

MEMORANDUM

TO: PHLX Members, Participants, Member Organizations and Participant Organizations

FROM: Office of the Secretary

RE: Executive Committee Meeting of June 27, 2008

DATE: July 2, 2008

The Executive Committee of the Philadelphia Stock Exchange, Inc. (“Phlx” or the “Exchange”) Board of Governors convened on Friday, June 27, 2008, and, pursuant to delegated authority of the Board of Governors under By-Law Article X, Section 10-14(b), took the following actions:

- Approved the draft minutes of the Executive Committee Meeting of June 12, 2008.
- Approved and authorized staff to file a proposed rule change with the Securities and Exchange Commission (“SEC”) to increase the position limits for narrow-based (industry indexes, and to authorize staff to make any additional changes or amendments needed for Commission authorization of the proposal or for purposes of uniformity.
- Approved and authorized a request to upgrade the Options Ticker System and Data Broker platforms in order to provide the increased level of capacity and data services to Phlx Trading systems and floor.
- Approved and authorized staff to file to adopt with the SEC, Commentary .08 to Exchange Rule 1080 to automate the process for handling complex orders on the Exchange’s electronic trading platform for options, Phlx XL.
- Approved and authorized staff to file to adopt with the SEC, amendments to Exchange Rule 1064, Crossing, Facilitation and Solicited Orders, to provide that the percentage of the order which a Floor Broker is entitled to cross in equity, index and U.S. dollar settled foreign currency options, after all public customer orders that were (1) on the limit order book and then (2) represented in the trading crowd at the time the market was established have been satisfied, is 40% of the remaining contracts in the order if the order is traded at or between the best bid or offer given by the crowd in response to the Floor Broker’s initial request for a market.

- Authorized and approved staff to file a proposed rule change with the SEC to extend for a one-year period, until July 31, 2009, the pilot programs relating to: (1) the Linkage Option Transaction Charge of \$0.25 per contract for Principal (“P”) Orders and \$0.15 per contract for Principal Acting as Agent (“P/A”) Orders; (2) the specialist option transaction charge credit of \$0.21 per contract, which applies to specialists that incur option transaction charges when a customer order is delivered electronically via Phlx XL or via FBMS, and is subsequently executed via Linkage as a P/A order; and (3) the Floor Broker Linkage P/A fee and Options Specialist Unit Credit, which assesses floor brokers an amount equal to the transaction fee(s) assessed on options specialist units by another exchange in connection with customer orders that are delivered to the limit order book via FBMS and executed via Linkage as P/A orders. Options specialist units are then credited an amount equal to the transaction fee(s) assessed on them by another exchange in connection with executing customer orders that are delivered to the limit order book via FBMS and executed via Linkage as a P/A order. All of these pilot programs are currently scheduled to expire on July 31, 2008.
- Authorized and approved various pre-closing transition and integration expenditures.
- Authorized and approved the spin-off of the Philadelphia Stock Exchange Foundation.
- Authorized and approved a consulting agreement relating to the integration of trading and business operations.
- Authorized and approved a service agreement with the Philadelphia Stock Exchange Foundation regarding the archiving of Phlx historical artifacts and documents.
- Authorized and adopted various Compensation Committee recommendations.