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)

Pilot ✔ Extension of Time Period for Commission Action Date Expires

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

Eliminate position limits on Russell 2000 index 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 Jurij Last Name Trypupenko
Title Director and Counsel
E-mail jurij.trypupenko@phlx.com
Telephone (215) 496-5019 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 09/21/2007
By Jurij Trypupenko

Director and Counsel (Name)

Jurij Trypupenko, (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.
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 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.

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.

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 Rule 1079 (FLEX Equity and Index Options)\(^3\) and Rule 1001A (Position Limits) to specify that full value options on the Russell 2000®Index (RUT) ("Full Value Russell 2000®Options") and one tenth (1/10th) value options on the Russell 2000®Index (RMN) ("Reduced Value Russell 2000®Options") shall have no position limits, and that reduced value or mini-size contracts shall be aggregated with full value or full-size contracts and counted by the amount by which they equal a full value contract.

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 1079.**

**FLEX Index and Equity Options**

A Requesting Member shall obtain quotes and execute trades in certain non-listed FLEX options at the specialist post of the non-FLEX option on the Exchange. The term "FLEX option" means a FLEX option contract that is traded subject to this Rule. Although FLEX options are generally subject to the rules in this section, to the extent that the provisions


\(^3\) Flexible Exchange Options (FLEX Options) are customized equity or index option contracts made available by Phlx and other option exchanges that allow certain terms of the option to be specified such as the underlying security, the type of the option, the exercise price, the expiration date, and the exercise style. See Phlx Rule 1079.
of this Rule are inconsistent with other applicable Exchange rules, this Rule takes precedence with respect to FLEX options.

(a) - (c) – No Change.

(d) Position Limits.

(1) FLEX index options shall be subject to a separate position limit of 200,000 contracts on the same side of the market respecting market index options (TPX, VLE and XOC); 50,000 contracts on the same side of the market, with 30,000 contracts on the same side of the market in the nearest expiration month, respecting full-size Nasdaq Composite Index®Options[ and full value options on the Russell 2000®Index ("Full Value Russell 2000®Options")]; 500,000 contracts on the same side of the market, with 300,000 contracts on the same side of the market in the nearest expiration month respecting mini-size Nasdaq Composite Index®Options[ and one tenth (1/10th) value options on the Russell 2000®Index ("Reduced Value Russell 2000®Options")]; 36,000, 48,000, or 60,000 contracts respecting industry index options, depending on the position limit tier determined pursuant to Rule 1001A(b)(i). Reduced value or mini-size FLEX index option contracts shall be aggregated with full value or full-size FLEX index option contracts and counted by the amount by which they equal a full value contract (e.g. ten (10) one tenth (1/10th) value contracts equal one (1) full value contract). [However, p]Positions in P.M.-settled FLEX index options shall be aggregated with positions in quarterly expiring options listed pursuant to Rule 1101A(b)(iv) on the same underlying index, if the FLEX index option expires at the close of trading on or within two business days of the last day of trading in each calendar quarter. However, [P]positions in FLEX index options shall otherwise not be taken into account when calculating position limits for non-FLEX index options. There shall be no position limits for full value options on the Russell 2000®Index ("Full Value Russell 2000®Options") and for one tenth (1/10th) value options on the Russell 2000®Index ("Reduced Value Russell 2000®Options").

(2) – No Change.

(e) - (f) – No Change.

Rule 1001A.

Position Limits

(a) Except as otherwise indicated, the position limit for a broad-based (market) index option shall be 25,000 contracts on the same side of the market. All other broad-based (market) index options contracts shall be subject to a contract limitation fixed by the
Exchange, which shall not be larger than the limits provided in this section (a), except certain positions must be aggregated in accordance with paragraph (d) or (e) below:

(i) - (iii) – No Change.

(iv) Respecting the Full Value Russell 2000®Options and the Reduced Value Russell 2000®Options, [(1) 50,000 contracts total for the full value options on the same side of the market, with 30,000 contracts in the nearest expiration month, and (2) 500,000 contracts total for the reduced value options on the same side of the market, with 300,000 contracts total in the nearest expiration month.] there shall be no position limits.

