

MEMORANDUM

TO: Philadelphia Board of Trade Members and Member Organizations
FROM: Legal Department
DATE: March 7, 2008
RE: SR-PBOT-2008-02: Rules 1401 - 1405, Phlx Stock Index Futures

The Philadelphia Board of Trade (“PBOT”) has filed with the Commodity Futures Trading Commission SR-PBOT-2008-02, adopting new Rules 1401 - 1405 relating to stock index futures contracts to be based upon certain Philadelphia Stock Exchange proprietary indexes. The rules provide for the listing of futures contracts on the Phlx Oil Service Sector Index, the Phlx Semiconductor Sector Index and the Phlx Housing Sector Index (the “Housing Index”). These rules will become effective March 12, 2008.

The text of Rules 1401-1405 is set forth below. If you have any questions regarding these rule amendments, please contact Carla Behnfeldt, Director and Counsel, at (215) 496-5208.

Philadelphia Stock Exchange, Inc. Stock Index Futures Contracts (Rules 1401 - 1405)

***Rule 1401.
Scope and Application of Section***

The Rules in this Section shall be applicable to the trading on the Exchange of broad-based stock index futures contracts issued by the Clearing Corporation and based upon indexes (the “Phlx Indexes”) owned and maintained by the Philadelphia Stock Exchange, Inc., the terms and conditions of such contracts, the delivery and settlement thereof, and other matters relating to such contracts. Phlx Index futures contracts shall be listed on the Phlx Oil Service Sector Index (the “Oil Service Index”), the Phlx Semiconductor Sector Index (the “Semiconductor Index”), and the Phlx Housing Sector Index (the

“Housing Index”) (collectively, the “Phlx Index Futures Contracts”). The Phlx Index Futures Contracts shall trade on the PBOT XL trading system.

Rule 1402.

Contract Specifications

(a) Multiplier. The contract multiplier for each Phlx Index Futures Contract is \$50. For example, a contract size of one Phlx Futures Index Contract would be \$5000 if the underlying Phlx Index were 100.

(b) Schedule. The Exchange may list Phlx Futures Index Contracts for trading two months in the March quarterly cycle. Trading in the next month in which trading has not been opened shall be initiated at the opening of trading on the first Business Day following the last trading day for a month which has become the spot month.

(c) Maturity Date. The maturity date shall be the third Friday of the contract month. If the third Friday of the contract month is not a Business Day, the Maturity Date shall be the preceding Business Day.

(d) Last Trading Day. The Last Trading Day for a maturing Phlx Index Futures contract month shall be the last Business Day before the Maturity Date.

(e) Daily Settlement Price. The Daily Settlement Price for each Phlx Futures Index Contract shall be based on the closing underlying index value announced by the Philadelphia Stock Exchange, Inc. Daily Settlement Prices are subject to subsequent review and revision by the Clearing Corporation.

(f) Final Settlement Price. The Final Settlement Price for each Phlx Index Futures Contract shall be announced by the Philadelphia Stock Exchange, Inc. and shall be based upon the opening prices of the component stocks of the Phlx Index Futures Contracts on the Maturity Date. Final Settlement Prices are subject to subsequent review and revision by the Clearing Corporation.

(g) Settlement Terms. All settlements of a Phlx Index Futures Contract must be made through and in accordance with the Rules of the Clearing Corporation. Settlement of a Phlx Index Futures Contract will result in the delivery of a cash settlement amount on the Business Day immediately following the Maturity Date. The cash settlement amount following the Maturity Date shall be the final mark to market amount against the Final Settlement Price of the Phlx Index Futures Contract multiplied by \$50. Clearing Members holding open positions in Phlx Index Futures Contracts at the terminating of trading in that Contract shall make payment to receive payment from the Clearing Corporation in accordance with normal variation and performance bond procedures based on the final settlement amount. If the settlement value is not available or the normal settlement procedure cannot be utilized due to a trading disruption or other unusual circumstance, the settlement value will be determined in accordance with the Rules and By-Laws of the Clearing Corporation.

(h) Minimum Trading Increment. The minimum fluctuation of the Phlx Index Futures Contracts is 0.01 index points, which has a value of \$.50.

(i) Position Limits. Phlx Index Futures are subject to position limits under PBOT Rule E28. Subject to the provisions of PBOT rule E28, No Person shall own or control, separately or in combination, a net long position or a net short position in a Phlx Futures Index Contract in excess of 5000 contracts in all contract months combined.

(j) No-Bust Range. For purposes of Rule E26, Transaction Nullifications or Modifications, the No-Bust Range for any Phlx Index Futures Contract shall be 100 minimum trading increments.

(k) Block Trades. Pursuant to subsection (c) of PBOT Rule E23, Block Trades, Phlx Index Futures Contracts are eligible for block trading. The minimum quantity threshold for a Block Trade in any Phlx Index Futures Contract shall be 100 contracts.

(l) EFP Transactions. Pursuant to Rule E38, EFP Transactions, Phlx Index Futures Contracts have been designated by the Exchange as eligible for EFP Transactions under that rule.

(m) Reportable Positions. Pursuant to Commission Rule 15.03 and Part 17 of the Commission's rules, the position level that is required to be reported to the Commission is any open position in a Phlx Index Futures Contract at the close of trading on any trading day equal; to or in excess of twenty-five contracts on either side of the market.

Rule 1403

Margin Requirements for Phlx Index Futures Contracts

Pursuant to Rule E11, Customer Margin, the Exchange will publish the minimum initial and maintenance margin rates and other requirements for each Phlx Index Futures Contract through Notices to Members or other appropriate means.

Rule 1404

Regulatory Trading Halts

Rule E33, Regulatory Trading Halts, applies to Phlx Index Futures Contracts in that they are broad-based index futures contracts. The Exchange shall halt trading of Phlx Index Futures Contracts at any time that circuit breaker procedures are in place to halt or suspend trading in all equity securities trading on a national securities exchange or national securities association. After the triggering of circuit breaker procedures, the Exchange will resume trading of broad-based index futures Contracts, including the Phlx Index Futures Contracts, only after trading has resumed in equity securities traded on a national securities exchange or national securities association.

Rule 1405

Ownership and Maintenance of Phlx Indexes

The Phlx Indexes are owned and maintained by the Philadelphia Stock Exchange, Inc. and have been licensed for use by the Philadelphia Board of Trade, Inc.