

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-55282; File No. SR-Phlx-2007-03)

February 12, 2007

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Eliminating the Telephone System Line Extension Charge

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> notice is hereby given that on January 11, 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 substantially prepared by the Phlx. The Phlx filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposal 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, pursuant to Section 19(b)(1) of the Act<sup>5</sup> and Rule 19b-4 thereunder,<sup>6</sup> proposes to eliminate from Appendix A of the Exchange’s fee schedule the telephone system line extension charge of \$22.50 per month per extension. Any member, participant, and member or participant organization may, however, keep their telephone system line extensions without

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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> 15 U.S.C. 78s(b)(3)(A).

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

<sup>5</sup> 15 U.S.C. 78s(b)(1).

<sup>6</sup> 17 CFR 240.19b-4.

being charged. The Exchange proposes to make effective beginning January 2007 the elimination of the telephone system line extension charge.<sup>7</sup>

The text of the proposed rule change is available at the Phlx, the Commission's Public Reference Room, and [www.Phlx.com](http://www.Phlx.com).

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

Currently, the Exchange assesses a fee of \$22.50 per month per extension for telephone system line extensions on the options and foreign currency trading floors. The Exchange recently eliminated this fee for members and member organizations on the equity trading floor in connection with the implementation of the Exchange's new equity system.<sup>8</sup> The Exchange proposes at this time to also eliminate this fee for members, participants, and member or

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<sup>7</sup> The monthly telephone system line extension charge for the month of January is not scheduled to be billed until the beginning of February 2007. The Exchange generally issues its invoices at the beginning of the subsequent month, with such invoices covering billing for the preceding month. Therefore, the monthly telephone system line extension charge for the month of January will be deleted from the January 2007 invoice, which is currently scheduled to be issued at the beginning of February 2007. Telephone conversation between Cynthia Hoekstra, Vice President, Phlx, and Molly M. Kim, Special Counsel, Division of Market Regulation, Commission, on February 7, 2007.

<sup>8</sup> See Securities Exchange Act Release No. 54941 (December 14, 2006), 71 FR 77079 (December 22, 2006) (SR-Phlx-2006-70).

participant organizations on the options and foreign currency trading floors. Any member, participant, and member or participant organization may, however, keep their telephone system line extensions without being charged. The purpose of this proposal is to simplify the Exchange's fee schedule and billing process. The Exchange proposes to eliminate the telephone system line extension charge for the billing period beginning January 2007.<sup>9</sup>

## 2. Statutory Basis

The Exchange believes that its proposal to amend Appendix A of its fee schedule by deleting the telephone system line extension charge for its members, participants, and member or participant organizations is consistent with Section 6(b) of the Act<sup>10</sup> in general and furthers the objectives of Section 6(b)(4) of the Act<sup>11</sup> 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 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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>12</sup> and paragraph (f)(2) of Rule 19b-4 thereunder, because it establishes or changes a due, fee,

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<sup>9</sup> See note 5 supra.

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

<sup>11</sup> 15 U.S.C. 78f(b)(4).

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

or other charge.<sup>13</sup> 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.

#### 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](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2007-03 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-2007-03. 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

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<sup>13</sup> 17 CFR 240.19b-4(f)(2).

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 the 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-2007-03 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.<sup>14</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>14</sup> 17 CFR 200.30-3(a)(12).