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

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).

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 10/11/2007

By Carla Behnfeldt

(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.)

Carla Behnfeldt,
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 Rule 1034, Minimum Increments, to decrease the size of the minimum quoting and trading increments applicable to the Exchange’s U.S. dollar-settled foreign currency options ("FCO").\(^3\)

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 Exchange Rule is set forth below. New language is underlined; deletions are bracketed.

**Rule 1034. Minimum Increments**

(a) Except as provided in sub-paragraph (i)(B) below, all options on stocks, index options, and Exchange Traded Options quoting in decimals at $3.00 or higher shall have a minimum increment of $.10, and all options on stocks and index options quoting in decimals under $3.00 shall have a minimum increment of $.05. [All U.S. dollar-settled FCO (other than options on the Japanese yen) quoting at $.0300 (expressed as 3.00) or higher shall have a minimum trading increment of $.0010 per unit of the foreign currency, expressed as .10 per unit of the foreign currency, which equals a $10.00 minimum increment per contract consisting of 10,000 Euros, British pounds, Australian dollars, Canadian dollars or Swiss francs. The minimum increment for U.S. dollar-settled FCO (other than options on the Japanese yen) quoting under $.0300 (expressed as 3.00) shall be $.0005 per unit of the foreign currency, expressed as .05 per unit of the foreign currency, which equals a $5.00 minimum increment per contract consisting of 10,000 Euros, British pounds, Australian dollars, Canadian dollars or Swiss francs. All U.S. dollar-settled FCO on the Japanese yen quoting at $.000300 (expressed as 3.00) or higher shall have a minimum trading increment of $.000010 per unit of

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\(^3\) The Exchange originally filed SR-Phlx-2007-70 on September 5, 2007. This Amendment No. 1 replaces the original filing in its entirety.
the foreign currency, expressed as .10 per unit of the foreign currency, which equals a $10.00 minimum increment per contract consisting of 1,000,000 Japanese yen. The minimum increment for U.S. dollar-settled FCO on the Japanese yen quoting under $.000300 (expressed as 3.00) shall be $.000005 per unit of the foreign currency, expressed as .05 per unit of the foreign currency, which equals a $5.00 minimum increment per contract consisting of 1,000,000 Japanese yen.]

(i) No Change.

(ii) (A) --In the case of [physical delivery] options on foreign currencies where the underlying foreign currency is not the U.S. dollar, $.0001 (expressed as .01) for option contracts on the British pound, $.0001 (expressed as .01) for option contracts on the Swiss franc, $.0001 (expressed as .01) for option contracts on the Canadian dollar, .0001 (expressed as .01) for option contracts on the Australian dollar, $.0001 (expressed as .01) for option contracts on the Euro, $.000001 (expressed as .01) for option contracts on the Japanese yen and .02 Japanese yen for British pound/Japanese yen options.

(B) - (D) No Change.

(iii) 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 August 22, 2007.

Questions and comments on the proposed rule change may be directed to Carla Behnfeldt, Director and Counsel, at (215) 496-5208 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 provide additional trading opportunities by reducing the minimum increments applicable to the Exchange’s U.S.
dollar-settled FCO. Quoting and trading in smaller increments should enable investors to trade U.S. dollar-settled currency options with greater precision as to price. The changes would permit the trading of U.S. dollar-settled FCO in the same minimum increments that have long been applicable (with one unrelated exception - the physical delivery British pound/Japanese yen option) to the Exchange’s physical delivery FCO contracts.

Currently, all U.S. dollar-settled FCO other than the Japanese yen have minimum increments of $.0010 (expressed as .10) or $.0005 (expressed as .05). Minimum increments for the Japanese yen are $.000010 (also expressed as .00) or $.000005 (expressed as .00). In each case the applicable minimum increment is determined by the price at which the option is quoting. For example, all U.S. dollar-settled FCO contracts (other than options on the Japanese yen) quoting at $.0300 (expressed as 3.00) or higher have a minimum trading increment of $.0010 (expressed as .10) while the minimum increment for these U.S. dollar-settled FCOs quoting under $.0300 (expressed as 3.00) is $.0005 (expressed as .05). These minimum increments were originally established in order to accommodate trading of U.S. dollar-settled FCOs on the Phlx XL platform, which did not have penny trading capability when the rules for the U.S. dollar-settled FCOs were first drafted and filed with the Commission.

