

MEMORANDUM

TO: Members and Member Organizations

FROM: John Dayton

DATE: April 10, 2008

RE: Qualified Contingent Trade Size on XLE

The Securities and Exchange Commission (“Commission”) has eliminated the size restriction on Qualified Contingent Trades on XLE. Currently, Phlx accommodates the trade-through exemption for Qualified Contingent Trades by allowing two-sided orders or “crosses” on XLE marked as Qualified Contingent Trades. To this point, XLE rejects crosses marked as Qualified Contingent Trades if the cross is less than 10,000 shares or has a dollar value of less than \$200,000. With this change from the Commission, XLE will not reject a cross marked as Qualified Contingent Trade based on its size.

It is important to note that all other requirements for crosses marked as Qualified Contingent Trade remain in place. The following link contains the Commission order and states the remaining tests for the Qualified Contingent Trade exemption: <http://www.sec.gov/rules/exorders/2008/34-57620.pdf>

Questions regarding crosses marked Qualified Contingent Trade may be directed to Christine McMaster at (215) 496-1486. Questions regarding XLE functionality may be directed to the XLE Help Desk at (215) 496-5311 or 1-877-678-PHLX.