

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-57277; File No. SR-Phlx-2008-09)

February 6, 2008

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify Trading Hours for Physical Delivery FCOs

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on February 1, 2008, 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. The Exchange has designated this proposal as constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule under Section 19(b)(3)(A)(i) of the Act³ and Rule 19b-4(f)(1) thereunder,⁴ which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change 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 on the Exchange to change the opening of physical delivery foreign currency options (“FCOs”) trading from 7:30 a.m. Eastern Time (“ET”) to 9:30 a.m. ET. The change will become effective on February 4, 2008. The text of the proposed rule change is available on the Exchange’s Web site at

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(i).

⁴ 17 CFR 19b-4(f)(1).

http://www.Phlx.com/exchange/phlx_rule_fil.html, at the Exchange, and at the Commission's Public Reference Room.

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 make the Exchange's physical delivery FCO program more cost-effective by reducing the duration of the physical delivery FCO trading session. Currently, Phlx Rule 101, "Hours of Business," states that FCO trading sessions shall be conducted at such times as the Exchange's Board of Governors ("Board") shall specify between 6:00 p.m. ET, Sundays and 3:00 p.m. ET, Fridays, provided that U.S. dollar-settled FCOs shall trade during the same hours as narrow-based index options.⁵ Accordingly, the Board adopted the current hours for physical delivery FCO trading sessions, opening at 7:30 a.m. ET and closing at 2:30 p.m. ET.⁶

⁵ The Exchange is not proposing to change the trading hours applicable to U.S. dollar-settled FCOs.

⁶ In 1993, the Exchange filed a proposed rule change to amend Phlx 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) (SR-Phlx-93-42). Subsequently, the trading hours were modified to move the opening of FCO trading from

The Exchange proposes to adopt a reduced time period for physical delivery FCO trading sessions by specifying that, beginning February 4, 2008, FCO trading sessions will open at 9:30 a.m. ET and close at 2:30 p.m. ET. The Exchange represents that it has delisted most of its physical delivery FCO contracts and intends to delist the remaining physical delivery FCO on or before March 31, 2008. The Exchange has already limited trading in the remaining physical delivery FCO contracts to “closing only” transactions. The Exchange therefore believes that a reduction in the duration of the trading session is appropriate at this time.

In connection with the proposed rule change adopting Phlx Rule 101, the Exchange committed to make future filings under Section 19(b)(3)(A) of the Act⁷ any time it expands or changes FCO trading hours in connection with Phlx Rule 101.⁸ The Exchange intends to notify its membership of the change in trading hours for physical delivery FCOs by issuing a circular to members. The new trading hours for physical delivery FCOs will be in effect beginning February 4, 2008.

1:30 a.m. ET to 2:30 a.m. ET for all Exchange-listed FCOs except the Canadian dollar. See Securities Exchange Act Release No. 34898 (October 26, 1994), 59 FR 54651 (November 1, 1994) (SR-Phlx-94-47). In May 2004, the Exchange expanded the trading hours for options on the Canadian dollar to conform to the trading hours for all other FCOs on the Exchange. See Securities Exchange Act Release No. 49690 (May 12, 2004), 69 FR 28972 (May 19, 2004) (SR-Phlx-2004-24). On December 1, 2006 the Exchange changed the trading hours for all physical delivery FCOs to be from 7:30 a.m. ET until 2:30 p.m. ET. See Securities Exchange Act Release No. 54802 (November 21, 2006), 71 FR 68875 (November 28, 2006) (SR-Phlx-2006-72).

⁷ 15 U.S.C. 78s(b)(3)(A).

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

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁰ in particular, because 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.

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

The foregoing proposed rule change has become effective pursuant to Section 19(b)(3)(A)(i) of the Act¹¹ and Rule 19b-4(f)(1)¹² thereunder, because it constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule.

At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ 15 U.S.C. 78s(b)(3)(A)(i).

¹² 17 CFR 240.19b-4(f)(1).

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. Please include File No. SR-Phlx-2008-09 on the subject line.

Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-Phlx-2008-09. 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 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-2008-09 and should be submitted on or before [insert date 21 days from the date of publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Florence E. Harmon
Deputy Secretary

¹³ 17 CFR 200.30-3(a)(12).