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The proposed amendments to Rule 1034 would set the minimum increment for U.S. dollar-settled FCOs on currencies other than the Japanese yen at $.0001 and the minimum increment for U.S. dollar-settled FCO contracts on the Japanese yen at $.000001 (in both cases expressed as .01), regardless of the price at which the option is quoting. This change would conform the minimum increments for U.S. dollar-settled FCOs to those applicable currently to the Exchange’s physical delivery FCOs. Although U.S. dollar-settled FCOs would be trading in these narrower minimum increments, they would not actually be trading in pennies (the trading increment would actually be much smaller although it would be expressed as .01) and would not be considered part of the Exchange’s pilot program currently applicable to certain equity options.5

Currently, options on currency futures trade in these smaller trading increments on the Chicago Mercantile Exchange. As a competitive matter, the Exchange seeks the opportunity to offer investors those same, more refined increments. Also, currencies trade on the cash market in these smaller increments. Additionally, as stated above, Phlx customers have been accustomed to trading in these more refined increments in the Exchange’s physical delivery FCOs since 1982. Providing these more refined increments

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5 The pilot, which permits certain options series to be quoted and traded in increments of $0.01, began on January 26, 2007. See Securities Exchange Act Release No. 55153 (January 23, 2007), 72 FR 4553 (January 31, 2007) (SR-Phlx-2006-74). The pilot was extended through September 27, 2007. See Securities Exchange Act Release No. 56141 (July 24, 2007), 72 FR 42216 (August 1, 2007) (SR-Phlx-2007-53). The pilot program has been extended again through March 27, 2009. See Securities Exchange Act Release No. 56563 (September 27, 2007), 72 FR 56429 (October 3, 2007) (SR-Phlx-2007-62). With one exception all series in options included in the pilot trading at a price of less than $3.00 are currently quoted and traded in minimum increments of $0.01, and those with a price of $3.00 or higher are currently quoted and traded in minimum increments of $0.05. A list of all series of options in the pilot was communicated to membership via Exchange circular.
will permit Exchange specialists the opportunity to provide better fills (meaning less spread than the current wider minimum increments rules allow) to customers.

b. **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, by permitting trading in finer increments.

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)**

Not Applicable.


\(^7\) 15 U.S.C. 78f(b)(5).
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*.

4. The amended text of the proposed rule change indicating any additions to or deletions from the immediately preceding filing.
Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Rule 1034, Minimum Increments

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 Rule 1034, Minimum Increments, to decrease the size of the minimum quoting and trading increments applicable to the Exchange’s U.S. dollar-settled foreign currency options ("FCO").\(^5\)

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\(^5\) The Exchange originally filed SR-Phlx-2007-70 on September 5, 2007. This Amendment No. 1 replaces the original filing in its entirety.
Rule 1034. Minimum Increments

(a) Except as provided in sub-paragraph (i)(B) below, all options on stocks, index options, and Exchange Traded Options quoting in decimals at $3.00 or higher shall have a minimum increment of $.10, and all options on stocks and index options quoting in decimals under $3.00 shall have a minimum increment of $.05.

(ii) (A) --In the case of [physical delivery] options on foreign currencies where the underlying foreign currency is not the U.S. dollar, $.0001 (expressed as .01) for option contracts on the British pound, $.0001 (expressed as .01) for option contracts on the Swiss franc, $.0001 (expressed as .01) for option contracts on the Canadian dollar, .0001 (expressed as .01) for option contracts on the Australian dollar, $.0001 (expressed as .01) for option contracts on the Euro, $.000001 (expressed as .01) for option contracts on the Japanese yen and .02 Japanese yen for British pound/Japanese yen options.

(B) - (D) No Change.

(iii) 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 provide additional trading opportunities by reducing the minimum increments applicable to the Exchange’s U.S. dollar-settled FCO.6 Quoting and trading in smaller increments should enable investors to trade U.S. dollar-settled currency options with greater precision as to price. The changes would permit the trading of U.S. dollar-settled FCO in the same minimum increments that have long been applicable (with one unrelated exception - the physical delivery British pound/Japanese yen option) to the Exchange’s physical delivery FCO contracts.

Currently, all U.S. dollar-settled FCO other than the Japanese yen have minimum increments of $.0010 (expressed as .10) or $.0005 (expressed as .05). Minimum

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increments for the Japanese yen are $.000010 (also expressed as .10) or $.000005 (expressed as .05). In each case the applicable minimum increment is determined by the price at which the option is quoting. For example, all U.S. dollar-settled FCO contracts (other than options on the Japanese yen) quoting at $.0300 (expressed as 3.00) or higher have a minimum trading increment of $.0010 (expressed as .10) while the minimum increment for these U.S. dollar-settled FCOs quoting under $.0300 (expressed as 3.00) is $.0005 (expressed as .05). These minimum increments were originally established in order to accommodate trading of U.S. dollar-settled FCOs on the Phlx XL platform, which did not have penny trading capability when the rules for the U.S. dollar-settled FCOs were first drafted and filed with the Commission.

