

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-56249; File No. SR-Phlx-2007-27)

August 14, 2007

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing of Proposed Rule Change Relating to the Standardization of Rules for Equity, Index and ETF Options

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4² thereunder, notice is hereby given that on March 21, 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. On July 25, 2007, the Exchange filed Amendment No. 1 to the proposed rule change. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Phlx proposes to amend Phlx Rule 1014(c)(i)(A) relating to quote spread parameters (bid/ask differentials) and Phlx Rule 1014(g)(i)(B) relating to purchase or sale priority for orders of 100 contracts or more, to standardize the rules such that they would apply equally to options on equities, options on exchange-traded fund (“ETF”) shares, and index options.

The text of the proposed rule change is available at the on Phlx’s Web site at (<http://www.Phlx.com/exchange/phlx-rule-fil.hlm>), at the Exchange’s Office of the Secretary and the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 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 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

The purpose of the proposed rule change is to amend the above-mentioned rules so that they would apply equally to options on equities, options on ETFs, and index options. Currently, Phlx's rules concerning bid/ask differentials and split-price priority in open outcry apply either exclusively to equity and ETF options, or apply differently to equity and ETF options versus index options. In order to standardize the applicability of Phlx's rules to all options traded on Phlx, the following rule changes are proposed:

Bid/Ask Differentials

Currently, Phlx Rule 1014(c)(i)(A) includes only language concerning equity options. In order to clarify the applicability of the rule to all options traded on the Exchange, including index options, and options on ETFs, the proposal would specifically list index options and options on ETFs in the rule.

Purchase or Sale Priority for Orders of 100 Contracts or More

Phlx Rule 1014(g)(i)(B) currently affords priority in open outcry to a member that purchases (sells) 50 or more option contracts of a particular series at a particular price or prices, at the next lower (higher) price, up to the equivalent number of option contracts of the same series that he purchased (sold) at the higher (lower) price or prices. The rule currently applies only to transactions in equity options (including options overlying ETFs).

The proposed amendment would delete the limitation of applicability to equity and ETF options from the rule; the rule would therefore apply to all options traded on the Exchange, including index options.

The Exchange believes that the standardization of these rules should obviate any potential confusion among customers and Exchange members concerning their applicability.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act³ in general, and furthers the objectives of Section 6(b)(5) of the Act⁴ in particular, in that 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, by adopting standardized rules that apply to all options traded on the Exchange.

³ 15 U.S.C. 78f(b).

⁴ 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 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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which Phlx consents, the Commission shall: (a) by order approve such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

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-2007-27 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-2007-27. 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, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm.. 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-2007-27 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.⁵

Florence E. Harmon
Deputy Secretary

⁵ 17 CFR 200.30-3(a)(12).