

PENN MONT SECURITIES

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December 19, 2003

United States of America
Securities and Exchange Commission
Jonathan G. Katz, Secretary
450 Fifth Street, Northwest
WASHINGTON DC 20549-0609

~~Re~~ re: Rule Commentary
File No. SR-Phlx-2003-73
Release No. 34-48847

Dear Sir:

The Philadelphia Stock Exchange, Inc. ("PHLX") submitted a plan of demutualization which was published for comment on November, 26, 2003.

We feel that this plan of demutualization is basically flawed on two accounts. First this plan of demutualization does not provide the ability of members (i.e. permit-holders in the new By-laws) to submit independent rulemaking. At present members (i.e. legal titleholders) may propose independent rulemaking that requires a vote of the membership. This right is taken away from them. There should be at least a mechanism to preserve this ability.

Second, in the light of the approval by the Securities and Exchange Commission of a two board structure of the New York Stock Exchange, Inc. the public and the PHLX must not miss this singular opportunity to put in place the same two board structure. The Securities and Exchange Commission's approval of the New York Stock Exchange's board should serve as a new matrix for exchanges now and in the future. The PHLX should amend its filing and rework a new rule submission taking into account this new rubrique.

Therefore we feel that the Securities and Exchange Commission should either hold hearings on the aforementioned plan of demutualization or ask the PHLX to withdraw its filing and resubmit a new plan of demutualization to its membership for approval and subsequent resubmission to the Securities and Exchange Commission,

Sincerely yours,


Joseph D. Carapico
General Partner


Andrew W. Snyder
General Partner


Richard B. Feinberg
Limited Partner