Proposed Rule Change by Philadelphia Stock Exchange

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

<table>
<thead>
<tr>
<th>Initial</th>
<th>Amendment</th>
<th>Withdrawal</th>
<th>Section 19(b)(2)</th>
<th>Section 19(b)(3)(A)</th>
<th>Section 19(b)(3)(B)</th>
<th>Rule</th>
</tr>
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<tbody>
<tr>
<td>☑️</td>
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</tbody>
</table>

Pilot Extension of Time Period for Commission Action

Date Expires

<table>
<thead>
<tr>
<th>Pilot</th>
<th>Extension of Time Period for Commission Action</th>
<th>Date Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑️</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Description

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

Equity Option and Index Option Floor Brokerage Assessment

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.

<table>
<thead>
<tr>
<th>First Name</th>
<th>Last Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cynthia</td>
<td>Hoekstra</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Title</th>
<th>E-mail</th>
<th>Telephone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vice President</td>
<td><a href="mailto:cynthia.hoekstra@phlx.com">cynthia.hoekstra@phlx.com</a></td>
<td>(215) 496-5066</td>
</tr>
</tbody>
</table>

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 officer.

Date 03/30/2007

By Cynthia Hoekstra

Vice President

(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.
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**

The Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² proposes to amend the equity option and index option Floor Brokerage Assessment to change the levels of the monthly net floor brokerage income and corresponding assessment and to effectively reduce the fee cap from $100,000 per month to $10,000 per month. The proposed equity option and index option Floor Brokerage Assessment is set forth below:

<table>
<thead>
<tr>
<th>Monthly Net Floor Brokerage Income</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $200,000</td>
<td>5% for all amounts up to and including $200,000</td>
</tr>
<tr>
<td>Any amount over $200,000</td>
<td>No additional charge</td>
</tr>
</tbody>
</table>

Monthly Cap: $10,000

The proposed amendments to the Floor Brokerage Assessment, as set forth above, are scheduled to become effective for trades settling on or after April 2, 2007.

The Exchange also proposes to make a minor technical change to clarify that the title “Summary of Equity Option and RUT and RMN Charges” should appear on each page of that section of the fee schedule rather than merely on the first page.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and a copy of the Exchange’s Summary of Equity Option and RUT and RMN Charges and Summary of Index Option and U.S. Dollar-Settled Foreign Currency Option Charges is attached hereto as Exhibit 5.

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2. Procedures of the Self-Regulatory Organization

The Executive Committee, pursuant to delegated authority, approved the proposal for filing with the Securities and Exchange Commission ("SEC" or "Commission") on March 29, 2007.

Questions and comments on the proposed rule change may be directed to Cynthia Hoekstra, Vice President, at (215) 496-5066 or Edith Hallahan, Senior Vice President and Deputy General Counsel, 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 amending the Floor Brokerage Assessment, including effectively lowering the monthly fee cap to $10,000,\(^3\) is to create a financial incentive for floor brokers to send additional order flow to the Exchange, which should, in turn, allow the Exchange to remain competitive.

The purpose of setting forth the title “Summary of Equity Option and RUT and RMN Charges” on each applicable page of the fee schedule is to codify a change that was recently made to the Exchange’s fee schedule. The Exchange recently filed a proposed rule change to assess equity option charges (including payment for order flow charges),

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\(^{3}\) Although the fee schedule will reflect a cap of $10,000, in actuality listing the cap is just for clarity; mathematically, the cap would exist anyway because the 5% assessment would be applied to the monthly net floor brokerage income for all amounts up to and including $200,000. For example, if the net floor brokerage income is $300,000 for a particular month, then the first $200,000 would be assessed a rate of 5%, (which is $10,000) and the remainder ($100,000) would not be charged any additional Floor Brokerage Assessment.
as opposed to index option charges, on (1) options on the Russell 2000® Index\(^4\) traded under the symbol RUT (the "Full Value Russell Index"), and (2) options on the one-tenth value Russell 2000® Index traded under the symbol RMN (the "Reduced Value Russell Index").\(^5\) The Exchange changed the title of the first page of the equity option fee schedule from “Summary of Equity Option Charges” to Summary of Equity Option and RUT and RMN Charges”, but inadvertently did not make corresponding changes to the title on each subsequent page of the equity option fee schedule. Thus, placing the title “Summary of Equity Option and RUT and RMN Charges” on each page will more accurately reflect the changes that were recently made to the Exchange’s fee schedule, as described above.

b. **Statutory Basis**

The Exchange believes that its proposal to amend its schedule of fees is consistent with Section 6(b) of the Act\(^6\) in general, and furthers the objectives of Section 6(b)(4) of

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the Act\(^7\) in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members.

