

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-56799; File No. SR-Phlx-2007-60)

November 15, 2007

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Order Approving a Proposed Rule Change Relating to Structured Equity Products

On August 14, 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”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to update its rules and its fee schedule regarding the listing of equity securities. The proposed rule change was published for comment in the Federal Register on October 16, 2007.<sup>3</sup> The Commission received no comments on the proposal.

According to the Exchange, currently, the vast majority of equity securities that trade on Phlx are listed on other exchanges and traded on the Phlx pursuant to unlisted trading privileges. Phlx has a series of rules (the “800 Series”) that create standards governing both the issuer of the security and the security to be listed and traded on Phlx. To attract the listing of structured equity securities on the Exchange (“Structured Equity Products”),<sup>4</sup> Phlx proposes modifications

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

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

<sup>3</sup> See Securities Exchange Act Release No. 56626 (October 5, 2007), 72 FR 58711 (“Notice”).

<sup>4</sup> For purposes of this proposed rule change, Structured Equity Products are securities listed pursuant to the categories in Phlx Rule 803 entitled Other Securities, Equity Linked Notes, Basket Linked Notes, Index Linked Exchangeable Notes and Index Linked Securities. See Phlx Rule 803(f), (h), (k), (m) and (n).

to the 800 Series that would accommodate the specific attributes of many of those types of securities.<sup>5</sup>

The Commission finds that the proposed rule change is consistent with Section 6(b) of the Act,<sup>6</sup> in general, and with Section 6(b)(5) of the Act,<sup>7</sup> which requires that the rules of a national securities exchange be designed to, among other things, 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.<sup>8</sup> The Commission believes that the proposed rule change should promote competition among national securities exchanges and should benefit investors by removing impediments to the listing and trading of Structured Equity Products. The Commission also notes that the proposed amendments to Phlx Rules 807 and 837 would conform those rules with similar provisions of another national securities exchange.<sup>9</sup>

In addition, the Commission finds that the proposed rule change furthers the objectives of Section 6(b)(4) of the Act,<sup>10</sup> which requires that the Exchange's rules provide for an equitable allocation of reasonable dues, fees, and other charges among Exchange members and issuers and other persons using its facilities. The Exchange also proposes that, for the two Structured Equity Products that it currently lists (Pharmaceutical Basket Opportunity Exchangeable Securities and

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<sup>5</sup> The Exchange proposes to modify Phlx Rules 802, 806 (Initial Public Offerings), 807 (Registration Under the Exchange Act), 837 (Annual Reports) and the Phlx Fee Schedule as described in the Notice.

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

<sup>7</sup> 15 U.S.C. 78f(b)(5).

<sup>8</sup> In approving this rule change, the Commission notes that it has considered the proposal's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>9</sup> See Sections 210 and 1101 of the American Stock Exchange Company Guide.

<sup>10</sup> 15 U.S.C. 78f(b)(4).

Biotechnology Basket Opportunity Exchangeable Securities), the \$500 per month continuing listing fee begin in January 2008 because the issuer of those securities was invoiced the current annual continuing listing fee (\$1,250 for the first product and \$250 for the second product) in January 2007. The Commission believes that, with respect to the two Structured Equity Products currently listed on Phlx, it is appropriate for the Exchange to delay application of the proposed continuing listing fee until January 2008<sup>11</sup> because the issuer of those products may have reasonably expected that the current fee would cover its obligation for these two products through the end of 2007.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>12</sup> that the proposed rule change (SR-Phlx-2007-60) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>11</sup> By contrast, new Structured Equity Products will begin to pay the proposed fee in the month subsequent to initial listing on Phlx.

<sup>12</sup> 15 U.S.C. 78s(b)(2).

<sup>13</sup> 17 CFR 200.30-3(a)(12).