

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-55599; File No. SR-Phlx-2007-32)

April 6, 2007

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Equity Option and Index Option Floor Brokerage Assessment

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 March 30, 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 Phlx. Phlx filed the proposal pursuant to Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2) thereunder,⁴ 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

Phlx proposes to amend the equity option and index option Floor Brokerage Assessment to change the levels of the monthly net floor brokerage income and corresponding assessment and to effectively reduce the fee cap from \$100,000 per month to \$10,000 per month. The proposed equity option and index option Floor Brokerage Assessment is set forth below:

Monthly Net Floor Brokerage Income	Assessment
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¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

\$0 - \$200,000 5% for all amounts up to and including
\$200,000

Any amount over \$200,000 No additional charge

Monthly Cap: \$10,000

The proposed amendments to the Floor Brokerage Assessment, as set forth above, are scheduled to become effective for trades settling on or after April 2, 2007.

The Exchange also proposes to make a minor technical change to clarify that the title “Summary of Equity Option and RUT and RMN Charges” should appear on each page of that section of the fee schedule rather than merely on the first page. The text of the proposed rule change is available at Phlx, the Commission’s Public Reference Room, and 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, 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. 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 amending the Floor Brokerage Assessment, including effectively lowering the monthly fee cap to \$10,000,⁵ is to create a financial incentive for floor brokers to

⁵ Although the fee schedule will reflect a cap of \$10,000, in actuality listing the cap is just for clarity; mathematically, the cap would exist anyway because the 5% assessment would be applied to the monthly net floor brokerage income for all amounts up to and

send additional order flow to the Exchange, which should, in turn, allow the Exchange to remain competitive.

The purpose of setting forth the title “Summary of Equity Option and RUT and RMN Charges” on each applicable page of the fee schedule is to codify a change that was recently made to the Exchange’s fee schedule. The Exchange recently filed a proposed rule change to assess equity option charges (including payment for order flow charges), as opposed to index option charges, on (1) options on the Russell 2000® Index⁶ traded under the symbol RUT (the “Full Value Russell Index”), and (2) options on the one-tenth value Russell 2000® Index traded under the symbol RMN (the “Reduced Value Russell Index”).⁷ The Exchange changed the title of the first page of the equity option fee schedule from “Summary of Equity Option Charges” to “Summary of Equity Option and RUT and RMN Charges,” but inadvertently did not make corresponding changes to the title on each subsequent page of the equity option fee schedule. Thus, placing the title “Summary of Equity Option and RUT and RMN Charges” on each page

including \$200,000. For example, if the net floor brokerage income is \$300,000 for a particular month, then the first \$200,000 would be assessed a rate of 5%, (which is \$10,000) and the remainder (\$100,000) would not be charged any additional Floor Brokerage Assessment.

⁶ Russell 2000® is a trademark and service mark of the Frank Russell Company, used under license. Neither Frank Russell Company’s publication of the Russell Indexes nor its licensing of its trademarks for use in connection with securities or other financial products derived from a Russell Index in any way suggests or implies a representation or opinion by Frank Russell Company as to the attractiveness of investment in any securities or other financial products based upon or derived from any Russell Index. Frank Russell Company is not the issuer of any such securities or other financial products and makes no express or implied warranties of merchantability or fitness for any particular purpose with respect to any Russell Index or any data included or reflected therein, nor as to results to be obtained by any person or any entity from the use of the Russell Index or any data included or reflected therein.

⁷ See Securities Exchange Act Release No. 55473 (March 14, 2007), 72 FR 13338 (March 21, 2007) (SR-Phlx-2007-12).

will more accurately reflect the changes that were recently made to the Exchange's fee schedule, as described above.

2. Statutory Basis

The Exchange believes that its proposal to amend its schedule of fees is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Section 6(b)(4) of the Act,⁹ 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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

The foregoing proposed rule change has been designated as a fee change pursuant to Section 19(b)(3)(A)(ii) of the Act¹⁰ and Rule 19b-4(f)(2)¹¹ thereunder. Accordingly, the proposed rule change is effective upon filing with the Commission. 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.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4).

¹⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

¹¹ 17 CFR 240.19b-4(f)(2).

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 No. SR-Phlx-2007-32 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 No. SR-Phlx-2007-32. 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 will also be available for inspection and copying at the principal office of the Exchange. 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 No. SR-Phlx-2007-32 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

Florence E. Harmon
Deputy Secretary

¹² 17 CFR 200.30-3(a)(12).