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

The Phlx 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. **Extension of Time Period for Commission Action**

The Exchange 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)**

The foregoing proposed rule change establishes or changes a due, fee, or other charge applicable only to a member pursuant to Section 19(b)(3)(A)(ii) of the Act\(^8\) and Rule 19b-4(f)(2)\(^9\) thereunder. Accordingly, the proposal will take effect upon filing with the Commission. 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.

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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**.

5. Summary of Equity Option and RUT and RMN Charges and Summary of Index Option and U.S. Dollar-Settled Foreign Currency Option Charges.
SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-Phlx-2007-32)

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to the Equity Option and Index Option Floor Brokerage Assessment

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 ________________ 2007, the 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. 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

The Phlx, pursuant to Section 19(b)(1) of the Act\(^3\) and Rule 19b-4 thereunder,\(^4\) proposes to amend the equity option and index option Floor Brokerage Assessment to change the levels of the monthly net floor brokerage income and corresponding assessment and to effectively reduce the fee cap from $100,000 per month to $10,000 per month. The proposed equity option and index option Floor Brokerage Assessment is set forth below:

Monthly Net Floor Assessment
Brokerage Income

$0 - $200,000  5% for all amounts up to and including $200,000
Any amount over $200,000  No additional charge

Monthly Cap: $10,000

The proposed amendments to the Floor Brokerage Assessment, as set forth above, are scheduled to become effective for trades settling on or after April 2, 2007.

The Exchange also proposes to make a minor technical change to clarify that the title “Summary of Equity Option and RUT and RMN Charges” should appear on each page of that section of the fee schedule rather than merely on the first page.


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 Phlx 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 amending the Floor Brokerage Assessment, including effectively
lowering the monthly fee cap to $10,000,⁵ is to create a financial incentive for floor brokers to send additional order flow to the Exchange, which should, in turn, allow the Exchange to remain competitive.

The purpose of setting forth the title “Summary of Equity Option and RUT and RMN Charges” on each applicable page of the fee schedule is to codify a change that was recently made to the Exchange’s fee schedule. The Exchange recently filed a proposed rule change to assess equity option charges (including payment for order flow charges), as opposed to index option charges, on (1) options on the Russell 2000® Index⁶ traded under the symbol RUT (the "Full Value Russell Index"), and (2) options on the one-tenth value Russell 2000® Index traded under the symbol RMN (the "Reduced Value Russell Index").⁷ The Exchange changed the title of the first page of the equity option fee schedule from “Summary of Equity Option Charges” to Summary of Equity Option and

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⁵ Although the fee schedule will reflect a cap of $10,000, in actuality listing the cap is just for clarity; mathematically, the cap would exist anyway because the 5% assessment would be applied to the monthly net floor brokerage income for all amounts up to and including $200,000. For example, if the net floor brokerage income is $300,000 for a particular month, then the first $200,000 would be assessed a rate of 5%, (which is $10,000) and the remainder ($100,000) would not be charged any additional Floor Brokerage Assessment.

⁶ Russell 2000® is a trademark and service mark of the Frank Russell Company, used under license. Neither Frank Russell Company’s publication of the Russell Indexes nor its licensing of its trademarks for use in connection with securities or other financial products derived from a Russell Index in any way suggests or implies a representation or opinion by Frank Russell Company as to the attractiveness of investment in any securities or other financial products based upon or derived from any Russell Index. Frank Russell Company is not the issuer of any such securities or other financial products and makes no express or implied warranties of merchantability or fitness for any particular purpose with respect to any Russell Index or any data included or reflected therein, nor as to results to be obtained by any person or any entity from the use of the Russell Index or any data included or reflected therein.

