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

Section 19(b)(1) Section 19(b)(2) Section 19(b)(5)

Section 19(b)(3) Section 19(b)(6)

Description

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

Amend By-Law Article X, Section 10-11.

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 Angela Last Name Dunn

Title Director and Counsel

E-mail angela.dunn@phlx.com

Telephone (215) 496-5692 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 10/29/2007

By Angela Saccomandi Dunn Director and Counsel

(Note) (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") and Rule 19b-4 thereunder, proposes to expand the type of business that certain members of the Exchange’s Business Conduct Committee ("Committee") must conduct in order to qualify as a Committee member.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1. The text of the proposed rule change is set forth below. 

*Brackets indicate deletions and underline indicates additions.*

**By-Law Article X**

**Sec. 10-11   Business Conduct Committee**

(a) – (g) No Change.

(h) The Business Conduct Committee shall consist of nine (9) members as follows: three (3) Independent Governors; one (1) Member or person associated with a Member Organization who[se] conducts equity business *[is principally carried out]* on XLE; one (1) Member who[se] conducts options business at the Exchange *[is principally carried out on the equity options floor]*; and four (4) persons who are Members or persons associated with a Member Organization.

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

The Phlx Board of Governors approved the proposal for filing with the Securities and Exchange Commission ("SEC" or "Commission") on October 25, 2007.

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Questions and comments on the proposed rule change may be directed to Angela Saccomandi Dunn, Director and Counsel, at (215) 496-5692 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 allow a greater pool of Phlx members with varying backgrounds and industry experience to serve on the Committee. Exchange By-Law X, Section 10-11(h) currently requires nine members to comprise the Committee. One member of the Committee must principally carry out its business on XLE and one member must principally carry out its business on the equity options floor. Expanding the qualifications for these two Committee members, as set forth in this proposed rule change, should allow a greater pool of Phlx members to be eligible to serve on the Committee.

   The Committee has exclusive jurisdiction to monitor compliance with the Exchange Act, the rules and regulations thereunder and the by-laws and rules of the Exchange as well as to authorize the initiation of any disciplinary actions or proceedings, among other things. Qualifying additional members for service on the Committee should permit a greater pool of members to serve and thereby bring their experience to the Committee process.

   b. Statutory Basis
The Exchange believes that its proposal is consistent with Section 6(b) of the Act\(^3\) in general, and furthers the objectives of Section 6(b)(5) of the Act\(^4\) 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. In addition, the Exchange believes that the proposed rule change also furthers the objectives of Section 6(b)(3) under the Act\(^5\) in that the Committee’s composition continues to reflect a “fair representation” of the Exchange’s members in the administration of its affairs.

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.

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\(^3\) 15 U.S.C. 78f(b).


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*. 
SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-Phlx-2007-83)

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Amend By-Law Article X, Section 10-11 Business Conduct Committee

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 expand the type of business that certain members of the Exchange’s Business Conduct Committee ("Committee") must conduct in order to qualify as a Committee member.

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The text of the proposed rule change is set forth below.

*Brackets indicate deletions and underline indicates additions.*

**By-Law Article X**

**Sec. 10-11 Business Conduct Committee**

(a) – (g) No Change.

(h) The Business Conduct Committee shall consist of nine (9) members as follows: three (3) Independent Governors; one (1) Member or person associated with a Member Organization who[se] conducts equity business [is principally carried out] on XLE; one (1) Member who[se] conducts options business at the Exchange [is principally carried out on the equity options floor]; and four (4) persons who are Members or persons associated with a Member Organization.

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 allow a greater pool of Phlx members with varying backgrounds and industry experience to serve on the Committee. Exchange By-Law X, Section 10-11(h) currently requires nine members to comprise the Committee. One member of the Committee must principally carry out its business on XLE and one member must principally carry out its business on the equity options floor. Expanding the qualifications for these two Committee members, as set forth in this
proposed rule change, should allow a greater pool of Phlx members to be eligible to serve on the Committee.

The Committee has exclusive jurisdiction to monitor compliance with the Exchange Act, the rules and regulations thereunder and the by-laws and rules of the Exchange as well as to authorize the initiation of any disciplinary actions or proceedings, among other things. Qualifying additional members for service on the Committee should permit a greater pool of members to serve and thereby bring their experience to the Committee process.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act\(^5\) in general, and furthers the objectives of Section 6(b)(5) of the Act\(^6\) 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. In addition, the Exchange believes that the proposed rule change also furthers the objectives of Section 6(b)(3) under the Act\(^7\) in that the Committee’s composition continues to reflect a “fair representation” of the Exchange’s members in the administration of its affairs.

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.

\(^7\) 15 U.S.C. 78f(b)(3).
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-2007-83 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-2007-83. 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-2007-83 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. 8

Nancy M. Morris
Secretary