

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments on the proposed rule change were neither solicited nor 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 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. The Commission also requests and encourages interested persons to submit comments on the following specific questions:

- Whether there are circumstances under which options classes included in the Penny Pilot should be removed from the Pilot?

- If so, what factors should be considered in making the determination to remove an option class from the Penny Pilot?

- Should an objective standard be used? For instance, should an option class come out of the Penny Pilot if its trading volume drops below a threshold amount? If so, what should that threshold be? Or, should an option class come out of the Penny Pilot if it is no longer among the most actively-traded options? If so, what should be considered the most-actively traded options? What statistics or analysis should be used to support a determination to remove an options class?

- Should a more subjective analysis be allowed? If so, what factors should be taken into account?

- What concerns might arise by removing an option from the Penny Pilot? How could such concerns be ameliorated?

- How frequently should the analysis be undertaken (e.g., annually, bi-annually, quarterly), or should the evaluation be an automated process?

- If a determination is made that an option should be removed from the Penny Pilot, how much notice should be given to market participants that the quoting increment will change?

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. Please include File Number SR-NYSEArca-2007-88 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-NYSEArca-2007-88. 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, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. 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-NYSEArca-2007-88 and should be submitted on or before September 14, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56272; File No. SR-Phlx-2007-57]

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Trading Sessions on XLE

August 16, 2007.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 3, 2007, 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 and II below, which Items have been substantially prepared by the Exchange. The Exchange filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposed rule change effective upon filing with the Commission. 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 Exchange proposes to amend Phlx Rule 101, Supplementary Material .02 to provide for securities that trade in one or two, but not all three, trading sessions on XLE.⁵ In addition, the Exchange would amend the rule to require the Exchange to maintain on its Internet Web site information regarding securities that do not trade in all three

⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

⁵ Phlx Rule 101 Supplementary Material .02(1)-(3) describes XLE's three trading sessions. The Pre Market Session begins at 8 a.m. Eastern Time ("ET") and concludes at the commencement of the Core Session. The Core Session begins at 9:30 a.m. (ET) and concludes at 4 p.m. (ET), provided that for specified exchange-traded funds, the Core Session concludes at 4:15 p.m. (ET). The Post Market Session begins following the conclusion of the Core Session and concludes at 6 p.m. (ET).

sessions on XLE and securities which have a Core Session that lasts until 4:15 p.m. (ET).

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. The Phlx has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

The text of the proposed rule change is available on the Phlx Web site (<http://www.phlx.com>), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

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 clarify the trading hours of certain securities that will not trade on Phlx during the entire XLE trading day. Phlx Rule 101 currently provides, in part, that XLE shall have three trading sessions each day: A Pre Market Session (8 a.m. until 9:30 a.m. (ET)), a Core Session (9:30 a.m. until 4 p.m. (ET), except for certain exchange-traded funds ("ETFs"), for which the trading session lasts until 4:15 p.m. (ET)) and a Post Market Session (which begins at the conclusion of the Core Session and lasts until 6 p.m. (ET)). Proposed Phlx Rule 101 would include a list of those securities which are eligible to trade in one or more, but not all three of these trading sessions. Phlx would maintain on its Internet Web site (<http://www.phlx.com>) a list that identifies all securities traded on XLE that do not trade for the duration of each of the three sessions specified in Phlx Rule 101. For example, certain ETFs that are based on indexes composed of commodities or securities not registered in the United States may not be eligible to trade during the entire XLE trading day because the instruments underlying the indexes underlying the ETF are not active during certain times and therefore last sale or other data used to determine the index value is not available. In addition, Phlx will maintain on its Internet Web site a list that identifies all securities traded on XLE for which the Core Session is extended until 4:15 p.m.

(ET). Pursuant to the proposed rule, Phlx would also be required to update its Web site promptly and indicate on its Web site a "current as of" date.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act⁷ 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.

