

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-56198; File No. SR-Phlx-2007-45)

August 3, 2007

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Order Granting Approval of Proposed Rule Change to Establish New Procedures to Follow When Trading Halts on the Primary Market for the Underlying Security

On June 14, 2007, 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")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend Exchange Rules 1047, Trading Rotations, Halts and Suspensions concerning equity options, 1047A, Trading Rotations, Halts or Reopenings concerning index options, and OFPA G-2, Trading Rotations, Halts or Reopenings, to establish new procedures to follow when trading halts on the primary market for the underlying security. The proposed rule change was published for notice and comment in the Federal Register on July 3, 2007.<sup>3</sup> The Commission received no comments on the proposal.

The Commission has reviewed carefully the proposed rule change and finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange<sup>4</sup> and, in particular, the requirements of Section 6(b)(5) of the Act,<sup>5</sup> in that the proposed rule change is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and

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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> See Securities Exchange Act Release No. 55958 (June 26, 2007), 72 FR 36538.

<sup>4</sup> In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

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

open market and a national market system, and, in general, to protect investors and the public interest. The proposed rule change would permit specialists to halt trading in equity options in the overlying option when trading is halted on the primary market in the underlying security, and in index options when trading on the primary market in underlying securities representing more than 10% of the current index value is halted, before receiving approval from an Options Exchange Official, provided such approval is granted within five minutes following the halt of trading in the option. Because the proposed rule change is intended to reduce the period of time following a trading halt on the primary market in the underlying security before trading the overlying option is halted, thus enabling specialists to halt trading in the overlying option more expeditiously, the Commission believes the proposed rule change is reasonably designed to allow Exchange options specialists and Registered Options Traders to better manage their market risk.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act<sup>6</sup>, that the

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<sup>6</sup> 15 U.S.C. 78s(b)(2).

proposed rule change (SR-Phlx-2007-45) be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>7</sup> 17 CFR 200.30-3(a)(12).