

MEMORANDUM

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

FROM: Office of the Secretary

RE: Executive Committee Meeting of May 8, 2008

DATE: May 8, 2008

The Executive Committee of the Philadelphia Stock Exchange, Inc. (“Phlx” or the “Exchange”) Board of Governors convened on Thursday, May 8, 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 April 24, 2008.
- Approved and authorized staff to file a proposed rule change with the Securities and Exchange Commission (“SEC”), to extend its payment for order flow pilot program, which is currently in effect until May 27, 2008, for an additional one-year period until May 27, 2009 and to make a minor technical amendment to the fee schedule to clarify the options that trade in the Penny Pilot Program. The payment for order flow pilot program will continue to eliminate the payment for order flow fee on transactions executed on the Exchange as a result of an outbound Linkage Principal Acting as Agent (“P/A”) order.
- Approved and authorized staff to file to adopt with the SEC, amendments to Exchange Rule 1092, to: (i) define the Theoretical Price of a Catastrophic Error; (ii) extend the time period for member notification to Exchange staff that the member believes it has participated in a trade that resulted from a Catastrophic Error; and (iii) state in the Rule that, if the parties to such a trade do not agree on an adjustment price, trades resulting from a Catastrophic Error will be adjusted to the Theoretical Price of the affected option series, plus or minus a pre-determined adjustment value, depending on the Theoretical Price of the series.

- Approved and authorized staff to file a rule change proposal with the SEC to modify its rules including Phlx Rules 1079 (FLEX Index, Equity and Currency Options), 1001A (Position Limits), and 1101A (Terms of Options Contracts) to enable the Exchange to list and trade full and reduced value options on the Nasdaq 100 Index (NDX and MNX, respectively); and to authorize staff to make any additional changes or amendments needed for SEC authorization of the proposal or for purposes of uniformity.

- Approved and authorized staff to indicate to OPRA the approval of the Exchange to file an amendment to the OPRA Plan to revise the definition of the term “Nonprofessional” and to adopt a new Policy with respect to the revised definition; and to authorize staff to make any additional changes or amendments needed for SEC authorization of the proposal or for purposes of uniformity.

- Approved and authorized the provision of delegated authority to the Chief Operating Officer of the Exchange, or his designee, for the purpose of approving any future routine OPRA Plan changes.

- Approved and authorized staff to file an amendment to the Options Listing Procedures Plan to: a) provide for a uniform time frame for the introduction of new Long-term Equity Anticipation Securities (“LEAPS” or “LEAP”) options; b) authorize participants to coordinate the date of the introduction of new LEAP option classes; and c) authorize staff to make any additional changes or amendments needed for SEC authorization of the proposal or for purposes of uniformity.

- Approved and authorized the following budgeted capital requests for: (i) deploying Intrusion Prevention to the Phlx networks as per a request by the SEC; and (ii) purchase of Enterprise storage required to address continued increases of the Phlx trade and quote data and to assist in efforts related to storage consolidation and data classification.