RUT and RMN Charges”, but inadvertently did not make corresponding changes to the title on each subsequent page of the equity option fee schedule. Thus, placing the title “Summary of Equity Option and RUT and RMN Charges” on each page will more accurately reflect the changes that were recently made to the Exchange’s fee schedule, as described above.

2. Statutory Basis

The Exchange believes that its proposal to amend its schedule of fees is consistent with Section 6(b) of the Act\footnote{15 U.S.C. 78f(b).} in general, and furthers the objectives of Section 6(b)(4) of the Act\footnote{15 U.S.C. 78f(b)(4).} in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members.

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 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 rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act\textsuperscript{10} and paragraph (f)(2) of Rule 19b-4\textsuperscript{11} thereunder. 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-2007-32 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.


\textsuperscript{11} 17 CFR 240.19b-4(f)(2).
All submissions should refer to File Number SR-Phlx-2007-32. 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 the Phlx. 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-Phlx-2007-32 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.12

Nancy M. Morris
Secretary

Exhibit 5

SUMMARY OF EQUITY OPTION AND RUT AND RMN CHARGES (p. 1/6)

OPTION COMPARISON CHARGE** (applicable to all trades – except specialist trades)

<table>
<thead>
<tr>
<th></th>
<th>Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered Option Trader</td>
<td>$0.03 per contract</td>
</tr>
<tr>
<td>Firm / Proprietary1</td>
<td>$0.04 per contract</td>
</tr>
<tr>
<td>Customer Executions, Broker-Dealer Orders</td>
<td>No charge</td>
</tr>
</tbody>
</table>

OPTION TRANSACTION CHARGE**

<table>
<thead>
<tr>
<th></th>
<th>Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Executions</td>
<td>No charge</td>
</tr>
<tr>
<td>Firm / Proprietary2</td>
<td>$0.20 per contract</td>
</tr>
<tr>
<td>Firm / Proprietary Facilitation</td>
<td>$0.10 per contract</td>
</tr>
<tr>
<td>Registered Option Trader (on-floor) *</td>
<td>$0.19 per contract</td>
</tr>
<tr>
<td>Specialist * 9</td>
<td>$0.21 per contract</td>
</tr>
<tr>
<td>Broker/Dealer3 (AUTOM-delivered)</td>
<td>$0.45 per contract</td>
</tr>
<tr>
<td>Broker/Dealer4 (non-AUTOM-delivered)</td>
<td>$0.25 per contract</td>
</tr>
</tbody>
</table>

** When contra-party to non-AUTOM delivered customer orders, ROT transaction and comparison charges and Specialist transaction charges will not be assessed on additional qualifying transactions on option contracts that number greater than 14,000, calculated per day: (1) per equity option overlying the same underlying security; (2) per RUT option; and (3) per RMN option. A per contract side license fee will be imposed after the 14,000 cap is met in connection with certain products that carry license fees. For a complete list of these product symbols and applicable license fees, see the $60,000 Firm Related Equity Option and Index Option Cap Fee Schedule.

+ Subject to a maximum fee of $60,000, except for certain license fees which are assessed per contract side – see $60,000 “Firm Related” Equity Option and Index Option Cap.

* ROTs are eligible for a $0.08/contract side rebate and specialists are eligible for a $0.07/contract side rebate for trades occurring as part of a dividend, merger or short stock interest strategy. The net transaction and comparison charges after the rebate is applied will be capped at $1,000 for dividend, merger and short stock interest strategies executed on the same trading day in the same options class. Net equity option transaction and comparison charges for dividend, merger and short stock interest strategies combined will be further capped at $25,000 per member organization per month. A $0.05 per contract side license fee is imposed for dividend and short stock interest strategies in connection with certain products that carry license fees. For a complete list of these product symbols, see the $60,000 Firm-Related Equity Option and Index Option Cap Fee Schedule.

ϑ A fee credit of $0.21 per contract applies to specialists that incur option transaction charges when a customer order is delivered to the limit order book via the Exchange’s Options Floor Broker Management System and is then sent and executed via the Intermarket Options Linkage as a P/A Order. The fee credit is scheduled to expire on July 31, 2007.

