SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54890; File No. SR-Phlx-2006-59)

December 7, 2006

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing of Proposed
Rule Change and Amendments No. 1 and 2 Thereto Relating to an Amendment to a Philadelphia
Board of Trade Market Data Distribution Network Fee

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 September 26, 2006, 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 by the Phlx. The Phlx filed Amendment No. 1 to the proposed rule change

on November 1, 2006.[3] The Phlx filed Amendment No. 2 to the proposed rule change on

December 6, 2006.[4] 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 change a fee assessed by the Exchange's wholly owned subsidiary,

the Philadelphia Board of Trade ("PBOT"), on market data vendors for certain index values that

subscribers receive over PBOT's Market Data Distribution Network ("MDDN"). The text of the

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[1]   15 U.S.C. 78s(b)(1).

[2]   17 CFR 240.19b-4.

[3]   Amendment No. 1 replaces and supersedes the original filing in its entirety.

[4]   Amendment No. 2 clarified that the chart in this filing reflects Phlx's proposed change to
        the fee per snapshot request; the current fee per snapshot request is $0.00025; and the
        15% Administrative Fee is a credit to vendors which provide market data to 200,000 or
        more Devices in any month.

proposed rule change is available on Phlx's Web site at http://www.phlx.com, at Phlx's principal

office, and at the Commission's Public Reference Room.

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 the proposed rule change is to amend one of the fees charged by the

PBOT for certain market data disseminated over the MDDN.[5] The Phlx has licensed the current

and closing index values underlying most of the Phlx's proprietary indexes to PBOT for the

purpose of selling, reproducing, and distributing the index values over PBOT's MDDN. On each

trading day, the Exchange or its third party designee objectively calculates and makes available

to PBOT a real-time index value every 15 seconds and a closing index value at the end of the

day. By agreement with PBOT, data vendors make the market data widely available to

subscribers.[6]

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[5]   The MDDN is an internet protocol multicast network developed by PBOT and SAVVIS
        Communications.

[6]   Approximately 65 vendors, including for example Bloomberg L.P., Telekurs Financial
        Information Ltd. and Thomson Financial, have already entered into such market data
        agreements with PBOT. The PBOT has contracted with one or more major Market Data
        Vendors to receive real-time and closing index values over the MDDN and promptly
        redistribute such values. At least three of the vendors have elected to offer only the

On May 11, 2006, the Commission approved the Exchange's proposal to allow PBOT to charge subscriber fees to vendors of market data for all the values of Phlx's proprietary indexes disseminated by PBOT's MDDN.[7] The subscriber fees are set out in agreements that PBOT executes with various market data vendors for the right to receive, store, and retransmit the current and closing index values transmitted over the MDDN. The fees approved by the Commission in its May 11, 2006 approval order included a $.00025 per request fee for "snapshot data," which is essentially market data that is refreshed no more frequently than once every 60 seconds. The Exchange is now proposing to increase that fee to $.0025 per request for snapshot data.

The MDDN fees, including the fee that would be amended by this proposal, are summarized in table format below:

Fee (per month)	Real-Time Continuous Market Data	Delayed Only
Per Device/User ID/Terminal ID	$1.00 per Device*	None

continuous real-time market data and will not offer snapshot or delayed data. The fees described in this proposed rule change cover values of all the indexes disseminated over the MDDN.

[7]   See Securities Exchange Act Release No. 53790 (May 11, 2006), 71 FR 28738 (May 17, 2006) (approving SR-Phlx-2006-04). There are no other fees being changed by this proposed rule change.

Fee (per month)	Snapshot Market Data	Delayed Only
	$0.0025 per snapshot request *[8] OR $1,500 per month for unlimited snapshot requests*	None

* Vendors which provide market data to 200,000 or more Devices in any month qualify for a 15% Administrative Fee credit for that month.[9]

    2.   <u>Statutory Basis</u>

The Exchange believes that its amended proposal is consistent with Section 6(b) of the Act[10] in general, and furthers the objectives of Section 6(b)(5) of the Act[11] in particular, in that it is designed to 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, providing a fee structure for market data recipients which is reasonable.

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[8]   The current fee is $0.00025.

[9]   All market data vendors which provide market data to 200,000 or more Devices in any month qualify for a 15% Administrative Fee credit for that month, to be deducted from the monthly Subscriber Fees that they collect and are obligated to pay PBOT under the Vendor/Subvendor Agreement.

[10]   15 U.S.C. 78f(b).

[11]   15 U.S.C. 78f(b)(5).

The Exchange also believes that its proposal furthers the objectives of Section 6(b)(4) of the Act[12] in particular, in that it is an equitable allocation of reasonable fees among persons using its facilities. The Exchange believes that PBOT's proposed fee increase is reasonable and equitable, as it reflects a more accurate valuation of the value of snapshot data to investors than the original snapshot data fee did. Phlx also believes that the fee increase to be charged by PBOT is consistent with the requirements of Commission Rule 603 (Distribution, consolidation, and display of information with respect to quotations for and transactions in NMS stocks),[13] in that it is fair and reasonable and not unreasonably discriminatory.

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

The Exchange 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.

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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

(A)   by order approve such proposed rule change, or

(B)   institute proceedings to determine whether the proposed rule change should be disapproved.

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[12]   15 U.S.C. 78f(b)(4).

[13]   17 CFR 242.603.

IV.   Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the amended 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-2006-59 on the subject line.

Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-Phlx-2006-59. 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. Copies of such filing also will 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 Number SR-Phlx-2006-59 and should be submitted on or before [insert date 21 days from the date of publication in the <u>Federal Register</u>].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[14]

Florence E. Harmon
Deputy Secretary

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[14] 17 CFR 200.30-3(a)(12).