(b) – No Change.

(c) Reporting Requirements for Options on Market Indexes. --Each member or member organization that maintains a position on the same side of the market in excess of [60,000]100,000 contracts for its own account or for the account of a customer in [either ] the Full Value Russell 2000®Options, RUT, the Value Line Composite Index, VLE, and the U.S. Top 100 Index, TPX or the National Over-the-Counter Index, XOC, must file a report with the Exchange that includes, but is not limited to, data related to the option position, whether such position is hedged and if applicable, a description of the hedge and information concerning collateral used to carry the position. Registered Options Traders are exempt from this reporting requirement. For positions exceeding the position limit in paragraph (a), Commentary .01 contains the requirements for qualifying for the Index Hedge Exemption under this Rule.

(d) – No Change.

(e) Aggregation --Full value, reduced value, long term and quarterly expiring options based on the same index shall be aggregated. Reduced value or mini-size contracts shall be aggregated with full value or full-size contracts and counted by the amount by which they equal a full value contract. (e.g. ten (10) one tenth (1/10th) value contracts equal one (1) full value contract).

Positions in Short Term Options Series and Quarterly Options Series shall be aggregated with positions in options contracts of the same index.

[(i) For aggregation purposes, ten (10) Reduced Value Long Term Value Line Composite Index (XVL) option contracts are the equivalent of one (1) Value Line Composite Index (VLE) option contract.

(ii) For aggregation purposes, ten (10) Reduced Value Long Term National Over-the-Counter Index (XRC) option contracts are the equivalent of one (1) National Over-the-Counter Index (XOC) option contract.]
(iii) For aggregation purposes, one full-size Nasdaq Composite Index option contract is the equivalent of 10 mini size Nasdaq Composite Index option contracts.

(iv) For aggregation purposes, one (1) Full Value Russell 2000®Options contract is the equivalent of ten (10) Reduced Value Russell 2000®Options contracts.

**Commentary:** …

.01 - .02 – No Change.

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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 September 21, 2007.

   Questions and comments on the proposed rule change may be directed to Jurij Trypupenko, 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 Rules 1079 and 1001A to eliminate the position limits on Full Value Russell 2000®Options (RUT) and Reduced Value Russell 2000®Options (RMN), which are multiply-listed and heavily traded options on the broad-based Russell 2000® Index. The purpose is also to clarify that

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4 As result of the rule changes proposed herein, Full Value Russell 2000®Options and Reduced Value Russell 2000®Options would likewise have no exercise limits. See Phlx Rules 1079(e) and 1002A.
reduced value or mini-size options contracts shall be aggregated with full value or full-size options contracts and shall be counted by the amount by which they equal a full value contract.

The current position limits for RUT options of 50,000 contracts, with no more than 30,000 of such contracts in a series in the nearest expiration month, and 500,000 contracts for RMN, with 300,000 contracts in the nearest expiration month, were established when the Commission approved the rule change that provided for the listing and trading of RUT and RMN options on the Exchange, and have remained unchanged.\textsuperscript{5} These limits are similar to the position limits established on other exchanges trading options on the Russell 2000® Index, which have recently received Commission approval to abolish any position limits on these options.\textsuperscript{6}

The Exchange believes that the circumstances and considerations relevant to the Commission approving the elimination of position and exercise limits for other heavily traded broad-based index options (\textit{e.g.}, options on the S&P 500 Index ("SPX"), the S&P 100 Index ("OEX"), the Dow Jones Industrial Average Index ("DJX"), and the Nasdaq-100 Index ("NDX")) equally apply to the current proposal relating to RUT and RMN position limits.\textsuperscript{7} In approving the elimination of position limits for SPX, OEX, DJX, and


\textsuperscript{7} See Securities Exchange Act Release Nos. 44994 (October 26, 2001), 66 FR 55722 (November 2, 2001)(SR-CBOE-2001-22)(elimination of position and exercise limits on SPX, OEX and DJX options); and 52650 (October 21, 2005), 70 FR 62147 (October 28,
NDX options, the Commission considered that the enormous capitalization of each of these indexes and the deep and liquid markets for the securities underlying each index significantly reduced concerns of market manipulation or disruption in the underlying markets. The Commission also noted the active trading volume for options on these respective indexes.