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1 For the purpose of this Summary of Equity Option Charges, the Firm / Proprietary comparison or transaction charge applies to member organizations for orders for the proprietary account of any member or non-member broker-dealer that derives more than 35% of its annual, gross revenues from commissions and principal transactions with customer. Member organizations will be required to verify this amount to the Exchange by certifying that they have reached this threshold and by submitting a copy of their annual report, which was prepared in accordance with Generally Accepted Accounting Principles (“GAAP”). In the event that a firm has not been in business for one year, the most recent quarterly reports, prepared in accordance with GAAP, will be accepted.

2 See footnote 1.

3 For the purpose of this Summary of Equity Option Charges, this charge applies to members for transactions, received from other than the floor of the Exchange, for any account (i) in which the holder of beneficial interest is a member or non-member broker-dealer or (ii) in which the holder of beneficial interest is a person associated with or employed by a member or non-member broker-dealer. This includes transactions for the account of an ROT entered from off-floor.

4 See footnote 3.
OPTION TRANSACTION CHARGE

<table>
<thead>
<tr>
<th>Linkage Type</th>
<th>Charge per Contract</th>
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</thead>
<tbody>
<tr>
<td>“P” Orders</td>
<td>$.25</td>
</tr>
<tr>
<td>“P/A” Orders</td>
<td>$.15</td>
</tr>
</tbody>
</table>

OPTION FLOOR BROKERAGE ASSESSMENT

<table>
<thead>
<tr>
<th>Monthly Net Floor Brokerage Income</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 to $200,000</td>
<td>5.5% for all amounts up to and including $200,000</td>
</tr>
<tr>
<td>[$300,001 - $500,000]</td>
<td>6.5% (excess &gt; $300,000)</td>
</tr>
<tr>
<td>Any amount over $200,000</td>
<td>No additional charge</td>
</tr>
<tr>
<td>[$500,001 and Over]</td>
<td>7.5% (excess &gt; $500,000)</td>
</tr>
</tbody>
</table>

Monthly Cap: $10[0],000

CANCELLATION FEE

$1.10 per order for each cancelled AUTOM-delivered order in excess of the number of orders executed on the Exchange by a member organization in a given month. The cancellation fee is not assessed in a month in which fewer than 500 AUTOM-delivered orders are cancelled.

SPECIALIST DEFICIT (Shortfall) FEE

$.35 per contract for specialists trading any top 120 equity option if 12% of the total national monthly contract volume (“volume threshold”) for such top 120 equity option is not effected on the PHLX. The fee shall be limited to the following caps imposed per month per option, subject to the Transition Period described below:

- If Phlx volume in any top 120 equity option, except options on Nasdaq-100 Index Tracking StockSM (traded under the symbol QQQQ), is less than or equal to 50 percent of the current volume threshold (presently 6 percent), a cap of $10,000 will apply,
- If Phlx volume in any top 120 equity option, except options on QQQQ, is greater than 50 percent of the current volume threshold (presently 6 percent) and less than the volume threshold, a cap of $5,000 will apply,
- If Phlx volume in options on QQQQ, is less than or equal to 50 percent of the current volume threshold (presently 6 percent) and less than the volume threshold, a cap of $20,000 will apply,
- If Phlx volume in options on QQQQ, is greater than 50 percent of the current volume threshold (presently 6 percent) and less than the volume threshold, a cap of $10,000 will apply.

When a specialist unit's trading volume in any top 120 equity option, effected on the Exchange in one month, exceeds 15% of the total national contract volume for such top 120 equity option in that same month, a shortfall credit of $0.35 per contract will be applied to such specialist unit's invoice, the dollar amount of which shall (i) directly correspond to the number of contracts of such top 120 equity option in excess of 15% of the total national contract volume for such top 120 equity option, and (ii) offset any shortfall fee charged to such specialist unit with respect to any other top 120 equity option traded in that same month; provided that such shortfall credit shall not (a) exceed the total amount of any shortfall fee charged to such specialist unit with respect to any other top 120 equity option traded in that same month, and (b) be applied against any other Exchange charges on the invoice(s) of such specialist unit or subsidiary of such specialist unit. Any excess shortfall credit will not be carried over to subsequent months.

