

Proposed Rule Change by Philadelphia Stock Exchange
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

<input type="checkbox"/> Initial	<input checked="" type="checkbox"/> Amendment	<input type="checkbox"/> Withdrawal	<input checked="" type="checkbox"/> Section 19(b)(2)	<input type="checkbox"/> Section 19(b)(3)(A)	<input type="checkbox"/> Section 19(b)(3)(B)
			Rule		
<input type="checkbox"/> Pilot	<input type="checkbox"/> Extension of Time Period for Commission Action	<input type="text" value=""/> Date Expires	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

<input type="checkbox"/> Exhibit 2 Sent As Paper Document	<input type="checkbox"/> Exhibit 3 Sent As Paper Document
-----------------------------------------------------------	-----------------------------------------------------------

Description
Provide a brief description of the proposed rule change (limit 250 characters).

Contact Information
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name	<input type="text" value="Scott"/>	Last Name	<input type="text" value="Donnini"/>
Title	<input type="text" value="First Vice President and Associate General Counsel"/>		
E-mail	<input type="text" value="scott.donnini@phlx.com"/>		
Telephone	<input type="text" value="(215) 496-5358"/>	Fax	<input type="text" value="(215) 496-6729"/>

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date	<input type="text" value="04/27/2006"/>
By	<input type="text" value="Scott Donnini"/> <input type="text" value="First Vice President and Associate General Counsel"/>
	(Name) (Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

Add Remove View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

PARTIAL AMENDMENT

The Philadelphia Stock Exchange, Inc. (“Exchange” or “Phlx”) hereby submits this Partial Amendment constituting Amendment No. 7 to its rule filing Phlx-2005-93 filed on December 30, 2005. The purpose of this Partial Amendment is to change the word “affiliation” to “relationship” in the definition of “Material Relationship,” re-incorporate text that was inadvertently omitted from the previous Amendment, and make minor technical changes.

The text changes appear below. Additions are underlined and bolded; deletions are bracketed and bolded.

* * * * *

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

b. Statutory Basis

* * * * *

The Exchange also believes that its proposal is consistent with Section 6(b) of the Act¹ in general, and furthers the objectives of Section 6(b)(3) of the Act² in particular, in that it is designed to assure a fair representation of its members in the selection of its directors and administration of its affairs because the Nominating, Elections and Governance Committee will consist of three Independent Governors (one of whom must be a Designated Independent Governor), one Stockholder Governor, and one Member Governor, with the Designated

¹ 15 U.S.C. 78f(b).

² 15 U.S.C. 78f(b)(5).

Independent Governor elected by the Members, ensuring greater Member representation.

* * * * *

Exhibit 4

RESTATED CERTIFICATE OF INCORPORATION OF PHILADELPHIA STOCK
EXCHANGE, INC.

* * * * *

FOURTH (b)(iii)(B)(2): The Board of Governors shall not adopt any amendment to the By-Laws pursuant to the foregoing paragraph (B)(1) unless the Board of Governors shall have determined that: (x) the exercise of such voting rights by such Person and its Related Persons will not impair the Corporation's ability to discharge its responsibilities under the Exchange Act and the rules and regulations thereunder and is otherwise in the best interests of the Corporation and its [s]Stockholders; (y) the exercise of such voting rights by such Person and its Related Persons will not impair the SEC's ability to enforce the Exchange Act; and (z) such Person and its relevant Related Persons are not subject to any applicable statutory disqualification. In making such determinations, the Board of Governors may impose such conditions and restrictions on such Person and its Related Persons as it may in its sole discretion deem necessary, appropriate or desirable in furtherance of the objectives of the Exchange Act and the governance of the Corporation. “Stockholder” shall mean a [S]stockholder of the Corporation.

* * * * *

BY-LAWS OF
PHILADELPHIA STOCK EXCHANGE, INC.

ARTICLE I

Definitions

* * * * *

SEC. 1-1. Unless the context requires otherwise, the terms defined in this Section shall, for all purposes of these By-Laws, have the meaning herein specified:

* * * * *

Independent

(o) The term “Independent” when used in the context of Governors or committee members, shall mean persons affirmatively determined by the Board as having no Material Relationship with the Exchange or any affiliate of the Exchange, any member of the Exchange or any affiliate of such member, or any issuer of securities that are listed or traded on the Exchange or a facility of the Exchange.