Phlx believes that RUT shares common factors with the SPX, OEX, DJX, and NDX. As of the date of this filing, the approximate market capitalizations of the SPX, OEX, DJX, and NDX were $13.95 trillion, $8.06 trillion, $4.4 trillion and $2.36 trillion, respectively; the average daily trading volumes ("ADVs") for all underlying components of the indexes were 1.27 billion, 540 million, 240 million, and 400 million shares, respectively; and the ADV for options on the indexes were 610,000 contracts, 60,000 contracts, 34,000 contracts, and 58,000 contracts respectively. Significantly, RUT has very comparable characteristics. The market capitalization for RUT is approximately $1.73 trillion dollars, the ADV for the underlying securities is 535 million shares, and the ADV for the option is 79,000 contracts.

In approving the elimination of position and exercise limits for SPX, OEX, DJX, and NDX options, the Commission also noted that the financial requirements imposed by an exchange (and the Commission) would serve to address any concerns that a member or its customer(s) may try to maintain an inordinately large unhedged position in the indexes. Similar financial requirements would also apply to RUT options. Under Phlx 2005)(SR-CBOE-2005-41)(elimination of position and exercise limits on NDX options). The Exchange also notes that there are no position and exercise limits for CBOE volatility index options based on the SPX, DJX and NDX.

8 ADVs are calculated over the previous three months of trading.
rules, for example, the Exchange has the authority to impose additional margin and/or
assess capital charges and the ability to monitor accounts to determine when such action
is warranted. 9

In approving the elimination of position limits for SPX, OEX, DJX, and NDX, the
Commission also relied heavily on the Exchange's ability to provide surveillance and
reporting safeguards to detect and deter trading abuses arising from the elimination of
position and exercise limits in options on these indexes. The Exchange represents that it
monitors trading in RUT options in much the same manner as trading in its other index
options (e.g. Phlx Gold/Silver Sector (XAU), Phlx Oil Service Sector (OSX)) and that the
current Phlx surveillance procedures are more than adequate to continue monitoring RUT
options. Moreover, the rule change proposed herein would impose the existing reporting
requirement in the Exchange’s position limits rule on Phlx members or member
organizations that trade RUT options. See Phlx Rule 1001A(c). This reporting
requirement would require members or member organizations who maintain in excess of
100,000 RUT contracts on the same side of the market, for their own accounts or for the
account of customers to report information to the Exchange as to whether the positions
are hedged and if applicable, provide a description of the hedge and information
concerning collateral used to carry the position.

In the interest of consistency, the Exchange also proposes to amend Exchange
Rule 1079 relating to the trading of FLEX broad-based index options to reflect that there
shall be no exercise or position limits on RUT and RMN options.

9 See Phlx Rules 1001A and 722 (Margin Accounts). The Exchange notes that SR-Phlx-
2007-33, which is pending before the Commission, proposes to amend Rule 722 to make
it similar to CBOE and New York Stock Exchange (NYSE) margin rules.
Finally, position and exercise limits for reduced-value options are aggregated with full-value options for the purpose of determining compliance with position and exercise limits. The Exchange proposes amending its Rules 1007(d) and 1001A(e) to clarify that reduced value options contracts will be aggregated with full value options contracts and counted by the amount by which they are equivalent to a full value contract (e.g. ten (10) one tenth (1/10\textsuperscript{th}) value contracts equal one (1) full value contract). In light of this general aggregation and counting rule, the Exchange proposes to delete language that indicates how specific reduced value contracts must be counted for aggregation purposes.