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5 Fees for Linkage “P” and “P/A” Orders are subject to a pilot program scheduled to expire July 31, 2007.
6 The Nasdaq-100®, Nasdaq-100 Index®, Nasdaq®, The Nasdaq Stock Market®, Nasdaq-100 SharesSM, Nasdaq-100 TrustSM, Nasdaq-100 Index Tracking StockSM, and QQQSM are trademarks or service marks of The Nasdaq Stock Market, Inc. (Nasdaq) and have been licensed for use for certain purposes by the Philadelphia Stock Exchange pursuant to a License Agreement with Nasdaq. The Nasdaq-100 Index® (the Index) is determined, composed, and calculated by Nasdaq without regard to the Licensee, the Nasdaq-100 TrustSM, or the beneficial owners of Nasdaq-100 SharesSM. Nasdaq has complete control and sole discretion in determining, comprising, or calculating the Index or in modifying in any way its method for determining, comprising, or calculating the Index in the future.
Transition Period

For any top 120 equity option listed after February 1, 2004 and for any top 120 equity option acquired by a new specialist unit** within the first 60-days of operations, the following thresholds will apply, with a cap of $10,000 for the first 4 full months of trading per month per option provided that the total monthly market share effected on the Phlx in that top 120 equity option is equal to or greater than 50% of the volume threshold in effect:

| First full month of trading: | 0% national market share |
| Second full month of trading: | 3% national market share |
| Third full month of trading: | 6% national market share |
| Fourth full month of trading: | 9% national market share |
| Fifth full month of trading (and thereafter): | 12% national market share |

** A new specialist unit is one that is approved to operate as a specialist unit by the Options Allocation, Evaluation, and Securities Committee on or after February 1, 2004 and is a specialist unit that is not currently affiliated with an existing options specialist unit as reported on the member organization’s Form BD, which refers to direct and indirect owners, or as reported in connection with any other financial arrangement, such as is required by Exchange Rule 783.

REAL-TIME RISK MANAGEMENT FEE

$.0025 per contract for firms/members receiving information on a real-time basis

EQUITY OPTION PAYMENT FOR ORDER FLOW FEES*

(1) For trades resulting from either Directed or non-Directed Orders that are delivered electronically and executed on the Exchange: Assessed on ROTs, specialists and Directed ROTs on those trades when the specialist unit or Directed ROT elects to participate in the payment for order flow program.***

(2) No payment for order flow fees will be assessed on trades that are not delivered electronically.

| QQQQ and options that are trading in the Penny Pilot Program | $0.25 per contract |
| Remaining Equity Options | $0.70 per contract |

See Appendix A for additional fees.

*Assessed on transactions resulting from customer orders and are available to be disbursed by the Exchange according to the instructions of the specialist units/specialists or Directed ROTs to order flow providers who are members or member organizations, who submit, as agent, customer orders to the Exchange or non-members or non-member organizations who submit, as agent, customer orders to the Exchange through a member or member organization who is acting as agent for those customer orders. This proposal will be in effect for trades settling on or after October 1, 2005 and will remain in effect as a pilot program that is scheduled to expire on May 27, 2007.

***Any excess payment for order flow funds billed but not utilized by the specialist or Directed ROT will be carried forward unless the Directed ROT or specialist elects to have those funds rebated to the applicable ROT, Directed ROT or specialist on a pro rata basis, reflected as a credit on the monthly invoices. At the end of each calendar quarter, the Exchange will calculate the amount of excess funds from the previous quarter and subsequently rebate excess funds on a pro-rata basis to the applicable ROT, Directed ROT or specialist who paid into that pool of funds.
# STREAMING QUOTE TRADER FEES