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 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

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not:

- (i) Significantly affect the protection of investors or the public interest;
- (ii) Impose any significant burden on competition; and
- (iii) Become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁸ and Rule 19b-4(f)(6) thereunder.⁹

A proposed rule change filed under Rule 19b-4(f)(6)¹⁰ normally does not become operative prior to 30 days after the date of filing. However, pursuant to Rule 19b-4(f)(6)(iii), the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay.¹¹ The

Commission believes that such waiver is consistent with the protection of investors and the public interest because the proposed rule change should provide transparency and more clarity with respect to the trading hours eligibility of certain derivative securities products. For this reason, the Commission designates the proposed rule change as operative upon filing with the Commission.¹² The Commission notes that the filing does not change the trading hours of the derivative securities products listed in Phlx Rule 101, but codifies trading hour sessions that have been established through other rule changes or through the use of the Exchange's generic listing standards¹³ pursuant to Rule 19b-4(e) under the Act.¹⁴ The Commission also notes that the proposed rule change is substantially similar to the rules of another national securities exchange.¹⁵

At any time within 60 days of the filing of the proposed rule change the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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. Please include File Number SR-Phlx-2007-57 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-2007-57. This file

of the proposed rule change at least five days prior to the date of filing of the proposed rule change.

¹² For purposes only of waiving the operative date of this proposal, the Commission has considered the rule's impact on efficiency, competition and capital formation. See 15 U.S.C. 78c(f).

¹³ See e.g., Phlx Rule 803(i)(11)(I).

¹⁴ 17 CFR 240.19b-4(e).

¹⁵ See Securities Exchange Act Release No. 55707 (May 4, 2007), 72 FR 26666 (May 10, 2007) (SR-NYSEArca-2007-41).

⁶ 15 U.S.C. 78f(b).

⁷ 5 U.S.C. 78f(b)(5).

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6).

¹⁰ *Id.*

¹¹ 17 CFR 240.19b-4(f)(6)(iii). As required by Rule 19b-4(f)(6), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text

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, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. 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-2007-57 and should be submitted on or before September 14, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁶

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56274; File No. SR-Phlx-2007-54]

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendments No. 1 and 2 Thereto Relating to Market Access Providers

August 16, 2007.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 6, 2007, 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 the Phlx. The Phlx filed Amendments No. 1 and 2 to the proposed rule change on August 14, 2007 and August 16, 2007, respectively. The Phlx filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposal effective upon filing with the Commission. 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 proposes to amend its schedule of fees to institute a new subsidy program (the "Subsidy"), which would be available to qualifying Phlx member organizations that offer to customers automated order routing systems and electronic market access to U.S. options markets ("Market Access Providers" or "MAPs") and which would provide such qualified Market Access Providers incentives to route additional option orders to the Phlx and to offer to their customers certain services that are intended to promote the business of the Phlx.

The Subsidy would be applicable to any Exchange member organization that qualifies as a MAP who elects to participate by submitting any application(s) and/or form(s) required by the Exchange and complying with other conditions enumerated below. The Subsidy would apply to any MAP that has elected to participate for the calendar month that commences following the satisfaction by such MAP of all conditions of participation, and for each calendar month thereafter, provided that such conditions continue to be satisfied.

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 incentives to Exchange member organizations and their customers.

For a MAP to be eligible for the Subsidy, a MAP (an "Eligible MAP") would be required to:

(1) Submit any required Exchange applications and/or forms for Exchange approval to participate as an Eligible MAP;

(2) Provide to its customers systems that enable the electronic routing of equity option orders to all of the U.S. options exchanges, including the Phlx;

(3) Provide to its customers current consolidated market data from the U.S. options exchanges;

(4) Interface with the Phlx's API to access the Exchange's electronic options trading platform, Phlx XL;⁵

(5) Offer to its customers a customized interface and routing functionality (including sweep function described below) such that:

(A) The Phlx will be the default destination for all equity option orders (whether marketable or not), provided that in the case of marketable orders, the Phlx is at the national best bid or offer ("NBBO") on the appropriate side of the market (*i.e.*, the contra-side of the order that is routed to the Phlx), regardless of size or time, up to the Phlx's disseminated size; and

(B) The MAP's option order routing functionality incorporates a feature that causes equity option orders at a specified price to be routed simultaneously to multiple exchanges with a single click (a "sweep function"), which is configured to route all such orders (or, if such orders are for a size larger than the size disseminated by the Phlx on the opposite side of the market, at least the portion of the order that corresponds to the Phlx's disseminated size) to the Phlx as the default destination for execution for a size up to the full size quoted on the Phlx, provided that, in the case of marketable orders, the Phlx disseminated price on the appropriate side of the market is at the NBBO;

(6) Configure its own option order routing functionality such that it is configured as described in sub-

¹⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ See Securities Exchange Act Release No. 50100 (July 27, 2004), 69 FR 46612 (August 3, 2004) (SR-Phlx-2003-59).