The Exchange believes that eliminating position and exercise limits for RUT options (including FLEX options) and clarifying the applicable aggregation methodology is consistent with the rules of other exchanges relating to RUT and similar broad-based indexes, and allows Phlx members and their customers greater hedging and investment opportunities.

b. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,\textsuperscript{10} in general, and furthers the objectives of Section 6(b)(5), specifically,\textsuperscript{11} 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 clarifying the Exchange’s position limit rules.

\textsuperscript{10} 15 U.S.C. 78f(b).

\textsuperscript{11} 15 U.S.C. 78f(b)(5).
regarding multiply-listed and heavily-traded RUT and RMN options and placing them on an equal basis with the rules of other exchanges trading such options.

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\(^\text{12}\) so that, for competitive purposes, it has listing standards that are similar to those used 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 CBOE Rules 24.4 and 24A\(^\text{7}\) and AMEX Rule 904C\(^\text{14}\).

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9. **Exhibits**

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

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SECURITIES AND EXCHANGE COMMISSION
(Release No.                  ; File No. SR-Phlx-2007-71)

Self-Regulatory Organizations; Notice of Filing and Accelerated Effectiveness of
Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Elimination
of Position Limits on Russell 2000®Index Options

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹, and
Rule 19b-4² 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 Act³ and Rule 19b-4 thereunder,⁴
proposes to amend its Rule 1079 (FLEX Equity and Index Options)⁵ and Rule 1001A
(Position Limits) to specify that full value options on the Russell 2000®Index (RUT)

⁵ Flexible Exchange Options (FLEX Options) are customized equity or index option
contracts made available by Phlx and other option exchanges that allow certain terms of
the option to be specified such as the underlying security, the type of the option, the
exercise price, the expiration date, and the exercise style.  See Phlx Rule 1079.
("Full Value Russell 2000®Options") and one tenth (1/10th) value options on the Russell 2000®Index (RMN) ("Reduced Value Russell 2000®Options") shall have no position limits, and that reduced value or mini-size contracts shall be aggregated with full value or full-size contracts and counted by the amount by which they equal a full value contract.


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 Rules 1079 and 1001A to eliminate the position limits on Full Value Russell 2000®Options (RUT) and Reduced Value Russell 2000®Options (RMN), which are multiply-listed and heavily traded options on the broad-based Russell 2000® Index. The purpose is also to clarify that reduced value or mini-size options contracts shall be aggregated with full value or full-

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6 As result of the rule changes proposed herein, Full Value Russell 2000®Options and Reduced Value Russell 2000®Options would likewise have no exercise limits. See Phlx Rules 1079(e) and 1002A.
size options contracts and shall be counted by the amount by which they equal a full value contract.

The current position limits for RUT options of 50,000 contracts, with no more than 30,000 of such contracts in a series in the nearest expiration month, and 500,000 contracts for RMN, with 300,000 contracts in the nearest expiration month, were established when the Commission approved the rule change that provided for the listing and trading of RUT and RMN options on the Exchange, and have remained unchanged.7 These limits are similar to the position limits established on other exchanges trading options on the Russell 2000® Index, which have recently received Commission approval to abolish any position limits on these options.8

The Exchange believes that the circumstances and considerations relevant to the Commission approving the elimination of position and exercise limits for other heavily traded broad-based index options (e.g., options on the S&P 500 Index ("SPX"), the S&P 100 Index ("OEX"), the Dow Jones Industrial Average Index ("DJX"), and the Nasdaq-100 Index ("NDX")) equally apply to the current proposal relating to RUT and RMN position limits.9 In approving the elimination of position limits for SPX, OEX, DJX, and

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NDX options, the Commission considered that the enormous capitalization of each of these indexes and the deep and liquid markets for the securities underlying each index significantly reduced concerns of market manipulation or disruption in the underlying markets. The Commission also noted the active trading volume for options on these respective indexes.

