

Number SR-NYSEArca-2008-51 and should be submitted on or before September 5, 2008.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁷

Florence E. Harmon,

Acting Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-58334; File No. SR-Phlx-2008-59]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Changes to Its Equity Option Fees

August 8, 2008.

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 August 1, 2008, Philadelphia Stock Exchange, Inc. (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Phlx. On August 8, 2008, the Exchange filed Amendment No. 1 to the proposed rule change. 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, pursuant to Section 19(b)(1) of the Act³ and Rule 19b-4 thereunder,⁴ proposes to amend its equity option fees as follows: (1) Reduce its equity option transaction charge to \$0.01 per contract for Registered Options Traders (“ROT”) and specialists for contract

volume above 4.5 million contracts per month (“Volume Threshold”); (2) delete the ROT equity option comparison charge for contract volume above the Volume Threshold; and (3) delete the \$0.08 per contract side rebate for ROTs and \$0.07 per contract side rebate for specialists in connection with trades occurring as part of a dividend, merger, and short stock interest strategy.

This proposal is scheduled to become effective for trades settling on or after August 1, 2008.

The text of the proposed rule change is available on the Exchange’s Web site at http://www.phlx.com/regulatory/reg_rulefilings.aspx.

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 Exchange 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 revise the Exchange’s fee schedule in order to remain competitive and encourage additional order flow to the Exchange. Pursuant to this proposal, the Exchange intends to amend its equity option transaction charges for ROTs and specialists. For contract volume below the Volume Threshold, ROTs would continue to be assessed the current equity option transaction charge of \$0.19 per contract and specialists would be assessed the current equity option transaction charge of \$0.21 per contract. Thereafter, both ROTs and specialists would be assessed an equity option transaction charge of \$0.01 per contract for contract volume over the Volume Threshold for that month. ROTs would not be charged the current \$0.03 per contract equity option comparison charge for any transactions over the Volume Threshold.⁶ Thus, the total equity option transaction and comparison charge for both specialists and ROTs would be \$0.01 per contract

for contract volume over the Volume Threshold for that month.

Currently, a fee credit of \$0.21 per contract is given to specialists that incur equity option transaction charges when a customer order is delivered electronically via Phlx XL⁷ or via the Exchange’s Options Floor Broker Management System (“FBMS”),⁸ and is then executed via the Intermarket Option Linkage (“Linkage”)⁹ as a Principal Acting as Agent Order (“P/A Order”). In connection with decreasing the equity option transaction charge for specialists as described above, the fee credit would now be equal to the applicable equity option transaction charge per contract (*i.e.* \$0.21 per contract or \$0.01 per contract), in order not to give a credit that is greater than the equity option transaction charge that is imposed.

To determine the Volume Threshold, the Exchange would aggregate the trading activity of separate ROTs and specialist member organizations if there is at least 75% common ownership between the member organizations as reflected on each member organizations’ Form BD, Schedule A.¹⁰ Contract volume resulting from dividend, merger, and short stock interest strategies¹¹ and contract volume resulting from specialists that incur Phlx equity option transaction charges when a customer order is delivered electronically via Phlx XL¹² or via FBMS and is then executed via Linkage as a P/A Order would not be included in the Volume Threshold calculation. In addition, currently, the Exchange does not assess ROT equity option transaction and comparison charges and specialist equity option transaction charges on additional qualifying transactions on

⁷ See Exchange Rule 1080.

⁸ FBMS is designed to enable Floor Brokers and/or their employees to enter, route and report transactions stemming from options orders received on the Exchange. See Exchange Rule 1080, Commentary .06.

⁹ Linkage is governed by the Options Linkage Authority under the conditions set forth under the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage (the “Plan”) approved by the Commission. The registered U.S. options markets are linked together on a real-time basis through a network capable of transporting orders and messages to and from each market.

¹⁰ An ROT’s or a specialist’s monthly contract volume is determined at the member organization affiliation level, *e.g.*, if five ROTs are affiliated with member organization ABC as reflected by Exchange records for the entire month, all of the volume from those five ROTs counts towards member organization ABC’s Volume Threshold for that month.

