Proposed Rule Change by Philadelphia Stock Exchange

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Amends Rule 1012.

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 10/04/2007
By Carla Behnfeldt
(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.
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C.  20549

For complete Form 19b-4 instructions please refer to the EIFFS website.

<table>
<thead>
<tr>
<th>Form 19b-4 Information</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>
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<td>Exhibit 1 - Notice of Proposed Rule Change</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>
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<td>Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications</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>
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<td>Exhibit 3 - Form, Report, or Questionnaire</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>
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<td>Exhibit 4 - Marked Copies</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>
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<td>Exhibit 5 - Proposed Rule Text</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>
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<td>Partial Amendment</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>
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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 1012, Series of Options Open for Trading, in order to increase the number of permissible cycle month series of U.S. dollar-settled foreign currency options ("FCO") that may be opened for trading from three to four.

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 text is underlined; brackets indicate deletions.

**Rule 1012.**
**Series of Options Open for Trading**

(a) * * *

(i) - (ii) No Change.

(iii) * * *

(A) No Change.

(B) Cycle Month Series

The Exchange may designate one expiration cycle for each class of U.S. dollar-settled FCO. An expiration cycle shall consist of four calendar months ("cycle months") occurring at three-month intervals.

With respect to any particular class of U.S. dollar-settled FCO, series of options expiring in [up to three of] the four cycle months designated by the Exchange for that class may be opened for trading simultaneously, with the shortest-term series initially

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having approximately three months to expiration. Additional cycle
month series of the same class may be opened for trading on the
Exchange at or about the time a prior cycle month series expires,
and the expiration month of each such new series shall normally be
approximately three months after the expiration month of the then
outstanding cycle month series of the same class of options having
the longest remaining time to expiration.

(iv) No Change.

(b) - (d) 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

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 permit the Exchange to list an
   additional series of cycle month U.S. dollar-settled FCOs. Currently, Rule

   1012(a)(3)(B) provides that, with respect to any particular class of U.S. dollar-settled

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3  Rule 1012(a)(iii)(B) provides that the Exchange may designate one expiration
cycle for each class of U.S. dollar-settled FCO. An expiration cycle shall consist of four
calendar months ("cycle months") occurring at three-month intervals. The Exchange has
designated the March, June, September and December cycle as the expiration cycle for
U.S. dollar-settled FCOs.
FCO, series of options expiring in up to three of the four cycle months designated by the Exchange for that class may be opened for trading simultaneously. Thus, for example, in October the Exchange may have open for trading series of options expiring in the December, March and June cycle months.4

As amended, Rule 1012(a)(3)(B) would permit four cycle months to be open for trading simultaneously. Thus, in the example just used, in October the Exchange would be able to have open for trading series of options expiring in the December, March, June and September contract months.

b. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act5 in general, and furthers the objectives of Section 6(b)(5) of the Act6 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 providing investors another contract month for U.S. dollar-settled FCOs with which they can hedge their foreign currency risks.

4. **Self-Regulatory Organization's Statement on Burden on Competition**

The Phlx does not believe that the proposed rule change will impose any

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4 In addition to the three cycle month expirations, the Exchange currently has open two consecutive month expirations. Thus, at any given time the Exchange has open expirations at one, two, three, six, and nine months. The open series are on three of the months from the March, June, September, December cycle, plus two additional near term months (five months at all times). No change is being proposed to the consecutive month expiration series.


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 proposed rule change: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of filing, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act\(^7\) and subparagraph (f)(6) of Rule 19b-4 thereunder.\(^8\) As required under Rule 19b-4(f)(6)(iii),\(^9\) the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of the filing of the proposed rule change.

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


The proposed rule change is based on International Securities Exchange Rule 2205(a)(1)(B).

9. **Exhibits**

   1. Notice of proposed rule for publication in the *Federal Register*. 
SECURITIES AND EXCHANGE COMMISSION
(Release No. _________ ; File No. SR-Phlx-2007-74)

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

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 Rule 1012, Series of Options Open for Trading, in order to increase the number of permissible cycle month series of U.S. dollar-settled foreign currency options ("FCO") that may be opened for trading from three to four.

The text of amended Exchange Rule 1012 is set forth below. New text is underlined; brackets indicate deletions.

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Rule 1012.
Series of Options Open for Trading

(a) * * *

(i) - (ii) No Change.

(iii) * * *

(A) No Change.

(B) Cycle Month Series

The Exchange may designate one expiration cycle for each class of U.S. dollar-settled FCO. An expiration cycle shall consist of four calendar months ("cycle months") occurring at three-month intervals.

With respect to any particular class of U.S. dollar-settled FCO, series of options expiring in [up to three of] the four cycle months designated by the Exchange for that class may be opened for trading simultaneously, with the shortest-term series initially having approximately three months to expiration. Additional cycle month series of the same class may be opened for trading on the Exchange at or about the time a prior cycle month series expires, and the expiration month of each such new series shall normally be approximately three months after the expiration month of the then outstanding cycle month series of the same class of options having the longest remaining time to expiration.

(iv) No Change.

(b) - (d) 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 permit the Exchange to list an additional series of cycle month U.S. dollar-settled FCOs. Currently, Rule 1012(a)(3)(B) provides that, with respect to any particular class of U.S. dollar-settled FCO, series of options expiring in up to three of the four cycle months designated by the Exchange for that class may be opened for trading simultaneously. Thus, for example, in October the Exchange may have open for trading series of options expiring in the December, March and June cycle months.

As amended, Rule 1012(a)(3)(B) would permit four cycle months to be open for trading simultaneously. Thus, in the example just used, in October the Exchange would be able to have open for trading series of options expiring in the December, March, June and September contract months.

2. Statutory Basis

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5 Rule 1012(a)(iii)(B) provides that the Exchange may designate one expiration cycle for each class of U.S. dollar-settled FCO. An expiration cycle shall consist of four calendar months ("cycle months") occurring at three-month intervals. The Exchange has designated the March, June, September and December cycle as the expiration cycle for U.S. dollar-settled FCOs.

6 In addition to the three cycle month expirations, the Exchange currently has open two consecutive month expirations. Thus, at any given time the Exchange has open expirations at one, two, three, six, and nine months. The open series are on three of the months from the March, June, September, December cycle, plus two additional near term months (five months at all times). No change is being proposed to the consecutive month expiration series.
The Exchange believes that its proposal is consistent with Section 6(b) of the Act\(^7\) in general, and furthers the objectives of Section 6(b)(5) of the Act\(^8\) 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 providing investors another contract month for U.S. dollar-settled FCOs with which they can hedge their foreign currency risks.

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 proposed rule change: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of filing, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act\(^9\) and subparagraph (f)(6) of Rule 19b-4 thereunder.\(^10\) As required under Rule


\(^{10}\)
19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of the filing of the proposed rule change.

A proposed rule change filed under 19b-4(f)(6) normally may not become operative prior to 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay. Waiving the 30-day operative delay is consistent with the protection of investors and the public interest because such waiver will allow Phlx members and their customers greater hedging and investment opportunities in U.S. dollar-settled FCO without further delay.

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

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• Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2007-74 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-2007-74. 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-2007-74 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.\(^\text{13}\)

Nancy M. Morris  
Secretary

\(^{13}\) 17 CFR 200.30-3(a)(12).