

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55492; File No. SR-Phlx-2006-61]

### Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing of a Proposed Rule Change and Amendment No. 2 Thereto Relating to Order and Decorum Regulations

March 20, 2007.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 26, 2006, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been substantially prepared by Phlx. On November 14, 2006, the Exchange filed Amendment No. 1 to the proposed rule change which was subsequently withdrawn.<sup>3</sup> On January 19, 2007, the Exchange filed Amendment No. 2 to the proposed rule change. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, 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<sup>4</sup> and Rule 19b-4 thereunder,<sup>5</sup> proposes to amend Option Order and Decorum Regulation 2, Food, Liquids and Beverages; Regulation 4, Order; Regulation 5, Visitors and Applicants; and Regulation 6, Dress, pursuant to Exchange Rule 60. The amendments intend to: (i) Add clarifying language to Regulations 4 and 5; (ii) amend Regulation 2 language concerning food, liquids and beverages and propose fines for violations of these new sections; (iii) add new language to address trash, litter and vandalism to Regulation 2; (iv)

increase fine amounts as specified in proposed Regulations 2 and 6; (v) delete the language of Regulation 6 and adopt a revised dress code; and (vi) add clarifying language to Regulations 2, 4, 5 and 6 regarding supervisory responsibility for violations of the various order and decorum regulations.

The text of the proposed rule change is available at Phlx, the Commission's Public Reference Room, and <http://www.Phlx.com>.

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

In its filing with the Commission, 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. 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 various Option Order and Decorum Regulations, adopted pursuant to Exchange Rule 60, to ensure the efficient, uninterrupted conduct of business on the Exchange and provide a trading floor environment free from conduct that could distract or interfere with market activity. Further, the Exchange seeks to delineate specific guidelines concerning the conduct and personal appearance of persons on the trading floor to prohibit any act or omission, which could interfere with the personal safety of other persons on the trading floor.

###### Regulation 2

The Exchange no longer has a cafeteria for members on the premises and therefore, for purposes of convenience, the Exchange proposes to amend Regulation 2 to allow members, member organizations, participants, participant organizations and their associated persons to consume foods, liquids and beverages while on the trading floor, provided this does not unreasonably interfere with the business of the trading floor. The Exchange proposes to increase the fines associated with a violation of this Regulation to create a deterrent for members who are not compliant with the new policy.

Additionally, new language is proposed to address trash, litter and vandalism on the trading floor. The Exchange desires to promote a professional environment and to create a physical workplace that is free of trash and litter. The Exchange proposes to add certain fines for violating the trash, litter and vandalism Regulations. Also, the Exchange proposes language to address vandalism. In an effort to maintain a businesslike atmosphere, the abuse, destruction and theft of property will not be tolerated. Due to the addition of these sections, the Exchange proposes changing the title of Regulation 2 from "Food, Liquids and Beverages" to "Food, Liquids and Beverages, Trash, Litter and Vandalism" to reflect the additions to this Regulation.

###### Regulation 4

The Exchange proposes adding language to section (a) of this Regulation to clarify that the use of profanity is a violation of this Regulation. While the use of profanity is currently a violation of Regulation 4, the Exchange seeks to further define the scope of prohibited conduct by specifically indicating that members, member organizations, participants, participant organizations and their associated persons will be disciplined for the use of profanity.

###### Regulation 5

The Exchange proposes amending this Regulation to authorize an Exchange or Floor Official to permit visitors on the trading floor. It is more practicable for Exchange and Floor Officials to determine whether to permit visitors to the trading floor instead of requiring a floor committee to meet and make such determinations. The decision to permit visitors on the trading floor is a day-to-day business function, which is better served by allowing Exchange and Floor Officials the authority to make these decisions.

###### Regulation 6

The Exchange proposes amending its current dress code to adopt a business casual dress code and clarify what business attire is deemed acceptable on the trading floor. By issuing guidelines on acceptable apparel while on the trading floor, the Exchange intends to encourage all members, member organizations, participants, participant organizations and their associated persons to comply with the dress code requirements of Regulation 6.<sup>6</sup> The

<sup>6</sup> The Commission made minor clarifications to this sentence pursuant to a telephone call with the

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<sup>10</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> On January 12, 2007, Phlx withdrew Amendment No. 1.

<sup>4</sup> 15 U.S.C. 78s(b)(1).

<sup>5</sup> 17 CFR 240.19b-4.

Exchange also proposed to increase sanctions.

#### Other Changes

In addition, the Exchange proposes to further amend Regulations 2, 4, 5 and 6 to add language to indicate, pursuant to Exchange Rule 60, that Exchange Staff may impose fines for breaches of order, decorum, health, safety and welfare on the members, member organizations, participants, participant organizations and their associated persons. This language is intended to clarify the responsibility of members and their associated persons for compliance with Regulations.

#### 2. Statutory Basis

The proposal is consistent with Section 6(b) of the Act<sup>7</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>8</sup> 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, because the proposal should facilitate prompt, appropriate, and effective discipline for violations of Exchange Rule 60 and the regulations thereunder designed to maintain order on the Exchange. In addition, the proposed rule is consistent with Section 6(b)(6) of the Act<sup>9</sup> which requires the rules of an exchange provide that its members be appropriately disciplined for violations of the Act as well as the rules and regulations thereunder, by imposing increased fine amounts for breaches of order and decorum to better reflect the severity of the violation and provide an appropriate form of deterrence for violation of Exchange Rule 60 and the regulations thereunder.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is 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*

Written comments were neither solicited nor received.

Exchange. See telephone call by and between Rahman Harrison, Special Counsel, Division of Market Regulation, Commission, and Angela Dunn, Director and Counsel, Phlx, on March 19, 2007.

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> 15 U.S.C. 78f(b)(6).

### 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 the Exchange consents, the Commission will:

(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>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2006-61 on the subject line.

#### *Paper Comments*

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-Phlx-2006-61. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such 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-2006-61 and should be submitted on or before April 17, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Florence E. Harmon,**  
*Deputy Secretary.*

[FR Doc. E7-5552 Filed 3-26-07; 8:45 am]

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## DEPARTMENT OF STATE

### [Public Notice 5730]

### Fine Arts Committee Notice of Meeting

The Fine Arts Committee of the Department of State will meet on April 20, 2007 at 2:30 p.m. in the Henry Clay Room of the Harry S. Truman Building, 2201 C Street NW, Washington, DC. The meeting will last until approximately 3:30 p.m. and is open to the public.

The agenda for the committee meeting will include a summary of the work of the Fine Arts Office since its last meeting on February 20, 2007 and the announcement of gifts and loans of furnishings as well as financial contributions from January 1, 2007 through March 31, 2007.

Public access to the Department of State is strictly controlled and space is limited. Members of the public wishing to take part in the meeting should telephone the Fine Arts Office at (202) 647-1990 or send an e-mail to [Craighillmf@state.gov](mailto:Craighillmf@state.gov) by April 13 to make arrangements to enter the building. The public may take part in the discussion as long as time permits and at the discretion of the chairman.

Dated: March 16, 2007.

**Gail F. Serfaty,**  
*Secretary, Fine Arts Committee, Department of State.*

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<sup>10</sup> 17 CFR 200.30-3(a)(12).