

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-56563; File No. SR-Phlx-2007-62)

September 27, 2007

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Order Granting Approval to a Proposed Rule Change Relating to the Extension and Expansion of a Pilot Program to Quote Certain Option Series in Increments of \$0.01

I. Introduction

On August 17, 2007, 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 extend and expand a pilot program to quote certain options in smaller increments (“Pilot Program” or “Pilot”). The proposed rule change was published for comment in the Federal Register on August 24, 2007.³ The Commission received one comment letter on the proposed rule change.⁴ This order approves the proposed rule change.

II. Description of the Proposal

Currently, the six options exchanges, including the Phlx, participate in the thirteen class

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 56284 (August 17, 2007), 72 FR 48722.

⁴ See letter to Nancy Morris, Secretary, Commission, from John C. Nagel, Director & Associate General Counsel, Citadel, dated September 12, 2007 (“Citadel Letter”).

