

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-55126; File No. SR-Phlx-2007-02)

January 18, 2007

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto Relating to Fees for U.S. Dollar-Settled Foreign Currency Options

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 January 4, 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 prepared substantially by the Phlx. The Phlx submitted the proposed rule change under 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.⁵ On January 11, 2007, the Exchange filed Amendment No. 1 to the proposed rule change.⁶ 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 assess the same charges that are assessed on index options on all U.S. dollar-settled foreign currency options (“FCOs”). The Exchange also proposes to delete the words “dollar or foreign currency based,” which appear under the heading “Summary 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)(2).

⁵ The Phlx stipulated the implementation date to be January 8, 2007.

⁶ See Form 19b-4 dated January 11, 2007 (“Amendment No. 1”).

Currency Option Charges” and to make other related clarifying changes to its Summary of Currency Option Charges.

This proposal is scheduled to become effective upon the launch of trading of U.S. dollar-settled FCOs by the Exchange.⁷

The text of the proposed rule change is available at the Phlx, the Commission’s Public Reference Room, and http://www.phlx.com/exchange/phlx_rule_fil.html.

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 this proposal is to adopt a fee schedule for U.S. dollar-settled FCOs. The Exchange proposes to amend its Summary of Index Option Charges fee schedule to include U.S. dollar-settled FCOs, which are not index options but which have trading features similar to index options, so that the Exchange will assess charges on these products in the same manner that it charges for index options. In addition, the Exchange proposes to list the symbols of U.S. dollar-

⁷ The Commission recently issued a release approving a proposed rule change filed by the Exchange to list certain U.S. dollar-settled FCOs and to adopt rules and rule amendments to permit the trading of U.S. dollar-settled FCOs on the Exchange’s electronic trading platform for options, Phlx XL. See Securities Exchange Act Release No. 54989 (December 21, 2006), 71 FR 78506 (December 29, 2006) (SR-Phlx-2006-34). The Exchange launched trading of U.S. dollar-settled FCOs on January 8, 2007.

settled FCOs on its Summary of Index Option Charges. The Exchange believes that the fees set forth in its current Summary of Index Option Charges fee schedule reflect the value of U.S. dollar-settled FCOs as new investment vehicles.

The Exchange also proposes to amend its Summary of Currency Option Charges, which will apply to the Exchange's currency products, but not U.S. dollar-settled FCOs described above. The purpose of deleting the words "dollar or foreign currency based," which appear under the heading "Summary of Currency Option Charges" is to avoid confusion with U.S. dollar-settled FCOs as set forth in this proposal. The Exchange proposes, therefore, to state on its Summary of Currency Option Charges that U.S. dollar-settled FCOs are subject to a separate fee schedule.

2. Statutory Basis

The Exchange believes that its proposal to amend its schedule of fees is consistent with Section 6(b) of the Act⁸ in general, and furthers the objectives of Section 6(b)(4) of the Act⁹ in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members.

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

The Phlx 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.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4).

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act¹⁰ and paragraph (f)(2) of Rule 19b-4¹¹ thereunder. 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

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-2007-02 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-2007-02. 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

¹⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

¹¹ 17 CFR 240.19b-4(f)(2).

¹² For the purposes of calculating the 60-day abrogation period, the Commission considers the proposed rule change to have been filed on January 11, 2007, when Amendment No. 1 was filed.

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. Copies of such filing also will be available for inspection and copying at the principal offices 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-2007-02 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.¹³

Florence E. Harmon
Deputy Secretary

¹³ 17 CFR 200.30-3(a)(12).