

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information

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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

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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

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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

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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

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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

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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

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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.

1. Text of the Proposed Rule Change

Stock Clearing Corporation of Philadelphia ("SCCP"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² proposes to amend SCCP Rule 1, Definitions; specifically the definition of a Margin Member to accommodate the proposed introduction of equity Market Makers on the Philadelphia Stock Exchange, Inc. ("Phlx") and to reflect the proposed introduction of Phlx's new equity trading system, XLE, which will replace Phlx's equity trading floor.³

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and the text of the amended SCCP Rule is set forth below.

Underlining indicates additions; brackets indicate deletions

Rule 1.

Definitions

Unless the context requires otherwise, the terms defined in this Rule shall, for all purposes of these Rules and the Corporation's Procedures, have the meanings herein specified.

Margin Member

The term "Margin Member" means Participants who are PHLX specialists, alternate specialists, Market Makers and other PHLX [floor] members specifically approved by NSCC to effect trading in a margin account in accordance with the Corporation's Rule 9.

No changes to any other definitions.

2. Procedures of the Self-Regulatory Organization

The SCCP Board of Directors approved the proposal for filing with the Securities and Exchange Commission ("SEC" or "Commission") on July 13, 2006.

¹15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See SR-Phlx-2006-43.

Questions and comments on the proposed rule change may be directed to John Dayton, Director and Counsel, Phlx, at (215) 496-5162 or Edith Hallahan, Senior Vice President and Deputy General Counsel, Phlx, at (215) 496-5179

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

a. Purpose

The purpose of the proposed rule change is to conform SCCP to the proposed change that the Phlx is making to its market structure through the introduction of XLE and Market Makers. Phlx has proposed to eliminate its equity trading floor and replace it with an electronic trading system, named XLE, which will provide for the entry, display, ranking, routing and execution of orders in NMS Stocks⁴ for its members and member organizations, called XLE Participants. As proposed by Phlx, the current equity specialists will be replaced by Market Makers, a type of XLE Participant, who will be liquidity providers on XLE.⁵

SCCP Rule 1 currently identifies Margin Members as SCCP Participants who are Phlx specialists, alternate specialists, or other Phlx floor members specifically approved by the National Securities Clearing Corporation (“NSCC”). Margin Members that clear and settle their transactions through SCCP’s Omnibus Clearance and Settlement Account

⁴ See 17 CFR 242.600(b)(47).

⁵ As proposed by Phlx, not every security on XLE will require a Market Maker. However, if Market Maker(s) choose to register in a security, they must provide a two-sided market in that security on XLE during the ‘regular trading hours’ (usually 9:30 AM to 4:00 PM) of the security. Therefore, securities on XLE may have no Market Makers, or one or more Market Makers.

at NSCC receive margin accounts from SCCP.⁶ SCCP expects that many of its current Margin Members who are Phlx specialists, alternate specialists or other Phlx floor members to become XLE Participants, including Market Makers, upon approval of XLE. This proposed rule change will allow those current Margin Members who transition to XLE to maintain their status as Margin Members with SCCP.

b. Statutory Basis

SCCP believes that its proposal is consistent with Section 17A of the Act⁷ in general, and with Section 17A(b)(3)(F) of the Act⁸ specifically, in that it is designed to promote the prompt and accurate clearance and settlement of securities transactions and to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance of securities transactions in that the proposed rule change allows current SCCP Margin Members to maintain their status as they transition from the current floor based trading environment on Phlx to XLE.

4. Self-Regulatory Organization's Statement on Burden on Competition

SCCP 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.

5. 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.

⁶ See SCCP Rule 9.

⁷ 15 U.S.C. 78q-1.

⁸ 15 U.S.C. 78q-1(b)(3)(F).