¹¹ The current equity option comparison and transaction caps of \$1,000 and \$25,000 that are imposed in connection with dividend, merger and short stock interest strategies would continue to apply.

¹² See Exchange Rule 1080.

²⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(1).

⁴ 17 CFR 240.19b-4.

⁵ ROT equity option transaction charges are referred to on the Exchange’s fee schedule as “Registered Option Trader (on floor).” This charge applies to ROTs, Streaming Quote Traders (“SQTs”), and Remote Streaming Quote Traders (“RSQTs”). SQTs and RSQTs are considered to be ROTs pursuant to Exchange Rule 1014. ROT transactions entered from off-floor would continue to be included in the broker/dealer equity option transaction charges for billing purposes, as set forth in footnote 3 of the Exchange’s Summary of Equity Option, and MNX, NDX, RUT and RMN Charges fee schedule.

⁶ Specialists are not currently assessed a comparison charge.

option contracts that number greater than 14,000, calculated per day: (1) per equity option overlying the same underlying security; (2) per RUT option; (3) per RMN option; (4) per MNX option; and (5) per NDX option ("14,000 cap"). The contract volume above the 14,000 cap described above would not be included in the Volume Threshold calculations. Therefore, per day, up to 14,000 contracts that meet the criteria above would be included in the Volume Threshold. The purpose of excluding this volume is because it is already subject to different fee caps or fee credits.

The Exchange also proposes to delete the \$0.08 per contract side rebate for ROTs and \$0.07 per contract side rebate for specialists in connection with trades occurring as part of a dividend, merger, and short stock interest strategy. The Exchange believes that at this time the rebate is no longer necessary. The Exchange believes that the current \$1,000 and \$25,000 fee caps that will remain unchanged are sufficient incentives to encourage this type of business at the Exchange.

The purpose of SR-Phlx-2008-59, Amendment No. 1 is to clarify the application of the proposed reduction of the equity option transaction charge to \$0.01 per contract.

2. Statutory Basis

The Exchange believes that its proposal to amend its schedule of fees is consistent with Section 6(b) of the Act,¹³ in general, and furthers the objectives of Section 6(b)(4) of the Act,¹⁴ in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among Exchange members. The Exchange believes that this proposal is equitable because it generally should result in a reduction in fees for ROTs and specialists who meet the Volume Threshold, which should, in turn, increase order flow to the Exchange. Specifically, the Exchange believes that it is equitable to reduce fees for specialists and ROTs, which includes SQTs and RSQTs, as opposed to other broker-dealers and ROTs entering transactions from off-floor because specialists and ROTs have continuous quoting and affirmative market making obligations.¹⁵

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(4).

¹⁵ For billing purposes, ROTs entering transactions from off-floor will continue to be charged the broker/dealer equity option transaction charge because those transactions generally are considered to be not the core part of their continuous quoting and affirmative market making obligations.

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 that is 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 is effective upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act¹⁶ and paragraph (f)(2) of Rule 19b-4¹⁷ thereunder, because it establishes or changes a due, fee, or other charge applicable only to a member imposed by the Exchange. 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. Please include File Number SR-Phlx-2008-59 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090.
- All submissions should refer to File Number SR-Phlx-2008-59. 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

¹⁶ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁷ 17 CFR 240.19b-4(f)(2).

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, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. 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 No. SR-Phlx-2008-59 and should be submitted on or before September 5, 2008.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁸

Florence E. Harmon,

Acting Secretary.

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SMALL BUSINESS ADMINISTRATION

[Disaster Declaration # 11308]

Illinois Disaster Number IL-00016

AGENCY: U.S. Small Business Administration.

ACTION: Amendment 4.

SUMMARY: This is an amendment of the Presidential declaration of a major disaster for Public Assistance Only for the State of Illinois (FEMA-1771-DR), dated 06/24/2008.

Incident: Severe Storms and Flooding.
Incident Period: 06/01/2008 through 07/22/2008.

Effective Date: 07/30/2008.

Physical Loan Application Deadline Date: 08/25/2008.

ADDRESSES: Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

FOR FURTHER INFORMATION CONTACT: A. Escobar, Office of Disaster Assistance, U.S. Small Business Administration,

¹⁸ 17 CFR 200.30-3(a)(12).