

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-49690; File No. SR-Phlx-2004-24)

May 12, 2004

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto by the Philadelphia Stock Exchange, Inc. Relating to the Trading Hours of Canadian Dollar Foreign Currency Options

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 April 16, 2004, 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 Phlx. On April 19, 2004, the Phlx submitted Amendment No. 1 to the proposed rule change.<sup>3</sup> 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 modify its hours of business for dealings upon the Exchange to change the opening of Canadian dollar foreign currency options (“FCO”) trading from 7:00 a.m. Eastern Time (“ET”) to 2:30 a.m. ET.

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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 letter from Angela Saccomandi Dunn, Counsel, Phlx, to Nancy J. Sanow, Assistant Director, Division of Market Regulation (“Division”), Commission, dated April 16, 2004 (“Amendment No. 1”). In Amendment No. 1, the Phlx corrected a typographical error in the original filing. For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change under Section 19(b)(3)(C) of the Act, the Commission considers that period to commence on April 19, 2004, the date the Phlx filed Amendment No. 1. See 15 U.S.C. 78s(b)(3)(C).

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 conform the trading hours of Canadian dollar FCOs to the trading hours of other FCOs.<sup>4</sup> This proposed rule change is to provide notification of the proposal to modify the hours of business for dealings in Canadian dollar contracts.<sup>5</sup> The Exchange previously filed a proposed rule change to amend Phlx Rule 101, which provides that FCO trading sessions shall be conducted at such times as the Phlx Board of Governors shall specify between 6:00 p.m. Sundays and

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<sup>4</sup> In 1993, Phlx filed a proposed rule change to amend 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) (File No. 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 Phlx-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).

<sup>5</sup> The Exchange has represented that it intends to notify its membership of the change in trading hours for Canadian dollar FCOs through a circular to members. Telephone conversation between Angela Saccomandi Dunn, Counsel, Phlx, and Marisol Rubecindo, Law Clerk, Division, Commission, on May 4, 2004.

3:00 p.m. Fridays.<sup>6</sup> In connection with the proposed rule change amending Phlx Rule 101, the Exchange committed to make future filings under section 19(b)(3)(A) of the Act,<sup>7</sup> any time it expands or changes FCO trading hours in connection with Phlx Rule 101.<sup>8</sup>

The Exchange believes that the increased trading hours should allow investors greater access to trading in Canadian dollar FCOs and increased flexibility to meet the exchange rate risk protection and hedging needs of European-based market participants.

## 2. Statutory Basis

The Exchange believes that the proposed rule change, as amended, is consistent with Section 6(b) of the Act,<sup>9</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>10</sup> in particular, in that it is designed to promote just and equitable principles of trade and protect investors and the public interest.

### B. Self-Regulatory Organization's Statement on Burden on Competition

The Phlx does not believe that the proposed rule change, as amended, will impose any inappropriate burden on competition.

### 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 with respect to the proposed rule change, as amended.

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<sup>6</sup> See Securities Exchange Act Release No. 26087 (September 16, 1988), 53 FR 36930 (September 22, 1988) (File No. SR-Phlx-88-25).

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> See Securities Exchange Act Release No. 26087 (September 16, 1988), 53 FR 36930 (September 22, 1988) (File No. SR-Phlx-88-25).

<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78f(b)(5).

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

Because the foregoing proposed rule change, as amended, 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 Act<sup>11</sup> and Rule 19b-4(f)(1)<sup>12</sup> thereunder. 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-2004-24 on the subject line.

#### Paper comments:

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609.

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<sup>11</sup> 15 U.S.C. 78s(b)(3)(A)(i).

<sup>12</sup> 17 CFR 240.19b-4(f)(1).

All submissions should refer to File Number SR-Phlx-2004-24. 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 Section, 450 Fifth Street, NW, Washington, DC 20549-0609. 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-2004-24 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>13</sup>

J. Lynn Taylor  
Assistant Secretary

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<sup>13</sup> 17 CFR 200.30-3(a)(12).