

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-53981; File No. SR-Phlx-2005-69)

June 14, 2006

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Order Approving Proposed Rule Change to Amend Phlx Rule 784, Reports of Options

On November 9, 2005, 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 delete a requirement set forth in the Supplementary Material to Phlx Rule 784 obligating members and member organizations to provide to the Phlx particular information items regarding over-the-counter options trades relating to securities listed or traded on the Exchange. The Commission published the proposed rule change for comment in the Federal Register on May 10, 2006.³ The Commission received no comments on the proposed rule change.

After careful consideration, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange.⁴ In particular, the Commission believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,⁵ which requires among other things, that the rules of the Exchange are designed to promote just and equitable principles of

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 53757 (May 3, 2006), 71 FR 27303.

⁴ In approving this proposed rule change, the Commission notes that it has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

⁵ 15 U.S.C. 78f(b)(5).

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. Phlx Rule 784 is intended to facilitate the Exchange's surveillance for and enforcement of rules against manipulation in connection with over-the-counter options trading. The Commission believes that the proposal appears to be reasonably designed to eliminate a requirement to provide specific information that the Exchange does not necessarily need to monitor for manipulation. The Commission notes that, pursuant to the main text of Exchange Rule 784, the Exchange retains the ability to require members and member organizations to report to the Exchange such information as the Exchange may require regarding over-the-counter options trades.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁶ that the proposed rule change (SR-Phlx-2005-69) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Nancy M. Morris
Secretary

⁶ 15 U.S.C. 78s(b)(2).

⁷ 17 CFR 200.30-3(a)(12).