Phlx believes that RUT shares common factors with the SPX, OEX, DJX, and NDX. As of the date of this filing, the approximate market capitalizations of the SPX, OEX, DJX, and NDX were $13.95 trillion, $8.06 trillion, $4.4 trillion and $2.36 trillion, respectively; the average daily trading volumes ("ADVs") for all underlying components of the indexes were 1.27 billion, 540 million, 240 million, and 400 million shares, respectively; and the ADV for options on the indexes were 610,000 contracts, 60,000 contracts, 34,000 contracts, and 58,000 contracts respectively. Significantly, RUT has very comparable characteristics. The market capitalization for RUT is approximately $1.73 trillion dollars, the ADV for the underlying securities is 535 million shares, and the ADV for the option is 79,000 contracts.

In approving the elimination of position and exercise limits for SPX, OEX, DJX, and NDX options, the Commission also noted that the financial requirements imposed by an exchange (and the Commission) would serve to address any concerns that a member or its customer(s) may try to maintain an inordinately large unhedged position in the indexes. Similar financial requirements would also apply to RUT options. Under Phlx rules, for example, the Exchange has the authority to impose additional margin and/or

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10 ADVs are calculated over the previous three months of trading.
assess capital charges and the ability to monitor accounts to determine when such action is warranted.  

In approving the elimination of position limits for SPX, OEX, DJX, and NDX, the Commission also relied heavily on the Exchange's ability to provide surveillance and reporting safeguards to detect and deter trading abuses arising from the elimination of position and exercise limits in options on these indexes. The Exchange represents that it monitors trading in RUT options in much the same manner as trading in its other index options (e.g. Phlx Gold/Silver Sector (XAU), Phlx Oil Service Sector (OSX)) and that the current Phlx surveillance procedures are more than adequate to continue monitoring RUT options. Moreover, the rule change proposed herein would impose the existing reporting requirement in the Exchange’s position limits rule on Phlx members or member organizations that trade RUT options. See Phlx Rule 1001A(c). This reporting requirement would require members or member organizations who maintain in excess of 100,000 RUT contracts on the same side of the market, for their own accounts or for the account of customers to report information to the Exchange as to whether the positions are hedged and if applicable, provide a description of the hedge and information concerning collateral used to carry the position.

In the interest of consistency, the Exchange also proposes to amend Exchange Rule 1079 relating to the trading of FLEX broad-based index options to reflect that there shall be no exercise or position limits on RUT and RMN options.

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11 See Phlx Rules 1001A and 722 (Margin Accounts). The Exchange notes that SR-Phlx-2007-33, which is pending before the Commission, proposes to amend Rule 722 to make it similar to CBOE and New York Stock Exchange (NYSE) margin rules.
Finally, position and exercise limits for reduced-value options are aggregated with full-value options for the purpose of determining compliance with position and exercise limits. The Exchange proposes amending its Rules 1007(d) and 1001A(e) to clarify that reduced value options contracts will be aggregated with full value options contracts and counted by the amount by which they are equivalent to a full value contract (e.g., ten (10) one tenth (1/10th) value contracts equal one (1) full value contract). In light of this general aggregation and counting rule, the Exchange proposes to delete language that indicates how specific reduced value contracts must be counted for aggregation purposes.

The Exchange believes that eliminating position and exercise limits for RUT options (including FLEX options) and clarifying the applicable aggregation methodology is consistent with the rules of other exchanges relating to RUT and similar broad-based indexes, and allows Phlx members and their customers greater hedging and investment opportunities.

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 clarifying the Exchange’s position limit rules regarding multiply-listed and heavily-traded RUT and RMN options and placing them on an equal basis with the rules of other exchanges trading such options.

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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**

The Exchange requests accelerated effectiveness pursuant to Section 19(b)(2) of the Act\(^{14}\) so that, for competitive purposes, it has listing standards that are similar to those used 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-2007-71 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-2007-71. 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-2007-71 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{15}

Nancy M. Morris
Secretary

\textsuperscript{15} 17 CFR 200.30-3(a)(12).