The proposed amendments to Rule 1034 would set the minimum increment for U.S. dollar-settled FCOs on currencies other than the Japanese yen at $.0001 and the minimum increment for U.S. dollar-settled FCO contracts on the Japanese yen at $.000001 (in both cases expressed as .01), regardless of the price at which the option is quoting. This change would conform the minimum increments for U.S. dollar-settled FCOs to those applicable currently to the Exchange’s physical delivery FCOs. Although U.S. dollar-settled FCOs would be trading in these narrower minimum increments, they would not actually be trading in pennies (the trading increment would actually be much smaller although it would be expressed as .01) and would not be considered part of the Exchange’s pilot program currently applicable to certain equity options.7

Currently, options on currency futures trade in these smaller trading increments on the Chicago Mercantile Exchange. As a competitive matter, the Exchange seeks the opportunity to offer investors those same, more refined increments. Also, currencies trade on the cash market in these smaller increments. Additionally, as stated above, Phlx customers have been accustomed to trading in these more refined increments in the Exchange’s physical delivery FCOs since 1982. Providing these more refined increments will permit Exchange specialists the opportunity to provide better fills (meaning less spread than the current wider minimum increments rules allow) to customers.

2. 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 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, by permitting trading in finer increments.

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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**

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which Phlx consents, the Commission shall: (a) by order approve such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

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-2007-70 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-2007-70. 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-2007-70 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

Exhibit 4

CHANGES ARE MARKED IN BOLD; NEW LANGUAGE IS UNDERLINED AND DELETIONS ARE STRUCK THROUGH

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 Rule 1034, Minimum Increments, to decrease the size of the minimum quoting and trading increments applicable to the Exchange’s U.S. dollar-settled foreign currency options ("FCO").\(^3\)

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 Exchange Rule is set forth below. New language is underlined; deletions are bracketed.

**Rule 1034. Minimum Increments**

(a) Except as provided in sub-paragraph (i)(B) below, all options on stocks, index options, and Exchange Traded Options quoting in decimals at $3.00 or higher shall have a minimum increment of $.10, and all options on stocks and index options quoting in decimals under $3.00 shall have a minimum increment of $.05.

[All U.S. dollar-settled FCO (other than options on the Japanese yen) quoting at $.0300 (expressed as 3.00) or higher shall have a minimum trading increment of $.0010 per unit of the foreign currency, expressed as .10 per unit of the foreign currency, which equals a $10.00 minimum increment per contract consisting of 10,000 Euros, British pounds, Australian dollars, Canadian dollars or Swiss francs. The minimum increment for U.S. dollar-settled FCO (other than options on the Japanese yen) quoting under $.0300 (expressed as 3.00) shall be $.0005 per unit of the foreign currency, expressed as .05 per unit of the foreign currency, which equals a $5.00 minimum increment per contract consisting of 10,000

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\(^3\) *The Exchange originally filed SR-Phlx-2007-70 on September 5, 2007. This Amendment No. 1 replaces the original filing in its entirety.*
Euros, British pounds, Australian dollars, Canadian dollars or Swiss francs. All U.S. dollar-settled FCO on the Japanese yen quoting at $.000300 (expressed as 3.00) or higher shall have a minimum trading increment of $.000010 per unit of the foreign currency, expressed as .10 per unit of the foreign currency, which equals a $10.00 minimum increment per contract consisting of 1,000,000 Japanese yen. The minimum increment for U.S. dollar-settled FCO on the Japanese yen quoting under $.000300 (expressed as 3.00) shall be $.000005 per unit of the foreign currency, expressed as .05 per unit of the foreign currency, which equals a $5.00 minimum increment per contract consisting of 1,000,000 Japanese yen.]

(i) No Change.

(ii) (A) --In the case of [physical delivery] options on foreign currencies where the underlying foreign currency is not the U.S. dollar, $.0001 (expressed as .01) for option contracts on the British pound, $.0001 (expressed as .01) for option contracts on the Swiss franc, $.0001 (expressed as .01) for option contracts on the Canadian dollar, .0001 (expressed as .01) for option contracts on the Australian dollar, $.0001 (expressed as .01) for option contracts on the Euro, $.000001 (expressed as .01) for option contracts on the Japanese yen and .02 Japanese yen for British pound/Japanese yen options.

(B) - (D) No Change.

