regulatory Organization**

The Exchange’s Executive Committee, pursuant to delegated authority, approved the proposal for filing with the Commission on August 15, 2007.

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.

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3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

   a. Purpose

   The purpose of this proposal is to raise revenue by attracting large WCO trades. The Exchange began trading WCOs in January 2007 and seeks to increase business in this product line.³

   b. Statutory Basis

   The Exchange believes that its proposal to amend its schedule of fees is consistent with Section 6(b) of the Act⁴ in general, and furthers the objectives of Section 6(b)(4) of the Act⁵ in particular, in that it is an equitable allocation of reasonable fees and other charges 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 foregoing proposed rule change establishes or changes a due, fee, or other charge applicable only to a member pursuant to Section 19(b)(3)(A)(ii) of the Act\(^6\) and Rule 19b-4(f)(2)\(^7\) thereunder. Accordingly, the proposal will take effect upon filing with the Commission. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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.

9. **Exhibits**

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

5. **Summary of Index Option and U.S. Dollar-Settled Foreign Currency Option Charges**


Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-Phlx-2007-61)

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Fees for U.S. Dollar-Settled Foreign Currency Options

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")\(^1\), and Rule 19b-4 thereunder,\(^2\) 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 Summary of Index Option and U.S. Dollar-Settled Foreign Currency Option Charges to cap U.S. dollar-settled foreign currency options ("WCO") fees at 10,000 contracts per trade per side. Specifically, on the Exchange’s fee schedule, the option transaction charge applicable to customer executions would be amended to add

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the following: maximum charge of $4,000 per trade per side. This reflects the proposed
10,000 contract cap multiplied by the current $.40 per contract charge.

This proposal is scheduled to become effective for trades settling on or after

The text of the proposed rule change is available on the Exchange’s Website at

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 this proposal is to raise revenue by attracting large WCO trades.
The Exchange began trading WCOs in January 2007 and seeks to increase business in
this product line.5

2. Statutory Basis

The Exchange believes that its proposal to amend its schedule of fees is consistent
with Section 6(b) of the Act6 in general, and furthers the objectives of Section 6(b)(4) of

(December 29, 2006) (SR-Phlx-2006-34) and 56034 (July 10, 2007), 72 FR 38853 (July
the Act\textsuperscript{7} in particular, in that it is an equitable allocation of reasonable fees and other charges 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.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act\textsuperscript{8} and paragraph (f)(2) of Rule 19b-4\textsuperscript{9} thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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\textsuperscript{6} 15 U.S.C. 78f(b).


\textsuperscript{9} 17 CFR 240.19b-4(f)(2).
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-2007-61 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-2007-61. 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-2007-61 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.10

Nancy M. Morris
Secretary

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Exhibit 5

SUMMARY OF INDEX OPTION AND U.S. DOLLAR-SETTLED FOREIGN CURRENCY OPTION* CHARGES (p. 1/1)

OPTION COMPARISON CHARGE (applicable to all trades – except specialist trades)

<table>
<thead>
<tr>
<th>Type</th>
<th>Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered Option Trader</td>
<td>$.03 per contract</td>
</tr>
<tr>
<td>Firm (Proprietary and Customer Executions)**10+</td>
<td>$.04 per contract</td>
</tr>
</tbody>
</table>

OPTION TRANSACTION CHARGE

<table>
<thead>
<tr>
<th>Type</th>
<th>Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Executions</td>
<td>$.40 per contract, maximum charge of $4,000 per trade side</td>
</tr>
<tr>
<td>Firm/Proprietary**11+</td>
<td>$.20 per contract</td>
</tr>
<tr>
<td>Firm/Proprietary Facilitation+</td>
<td>$.20 per contract</td>
</tr>
<tr>
<td>Registered Option Trader</td>
<td>$.21 per contract</td>
</tr>
<tr>
<td>Specialist</td>
<td>$.24 per contract</td>
</tr>
</tbody>
</table>

OPTION FLOOR BROKERAGE ASSESSMENT

<table>
<thead>
<tr>
<th>Monthly Net Floor Brokerage Income</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 to $200,000</td>
<td>5% for all amounts up to and including $200,000</td>
</tr>
<tr>
<td>Any amount over $200,000</td>
<td>No additional charge</td>
</tr>
</tbody>
</table>

CANCELLATION FEE

$1.10 per order for each cancelled AUTOM-delivered order in excess of the number of orders executed on the Exchange by a member organization in a given month. The cancellation fee is not assessed in a month in which fewer than 500 AUTOM-delivered orders are cancelled.

REAL-TIME RISK MANAGEMENT FEE

$.0025 per contract for firms/members receiving information on a real-time basis

See Appendix A for additional fees.

+ Subject to a maximum fee of $60,000, except for certain license fees which are assessed per contract side – see $60,000 “Firm Related” Equity Option and Index Option Cap.

* U.S. dollar-settled foreign currency options include XDB, XDE, XDN, XDS, XDA and XDC.

**Non-clearing firm members’ proprietary transactions are eligible for the “firm” rate based upon submission of a PHLX rebate request form with supportive documentation within thirty (30) days of invoice date.

10 For the purpose of this Summary of Index Option and FXI Option Charges, the Firm / Proprietary comparison or transaction charge applies to member organizations for orders for the proprietary account of any member or non-member broker-dealer that derives more than 35% of its annual, gross revenues from commissions and principal transactions with customers. Member organizations will be required to verify this amount to the Exchange by certifying that they have reached this threshold and by submitting a copy of their annual report, which was prepared in accordance with Generally Accepted Accounting Principles (“GAAP”). In the event that a firm has not been in business for one year, the most recent quarterly reports, prepared in accordance with GAAP, will be accepted.

11 See footnote 10.