

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-57263; File No. SR-Phlx-2007-91)

February 4, 2008

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc; Order Approving a Proposed Rule Change to Require a Non-Streaming Quote Trader Registered Option Traders (“non-SQT ROT”) to Submit a List of Options for Intended Assignment

On December 12, 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”)¹ and Rule 19b-4 thereunder,² a proposed rule change to amend Exchange Rule 1014(b)(ii)(C) to require “non-SQT ROTs” (as defined below) to submit to the Exchange a list of the options in which such non-SQT ROT intends to be assigned to make markets. The proposed rule change was published for comment in the Federal Register on December 31, 2007.³ The Commission received no comments on the proposal.

PHLX proposes to amend Exchange Rule 1014(b)(ii)(C) to require “non-SQT ROTs”⁴ to notify the Exchange of each option, on an issue-by-issue basis, it intends to be assigned to make markets. Such notification would need to be made in writing on a form prescribed by the Exchange (an “ROT Assignment Form”). Any change to the ROT Assignment Form would have to be made in writing by the non-SQT ROT prior to the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 57034 (December 21, 2007), 72 FR 74398.

⁴ A Streaming Quote Trader (“SQT”) is a Registered Options Trader (“ROT”) that has received permission from the Exchange to generate and submit electronic option quotations electronically via an Exchange approved quoting device. See Exchange Rule 1014(b)(ii)(A). Non-SQT ROTs do not stream electronic quotations but make verbal markets upon request and have the ability to send limit orders to the limit order book via electronic interface with Phlx XL.

end of the trading session in which the change is to take place. Receipt of the properly completed ROT Assignment Form from a qualified non-SQT ROT applicant would constitute acceptance by the Exchange of the non-SQT ROT's assignment in, or termination of assignment in (as indicated on the ROT Assignment Form), the options listed on such ROT Assignment Form. If a non-SQT ROT applicant failed to qualify as an ROT on the Exchange, such assignments would be rendered ineffective and would be terminated. The proposed rule change is designed to facilitate the Exchange's ability to track the activities of non-SQT ROTs.

The Commission 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.⁵ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,⁶ which requires, among other things, that the Exchange's rules be designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest. The Commission believes that the proposed notification requirement will assist the Exchange in monitoring the activities of non-SQT ROTs and should contribute to the Exchange's efforts to enhance the fair and orderly operation of the Exchange's market.

⁵ In approving this proposal, the Commission considered the proposed rule's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

⁶ 15 U.S.C. 78f(b)(5).

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁷ that the proposed rule change (File No. SR-Phlx-2007-91) hereby is approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁸

Florence E. Harmon
Deputy Secretary

⁷ 15 U.S.C. 78s(b)(2).

⁸ 17 CFR 200.30-3(a)(12).