(iii) 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 August 22, 2007.

Questions and comments on the proposed rule change may be directed to Carla Behnfeldt, Director and Counsel, at (215) 496-5208 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 provide additional trading opportunities by reducing the minimum increments applicable to the Exchange’s U.S. dollar-settled FCO.\footnote{On January 8, 2007, the Exchange began trading U.S. dollar-settled options on the British pound and the Euro on the Exchange’s electronic trading platform for options, Phlx XL. See Securities Exchange Act Release No. 54989 (December 21, 2006), 71 FR 78506 (December 29, 2006) (SR-Phlx-2006-34). The Exchange subsequently listed U.S. dollar-settled FCOs on the Australian dollar, the Canadian dollar, the Swiss franc and the Japanese yen. See Securities Exchange Act Release No. 56034 (July 10, 2007), 72 FR 38853 (July 16, 2007) (approving SR-Phlx-2007-34).} Quoting and trading in smaller increments should enable investors to trade U.S. dollar-settled currency options with greater precision as to price. The changes would permit the trading of U.S. dollar-settled FCO in the same minimum increments that have long been applicable (with one unrelated exception - the physical delivery British pound/Japanese yen option) to the Exchange’s physical delivery FCO contracts.

Currently, all U.S. dollar-settled FCO other than the Japanese yen have minimum increments of $.0010 (expressed as .10) or $.0005 (expressed as .05). Minimum increments for the Japanese yen are $.000010 (also expressed as .10) or $.000005 (expressed as .05). In each case the applicable minimum increment is determined by the price at which the option is quoting. For example, all U.S. dollar-settled FCO contracts (other than options on the Japanese yen) quoting at $.0300 (expressed as 3.00) or higher have a minimum trading increment of $.0010 (expressed as .10) while the minimum increment for these U.S. dollar-settled FCOs quoting under $.0300 (expressed as 3.00) is $.0005 (expressed as .05). These minimum increments were originally established in order to accommodate trading of U.S. dollar-settled FCOs on the Phlx XL platform,
which did not have penny trading capability when the rules for the U.S. dollar-settled
FCOs were first drafted and filed with the Commission.

The proposed amendments to Rule 1034 would set the minimum increment for
U.S. dollar-settled FCOs on currencies other than the Japanese yen at $.0001 and the
minimum increment for U.S. dollar-settled FCO contracts on the Japanese yen at
$.000001 (in both cases expressed as .01), regardless of the price at which the option is
quoting. This change would conform the minimum increments for U.S. dollar-settled
FCOs to those applicable currently to the Exchange’s physical delivery FCOs. Although
U.S. dollar-settled FCOs would be trading in these narrower minimum increments, they
would not actually be trading in pennies (the trading increment would actually be much
smaller although it would be expressed as .01) and would not be considered part of the
Exchange’s pilot program currently applicable to certain equity options.5

Currently, options on currency futures trade in these smaller trading
increments on the Chicago Mercantile Exchange. As a competitive matter, the
Exchange seeks the opportunity to offer investors those same, more refined
increments. Also, currencies trade on the cash market in these smaller increments.

5 The pilot, which permits certain options series to be quoted and traded in increments of
(January 23, 2007), 72 FR 4553 (January 31, 2007) (SR-Phlx-2006-74). The pilot was
( July 24, 2007), 72 FR 42216 (August 1, 2007) (SR-Phlx-2007-53). The Exchange has
filed a proposed rule change to extend and expand tethered program has been
56284 (August 17, 2007), 72 FR 48722 (August 24, 2007) 56563 (September 27, 2007),
72 FR 56429 (October 3, 2007) (SR-Phlx-2007-62). With one exception all series in
options included in the pilot trading at a price of less than $ 3.00 are currently quoted and
traded in minimum increments of $ 0.01, and those with a price of $ 3.00 or higher are
currently quoted and traded in minimum increments of $ 0.05. A list of all series of
options in the pilot was communicated to membership via Exchange circular.
Additionally, as stated above, Phlx customers have been accustomed to trading in these more refined increments in the Exchange’s physical delivery FCOs since 1982. Providing these more refined increments will permit Exchange specialists the opportunity to provide better fills (meaning less spread than the current wider minimum increments rules allow) to customers.

b. 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, by permitting trading in finer increments.

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.


\(^7\) 15 U.S.C. 78f(b)(5).
7. **Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)**

The Exchange is requesting accelerated approval of this proposed rule change given that the amendments simply conform the minimum increments for U.S. dollar settled FCO to those that have been applicable for years to the Exchange’s physical delivery FCO. — Not Applicable.

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.