

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54538; File No. SR-Phlx-2006-43)

September 28, 2006

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Order Approving a Proposed Rule Change and Amendment Nos. 1 and 2 Thereto and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 3 Thereto Relating to the Exchange's New Equity Trading System, XLE

I. Introduction

On July 13, 2006, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to amend its rules to implement a new trading model for equity securities that provides the opportunity for automated executions to occur within a central matching system accessible by Exchange members and member organizations and their Sponsored Participants, as defined below. On August 14, 2006, the Exchange filed Amendment No. 1 to the proposed rule change. On August 16, 2006, the Exchange filed Amendment No. 2 to the proposed rule change. The proposed rule change, as amended, was published for comment in the Federal Register on August 25, 2006.³ The Commission received two comment letters on the proposal, as amended.⁴

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 54329 (August 17, 2006), 71 FR 50482 (August 25, 2006) ("Notice").

⁴ See Letter from Joseph D. Carapico, PennMont Securities to C. Robert Paul, Chief Counsel, Phlx, dated September 5, 2006; and Letter from Joseph D. Carapico, PennMont Securities to C. Robert Paul, Chief Counsel, Phlx, dated September 13, 2006 ("Second PennMont Letter"). See also Letter from C. Robert Paul, Executive Vice President and General Counsel, Phlx, to Nancy M. Morris, Secretary, Commission, dated September 20, 2006 (responding to the two comment letters) ("Phlx Response Letter").

