

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54802; File No. SR-Phlx-2006-72)

November 21, 2006

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to New Hours of Business on the Exchange's Foreign Currency Options Floor

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 November 8, 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 Exchange. 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 Act³ and Rule 19b-4 thereunder,⁴ proposes to modify its hours of business for dealings on the Exchange to change the opening of foreign currency options ("FCOs") trading from 2:30 a.m. Eastern Time ("ET") to 7:30 a.m. ET. The change would become effective on December 1, 2006. The text of the proposed rule change is available on the Phlx's Web site (<http://www.phlx.com>), at the Phlx's principal office, and at the Commission's Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(1).

⁴ 17 CFR 240.19b-4.

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 Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposal. 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 make the Exchange's FCO floor more cost effective by reducing the duration of the foreign currency option trading session. Currently, Phlx Rule 101, Hours of Business, states that FCO trading sessions shall be conducted at such times as the Exchange's Board of Governors ("Board") shall specify between 6:00 p.m., Sundays and 3:00 p.m., Fridays. Accordingly, the Board adopted the current hours for FCO trading sessions, opening at 2:30 a.m. ET and closing at 2:30 p.m. ET.⁵

⁵ In 1993, the Exchange filed a proposed rule change to amend Phlx Rule 101 to provide that all FCO trading, except FCOs on the Canadian dollar, will be conducted between 1:30 a.m. ET and 2:30 p.m. ET each business day. See Securities Exchange Act Release No. 33246 (November 24, 1993), 58 FR 63421 (December 1, 1993) (SR-Phlx-93-42). Subsequently, the trading hours were modified to move the opening of FCO trading from 1:30 a.m. ET to 2:30 a.m. ET for all Exchange-listed FCOs except the Canadian dollar. See Securities Exchange Act Release No. 34898 (October 26, 1994), 59 FR 54651 (November 1, 1994) (File No. SR-Phlx-94-47). In May 2004, the Exchange expanded the trading hours for options on the Canadian dollar to conform to the trading hours for all other FCOs on the Exchange. See Securities Exchange Act Release No. 49690 (May 12, 2004), 69 FR 28972 (May 19, 2004) (SR-Phlx-2004-24). Thus, all Exchange-listed FCOs currently trade on the Exchange from 2:30 a.m. ET until 2:30 p.m. ET.

The Exchange proposes to adopt a reduced time period for foreign currency option trading sessions by specifying that, beginning December 1, 2006, foreign currency option trading sessions would open at 7:30 a.m. ET and close at 2:30 p.m. ET. The Exchange represents that a significant majority of trades in foreign currency options occur during this time period, and thus the Exchange believes that it would be more cost effective to reduce the duration of the trading session with little or no impact on volume in FCOs.

In connection with the proposed rule change adopting Phlx Rule 101, the Exchange committed to make future filings under section 19(b)(3)(A) of the Act,⁶ any time it expands or changes FCO trading hours in connection with Phlx Rule 101.⁷ The Exchange intends to notify its membership of the change in trading hours for FCOs by issuing a circular to members. The new trading hours for FCOs would be in effect beginning December 1, 2006.

2. Statutory Basis

The Exchange believes that the proposed rule change 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, because 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.

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ See Securities Exchange Act Release No. 26087 (September 16, 1988), 53 FR 36930 (September 22, 1988) (File No. SR-Phlx-88-25).

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

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 solicited or received with respect to the proposed rule change.

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

Because the foregoing proposed rule change has been designated as a practice with respect to the administration of an existing rule, it has become effective pursuant to Section 19(b)(3)(A)(i) of the Act¹⁰ and Rule 19b-4(f)(1) thereunder.¹¹ 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. Please include File Number SR-Phlx-2006-72 on the subject line.

¹⁰ 15 U.S.C. 78s(b)(3)(A)(i).

¹¹ 17 CFR 240.19b-4(f)(1).

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-2006-72. 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 2006-72 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.¹²

Nancy M. Morris
Secretary

¹² 17 CFR 200.30-3(a)(12).