

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-51239; File No. SR-Phlx-2005-13)

February 22, 2005

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to SIG Indices, LLLP

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 February 16, 2005, 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 prepared by the Phlx. The Exchange has filed the proposal as a “non-controversial” rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders it 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 Phlx proposes to amend Phlx Rule 1104A, SIG Indices, LLLP Indexes, to add five new SIG indices licensed by Susquehanna Indices, LLLP (“SI”) to the Exchange. Phlx Rule 1104A provides generally that SI makes no express or implied warranty as to results to be obtained by any person or entity from the use of any of the SIG indexes, and makes no express or implied warranties of merchantability or fitness for a particular purpose with respect to any of

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).

the named indexes.

The text of the proposed rule change is below. Proposed new language is in *italics*; proposed deletions are in [brackets].

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Rule 1104A. SIG Indices, LLLP [Indexes]

SIG Indices, LLLP makes no warranty, express or implied, as to results to be obtained by any person or any entity from the use of the SIG Investment Managers IndexTM, the SIG Cable, Media & Entertainment IndexTM, the SIG Casino Gaming IndexTM, the SIG Semiconductor Equipment IndexTM, [and]the SIG Semiconductor Device IndexTM, the SIG Specialty Retail IndexTM, the SIG Steel Producers IndexTM, the SIG Footwear & Athletic IndexTM, the SIG Education IndexTM, and the SIG Restaurant IndexTM or any data included therein in connection with the trading of option contracts thereon, or for any other use. SIG Indices, LLLP makes no express or implied warranties of merchantability or fitness for a particular purpose for use with respect to the SIG Investment Managers IndexTM, the SIG Cable, Media & Entertainment IndexTM, the SIG Casino Gaming IndexTM, the SIG Semiconductor Equipment IndexTM, [and]the SIG Semiconductor Device IndexTM, the SIG Specialty Retail IndexTM, the SIG Steel Producers IndexTM, the SIG Footwear & Athletic IndexTM, the SIG Education IndexTM, and the SIG Restaurant IndexTM or any data included therein.

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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 Exchange 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 Phlx Rule 1104A, which applies to indexes maintained by SIG Indices, LLLP, to include five indexes recently licensed by SI to the Exchange.⁵

The rule currently provides generally that SI makes no warranty, express or implied, as to results to be obtained by any person or entity from the use of the SIG Investment Managers IndexTM, the SIG Cable, Media & Entertainment IndexTM, the SIG Casino Gaming IndexTM, the SIG Semiconductor Equipment IndexTM, and the SIG Semiconductor Device IndexTM, and that SI makes no express or implied warranties of merchantability or fitness for a particular purpose

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The Exchange currently lists options on the SIG Investment Managers IndexTM, the SIG Cable, Media & Entertainment IndexTM, the SIG Casino Gaming IndexTM, the SIG Semiconductor Equipment IndexTM, the SIG Semiconductor Device IndexTM, and on newly-licensed indexes - the SIG Steel Producers IndexTM, the SIG Specialty Retail IndexTM, the SIG Footwear & Athletic IndexTM, the SIG Education IndexTM, and the SIG Restaurant IndexTM, pursuant to a license agreement with Susquehanna Indices, LLLP and Exchange Rule 1009A(b). The indexes are trademarks of SIG Indices, LLLP.

for use with respect to any of the named indexes or any data included therein.⁶ The Exchange is now proposing to amend Phlx Rule 1104A to expand the coverage of the rule to include the five newly-licensed and listed indexes – the SIG Specialty Retail Index™, the SIG Steel Producers Index™, the SIG Footwear & Athletic Index™, the SIG Education Index™, and the SIG Restaurant Index™ - as required by the license agreement issued to the Exchange.⁷

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act⁹ in particular, in that it is designed to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national

⁶ The Exchange noted in its filing to adopt Phlx Rule 1104A that the proposed disclaimer was appropriate given that it was similar to disclaimer provisions of American Stock Exchange Rule 902C relating to indexes underlying options listed on that exchange. See Securities Exchange Act Release No. 48135 (July 7, 2003), 68 FR 42154 (July 16, 2003)(approving SR-Phlx-2003-21). The Exchange recently amended Phlx Rule 1104A to include the SIG Casino Gaming Index™, the SIG Semiconductor Equipment Index™, and the SIG Semiconductor Device Index™, as required by the license agreement between SI and the Exchange. See Securities Exchange Act Release No. 50333 (September 9, 2004), 69 FR 55860 (September 16, 2004)(SR-Phlx-2004-48).

⁷ The SIG Specialty Retail Index™, the SIG Footwear & Athletic Index™, the SIG Education Index™, and the SIG Restaurant Index™ were listed pursuant to Rule 19b-4(e) under the Act on January 5, 2005, and the SIG Steel Producers Index™ was listed on December 21, 2004 (amended January 13, 2005).

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

market system, and, in general, to protect investors and the public interest. The Exchange believes that the proposed rule should encourage SI to continue to maintain the SIG Indices so that options on them may be traded on the Exchange, thereby providing investors with enhanced investment opportunities.

B. Self-Regulatory Organization’s Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any inappropriate burden on competition.

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

The proposed rule change has been designated by the Phlx as a “non-controversial” rule change pursuant to Section 19(b)(3)(A) of the Act¹⁰ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹¹

The foregoing rule change: (1) does not significantly affect the protection of investors or the public interest, (2) does not impose any significant burden on competition, and (3) by its terms does not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest. As required under Rule 19b-4(f)(6)(iii), the Phlx provided the Commission with written

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6).

notice of its intent to file the proposed rule change at least five business days prior to filing the proposal with the Commission or such shorter period as designated by the Commission.¹²

Consequently, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹³ and Rule 19b-4(f)(6) thereunder.¹⁴

Pursuant to Rule 19b-4(f)(6)(iii),¹⁵ a proposed “non-controversial” rule change does not become operative for 30 days after the date of filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. The Phlx has requested that the Commission waive the 30-day operative delay. The Commission has determined that it would be consistent with the protection of investors and the public interest to waive the 30-day period so that all SIG indices are treated uniformly.¹⁶

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.

¹² 17 CFR 240.19b-4(f)(6)(iii).

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(6).

¹⁵ 17 CFR 240.19b-4(f)(6)(iii).

¹⁶ For the purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

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 No. SR-Phlx-2005-13 on the subject line.

Paper comments:

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609.

All submissions should refer to File No. SR-Phlx-2005-13. 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, 450 Fifth Street, NW, Washington, DC 20549. Copies of such filing will also 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 No. SR-Phlx-2005-13 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁷

Margaret H. McFarland
Deputy Secretary

¹⁷ 17 CFR 200.30-3(a)(12).