

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-57386; File No. SR-Phlx-2008-02)

February 27, 2008

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Order Granting Approval of Proposed Rule Change to Amend By-Law Article XIV, Section 14-5 and Phlx Rule 50

On January 8, 2008, 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: (i) modify the timeframes within which monies owed to the Exchange would become reportable to the Board of Governors (“Board”) for further action; (ii) eliminate references to the monetary threshold of \$10,000; (iii) conform By-Law language to indicate that Members, Member Organizations, participants, and participant organizations would be subject to being terminated for failure to pay; and (iv) make other clarifying amendments. The proposed rule change was published for comment in the Federal Register on January 23, 2008.³ The Commission received no comments on the proposed rule change. This order approves the proposed rule change.

The Exchange proposes to modify the timeframes within which monies owed to the Exchange would become reportable to the Board, and by which Members, Member Organizations, participants, and participant organizations would be subject to a suspension or termination. Specifically, a Member, or Member Organization, participant, or participant organization or employee thereof shall be referred directly to the Board for failure to: (i) pay

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 57155 (January 15, 2008), 73 FR 4038.

finances and/or other monetary sanctions within 30 days after notice thereof; or (ii) pay dues, foreign currency options users' fees, fees, other charges, and/or other monies due, including late charges, within 90 days from the date of the original invoice. The proposed rule change would eliminate the references to the monetary threshold of \$10,000 from both By-Law Article XIV, Section 14-5 and Rule 50, so that all past due amounts are reportable to the Board within the specified proposed new timeframes. In addition, the proposed change to By-Law Article XIV, Section 14-5 clarifies that the Board also has the power to terminate, not just suspend, any permit or rights and privileges of a foreign currency options participation of any Member, foreign currency options participant, Member Organization or participant organization or employee thereof for failure to pay monies owed to the Exchange.⁴

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange.⁵ In particular, the Commission believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,⁶ 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. The Commission believes that the modified timeframes within which past due fines, dues, fees, and other charges owed to the Exchange would become reportable to the Board appear reasonable

⁴ The Commission notes that By-Law Article XIV, Section 14-1 already gives the Board the power to terminate a permit or participation for failure to pay any fees, dues, or charges owed to the Exchange.

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

⁶ 15 U.S.C. 78f(b)(5).

and continue to allow appropriate notice to the affected parties of any arrearages. In addition, the proposed change will allow the Board to handle collection matters directly without regard to the amount, which should enhance the Exchange's collection efforts.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁷ that the proposed rule change (SR-Phlx-2008-02) be, and it 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).