<table>
<thead>
<tr>
<th>Category I</th>
<th>No Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>SQT is Eligible to trade:</td>
<td></td>
</tr>
<tr>
<td>▪ Up to 200 equity and index options issues</td>
<td></td>
</tr>
<tr>
<td>▪ Not eligible for a permit credit</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category II</th>
<th>$2200.00 per calendar month</th>
</tr>
</thead>
<tbody>
<tr>
<td>SQT is Eligible to trade:</td>
<td></td>
</tr>
<tr>
<td>▪ Up to 400 equity and index options issues</td>
<td></td>
</tr>
<tr>
<td>▪ Maximum permit credit is $2200.00 per month</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category III</th>
<th>$3200.00 per calendar month</th>
</tr>
</thead>
<tbody>
<tr>
<td>SQT is Eligible to trade:</td>
<td></td>
</tr>
<tr>
<td>▪ Up to 600 equity and index options issues</td>
<td></td>
</tr>
<tr>
<td>▪ Maximum permit credit is $3200.00 per month</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category IV</th>
<th>$4200.00 per calendar month</th>
</tr>
</thead>
<tbody>
<tr>
<td>SQT is Eligible to trade:</td>
<td></td>
</tr>
<tr>
<td>▪ Up to 800 equity and index options issues</td>
<td></td>
</tr>
<tr>
<td>▪ Maximum permit credit is $4200.00 per month</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category V</th>
<th>$5200.00 per calendar month</th>
</tr>
</thead>
<tbody>
<tr>
<td>SQT is Eligible to trade:</td>
<td></td>
</tr>
<tr>
<td>▪ Up to 1000 equity and index options issues</td>
<td></td>
</tr>
<tr>
<td>▪ Maximum permit credit is $5200.00 per month</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category VI</th>
<th>$6200.00 per calendar month</th>
</tr>
</thead>
<tbody>
<tr>
<td>SQT is Eligible to trade:</td>
<td></td>
</tr>
<tr>
<td>▪ Up to 1200 equity and index options issues</td>
<td></td>
</tr>
<tr>
<td>▪ Maximum permit credit is $6200.00 per month</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category VII</th>
<th>$7200.00 per calendar month</th>
</tr>
</thead>
<tbody>
<tr>
<td>SQT is Eligible to trade:</td>
<td></td>
</tr>
<tr>
<td>▪ All listed equity and index options</td>
<td></td>
</tr>
<tr>
<td>▪ Maximum permit credit is $7200.00 per month</td>
<td></td>
</tr>
</tbody>
</table>

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7 A member organization will be assessed an SQT fee based on the aggregate amount of equity options and index options traded by the SQTs in that member organization.

8 A member organization will be eligible to receive monthly credit against the SQT fee for the number of actual permits issued to the member organization that are utilized by an SQT.
SUMMARY OF EQUITY OPTION AND RUT AND RMN CHARGES (p. 5/6)

REMOTE STREAMING QUOTE TRADER FEES

Category I: $1700.00 per calendar month
RSQT is Eligible to trade:
- 1 issue selected from the top 5 national volume leaders.
- 1 issue selected from the 6th to 10th national volume leaders.
- 3 issues selected from the 11th to 25th national volume leaders.
- 4 issues selected from the 26th to 50th national volume leaders.
- 1 index issue.
- 190 other issues.
Maximum credit is $1200 per calendar month.

Category II: $3200.00 per calendar month
RSQT is Eligible to trade:
- 2 issues selected from the top 5 national volume leaders.
- 2 issues selected from the 6th to 10th national volume leaders.
- 6 issues selected from the 11th to 25th national volume leaders.
- 8 issues selected from the 26th to 50th national volume leaders.
- 2 index issues.
- 380 other issues.
Maximum credit is $2200.00 per calendar month.

Category III: $4700.00 per calendar month
RSQT is Eligible to trade:
- 3 issues selected from the top 5 national volume leaders.
- 3 issues selected from the 6th to 10th national volume leaders.
- 9 issues selected from the 11th to 25th national volume leaders.
- 12 issues selected from the 26th to 50th national volume leaders.
- 3 index issues.
- 570 other issues.
Maximum credit is $3200.00 per calendar month.

Category IV: $6200.00 per calendar month
RSQT is Eligible to trade:
- 4 issues selected from the top 5 national volume leaders.
- 4 issues selected from the 6th to 10th national volume leaders.
- 12 issues selected from the 11th to 25th national volume leaders.
- 16 issues selected from the 26th to 50th national volume leaders.
- 5 index issues.
- 759 other issues.
Maximum credit is $4200.00 per calendar month.