* * * * *

Material Relationship

(s) “Material Relationship” shall mean a[n] [affiliation] relationship, compensatory or otherwise, that could reasonably affect the independent judgment or decision-making of the Governor. It is incumbent upon the Board of Governors to determine independence upon a Governor’s nomination and thereafter no less frequently than annually and as often as necessary in light of a Governor’s circumstances and as further outlined in By-Law Article IV Section 4-4 to ensure standards of independence as defined in these By-Laws are maintained.

* * * * *

Business Conduct Committee

SEC. 10-11.

* * * * *

(b) The Business Conduct Committee shall have authority, whenever it shall appear that a [m]Member [o]Organization is in violation of Rule 703 of the Rules of the Board of Governors to direct a general partner(s) or an executive officer(s) of such [m]Member [o]Organization to appear before the Business Conduct Committee for examination upon forty-eight (48) hours notice, either oral or in writing and, after such examination, such Committee shall have authority to suspend such [m]Member [o]Organization until the requirements of Rule 703 are fully met. Any such suspension directed by the Business Conduct Committee shall be subject to review by the Board of Governors. In the event of a reversal by the Board of Governors of the suspension imposed by such Committee, a [m]Member [o]Organization or officer, partner, director (or person in a similar position) or [S]stockholder thereof shall be prohibited from instituting a lawsuit in any forum against the Exchange or the members of the Business Conduct Committee, or hold the Exchange or any member of such Committee liable in damages based in whole or in part upon the suspension imposed by such Committee.

* * * * *

Exhibit 5

RESTATED CERTIFICATE OF INCORPORATION OF PHILADELPHIA STOCK
EXCHANGE, INC.

* * * * *

FOURTH (b)(iii)(B)(2): The Board of Governors shall not adopt any amendment to the By-Laws pursuant to the foregoing paragraph (B)(1) unless the Board of Governors shall have determined that: (x) the exercise of such voting rights by such Person and its Related Persons will not impair the Corporation's ability to discharge its responsibilities under the Exchange Act and the rules and regulations thereunder and is otherwise in the best interests of the Corporation and its [s]Stockholders; (y) the exercise of such voting rights by such Person and its Related Persons will not impair the SEC's ability to enforce the Exchange Act; and (z) such Person and its relevant Related Persons are not subject to

any applicable statutory disqualification. In making such determinations, the Board of Governors may impose such conditions and restrictions on such Person and its Related Persons as it may in its sole discretion deem necessary, appropriate or desirable in furtherance of the objectives of the Exchange Act and the governance of the Corporation. “Stockholder” shall mean a stockholder of the Corporation.

* * * * *

BY-LAWS OF PHILADELPHIA STOCK EXCHANGE, INC.

ARTICLE I

Definitions

* * * * *

SEC. 1-1. Unless the context requires otherwise, the terms defined in this Section shall, for all purposes of these By-Laws, have the meaning herein specified:

* * * * *

Independent

(o) The term “Independent” when used in the context of Governors or committee members, shall mean persons affirmatively determined by the Board as having no Material Relationship with the Exchange or any affiliate of the Exchange, any member of the Exchange or any affiliate of such member, or any issuer of securities that are listed or traded on the Exchange or a facility of the Exchange.

* * * * *

Material Relationship

(s) “Material Relationship” shall mean a relationship, compensatory or otherwise, that could reasonably affect the independent judgment or decision-making of the

Governor. It is incumbent upon the Board of Governors to determine independence upon a Governor's nomination and thereafter no less frequently than annually and as often as necessary in light of a Governor's circumstances and as further outlined in By-Law Article IV Section 4-4 to ensure standards of independence as defined in these By-Laws are maintained.

* * * * *

Business Conduct Committee

SEC. 10-11.

* * * * *

(b) The Business Conduct Committee shall have authority, whenever it shall appear that a [m]Member [o]Organization is in violation of Rule 703 of the Rules of the Board of Governors to direct a general partner(s) or an executive officer(s) of such [m]Member [o]Organization to appear before the Business Conduct Committee for examination upon forty-eight (48) hours notice, either oral or in writing and, after such examination, such Committee shall have authority to suspend such [m]Member [o]Organization until the requirements of Rule 703 are fully met. Any such suspension directed by the Business Conduct Committee shall be subject to review by the Board of Governors. In the event of a reversal by the Board of Governors of the suspension imposed by such Committee, a [m]Member [o]Organization or officer, partner, director (or person in a similar position) or stockholder thereof shall be prohibited from instituting a lawsuit in any forum against the Exchange or the members of the Business Conduct Committee, or hold the Exchange or any member of such Committee liable in damages based in whole or in part upon the suspension imposed by such Committee.

* * * * *