

## Memorandum

**TO:** Members and Member Organizations

**FROM:** William N. Briggs, Jr., Executive Vice President  
Strategic Financial Management & Administration

**DATE:** March 14, 2008

**SUBJECT:** Floor Broker Linkage Charge and Specialist Linkage Credit Pilot Program

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The Exchange filed a proposed rule change with the Securities and Exchange Commission to charge 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 the Exchange's Options Floor Broker Management System<sup>1</sup> ("FBMS") and executed via the Intermarket Option Linkage ("Linkage")<sup>2</sup> as Principal Acting as Agent ("P/A") orders. In its filing, the Exchange also proposed to provide to options specialist units a credit in 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 P/A orders. (See Phlx Memo No. 0412-08, dated February 28, 2008).

The Exchange intends to implement the fee and credit described above for trades settling on or after March 17, 2008 through July 31, 2008.<sup>3</sup>

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<sup>1</sup>See Exchange Rule 1080, Commentary .06.

<sup>2</sup> Linkage is governed by the Options Linkage Authority under the conditions set forth under the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage (the "Plan") approved by the Securities and Exchange Commission ("SEC"). The registered U.S. options markets are linked together on a real-time basis through a network capable of transporting orders and messages to and from each market.

<sup>3</sup> The fee and credit as described above are scheduled to be in effect for the same time period as fees for Linkage Principal ("P") and P/A orders.