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9 RSQT member organizations’ fees are subject to credits based on the number of permits applicable to such member organization, subject to the maximum allowable permit credit applicable to each RSQT category. For a complete schedule of permit fees, see Appendix A.
SUMMARY OF EQUITY OPTION AND RUT AND RMN CHARGES (p. 6/6)

Category V: $7700.00 per calendar month
RSQT is Eligible to trade:
- 5 issues selected from the top 5 national volume leaders.
- 5 issues selected from the 6th to 10th national volume leaders.
- 15 issues selected from the 11th to 25th national volume leaders.
- 20 issues selected from the 26th to 50th national volume leaders.
- 7 index issues.
- 948 other issues.
Maximum credit is $5200.00 per calendar month.

Category VI: $9200.00 per calendar month
RSQT is Eligible to trade:
- 5 issues selected from the top 5 national volume leaders.
- 5 issues selected from the 6th to 10th national volume leaders.
- 15 issues selected from the 11th to 25th national volume leaders.
- 25 issues selected from the 26th to 50th national volume leaders.
- 9 index issues.
- 1141 other issues.
Maximum credit is $6200.00 per calendar month.

Category VII: $10,700.00 per calendar month
RSQT is eligible to trade all equity option and index option issues.
Maximum credit is $7200.00 per calendar month.
SUMMARY OF INDEX OPTION AND U.S. DOLLAR-SETTLED FOREIGN CURRENCY OPTION* CHARGES (p. 1/1)

OPTION COMPARISON CHARGE (applicable to all trades – except specialist trades)

- Registered Option Trader: $0.03 per contract
- Firm (Proprietary and Customer Executions)$10+: $0.04 per contract

OPTION TRANSACTION CHARGE

- Customer Executions: $0.40 per contract
- Firm/Proprietary**:11+: $0.20 per contract
- Firm/Proprietary Facilitation: $0.20 per contract
- Registered Option Trader: $0.21 per contract
- Specialist: $0.24 per contract

OPTION FLOOR BROKERAGE ASSESSMENT

<table>
<thead>
<tr>
<th>Monthly Net Floor Brokerage Income</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 to $[(3]200,000</td>
<td>5.5% for all amounts up to and including $200,000</td>
</tr>
<tr>
<td>$[300,001 - $500,000] Any amount over $200,000</td>
<td>6.5% (excess &gt; $300,000)</td>
</tr>
<tr>
<td>$[500,001 and Over]</td>
<td>7.5% (excess &gt; $500,000)</td>
</tr>
</tbody>
</table>

Monthly Cap: $10,000,000

CANCELLATION FEE

$1.10 per order for each cancelled AUTOM-delivered order in excess of the number of orders executed on the Exchange by a member organization in a given month. The cancellation fee is not assessed in a month in which fewer than 500 AUTOM-delivered orders are cancelled.

REAL-TIME RISK MANAGEMENT FEE

$.0025 per contract for firms/members receiving information on a real-time basis

See Appendix A for additional fees.

* Subject to a maximum fee of $60,000, except for certain license fees which are assessed per contract side – see $60,000 “Firm Related” Equity Option and Index Option Cap.
* U.S. dollar-settled foreign currency options include XDB and XDE.
* Non-clearing firm members’ proprietary transactions are eligible for the “firm” rate based upon submission of a PHLX rebate request form with supportive documentation within thirty (30) days of invoice date.

10 For the purpose of this Summary of Equity Option Charges, the Firm / Proprietary comparison or transaction charge applies to member organizations for orders for the proprietary account of any member or non-member broker-dealer that derives more than 35% of its annual, gross revenues from commissions and principal transactions with customers. Member organizations will be required to verify this amount to the Exchange by certifying that they have reached this threshold and by submitting a copy of their annual report, which was prepared in accordance with Generally Accepted Accounting Principles (“GAAP”). In the event that a firm has not been in business for one year, the most recent quarterly reports, prepared in accordance with GAAP, will be accepted.
11 See footnote 10.