6. Extension of Time Period for Commission Action

SCCP does not consent to an extension of the time period for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

9. Exhibits

1. Notice of proposed rule for publication in the Federal Register.

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-SCCP-2006-02)

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by Stock Clearing Corporation of Philadelphia Amending SCCP Rule 1

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 _____ 2006, Stock Clearing Corporation of Philadelphia ("SCCP") 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 SCCP. 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

SCCP, pursuant to Section 19(b)(1) of the Act³ and Rule 19b-4 thereunder,⁴ proposes to amend SCCP Rule 1, Definitions; specifically the definition of a Margin Member to accommodate the proposed introduction of equity Market Makers on the Philadelphia Stock Exchange, Inc. ("Phlx") and to reflect the proposed introduction of Phlx's new equity trading system, XLE, which will replace Phlx's equity trading floor.⁵

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 See SR-Phlx-2006-43.

The text of the amended SCCP Rule is set forth below.

Underlining indicates additions; brackets indicate deletions

Rule 1.

Definitions

Unless the context requires otherwise, the terms defined in this Rule shall, for all purposes of these Rules and the Corporation's Procedures, have the meanings herein specified.

Margin Member

The term "Margin Member" means Participants who are PHLX specialists, alternate specialists, Market Makers and other PHLX [floor] members specifically approved by NSCC to effect trading in a margin account in accordance with the Corporation's Rule 9.

No changes to any other definitions.

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

In its filing with the Commission, SCCP 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. SCCP 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 conform SCCP to the proposed change that the Phlx is making to its market structure through the introduction of XLE and Market Makers. Phlx has proposed to eliminate its equity trading floor and replace it with an electronic trading system, named XLE, which will provide for the entry, display,

ranking, routing and execution of orders in NMS Stocks⁶ for its members and member organizations, called XLE Participants. As proposed by Phlx, the current equity specialists will be replaced by Market Makers, a type of XLE Participant, who will be liquidity providers on XLE.⁷

SCCP Rule 1 currently identifies Margin Members as SCCP Participants who are Phlx specialists, alternate specialists, or other Phlx floor members specifically approved by the National Securities Clearing Corporation (“NSCC”). Margin Members that clear and settle their transactions through SCCP’s Omnibus Clearance and Settlement Account at NSCC receive margin accounts from SCCP.⁸ SCCP expects that many of its current Margin Members who are Phlx specialists, alternate specialists or other Phlx floor members to become XLE Participants, including Market Makers, upon approval of XLE. This proposed rule change will allow those current Margin Members who transition to XLE to maintain their status as Margin Members with SCCP.

2. Statutory Basis

SCCP believes that its proposal is consistent with Section 17A of the Act⁹ in general, and with Section 17A(b)(3)(F) of the Act¹⁰ specifically, in that it is designed to

⁶ See 17 CFR 242.600(b)(47).

⁷ As proposed by Phlx, not every security on XLE will require a Market Maker. However, if Market Maker(s) choose to register in a security, they must provide a two-sided market in that security on XLE during the ‘regular trading hours’ (usually 9:30 AM to 4:00 PM) of the security. Therefore, securities on XLE may have no Market Makers, or one or more Market Makers.

⁸ See SCCP Rule 9.

⁹ 15 U.S.C. 78q-1.

¹⁰ 15 U.S.C. 78q-1(b)(3)(F).

promote the prompt and accurate clearance and settlement of securities transactions and to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance of securities transactions in that the proposed rule change allows current SCCP Margin Members to maintain their status as they transition from the current floor based trading environment on Phlx to XLE.

B. Self-Regulatory Organization's Statement on Burden on Competition

SCCP 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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which SCCP consents, the Commission shall: (a) by order approve such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

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-SCCP-2006-02](#) on the subject line.

Paper comments:

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

All submissions should refer to File Number [SR-SCCP-2006-02](#). 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. Copies of the filing also will be available for inspection and copying at the principal office of SCCP. 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-SCCP-2006-02](#) and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Nancy M. Morris
Secretary

¹¹ 17 CFR 200.30-3(a)(12).