

MEMORANDUM

TO: All Option Members, Member Organizations & ROTs  
 FROM: Market Watch  
 DATE: January 11, 2008  
 RE: Position/Exercise Limits Review for PHLX Sector Options

In accordance with PHLX Rule 1001A, the Exchange has conducted a semi-annual review of index option position and exercise limits. Below are the listings of the position and exercise limits for the index option classes traded on the Exchange in accordance with the semi-annual review. Please note that all option symbols (due to wrap-arounds/quarterly) are aggregated for position limit purposes.

**Table A displays issues scheduled to decrease as determined by the July 2007 review.**

TABLE A

<u>Index</u>	<u>Option Symbol</u>	<u>Existing Limit</u>	<u>Reduced Limit</u>	<u>Effective Date</u>
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**Table B displays issues scheduled to increase/decrease as determined by the January 2008 review.**

TABLE B

<u>Index</u>	<u>Option Symbol</u>	<u>Existing Limit</u>	<u>Revised Limit</u>	<u>Effective Date</u>
PHLX Housing Sector <sup>SM</sup>	HGX <sup>SM</sup>	31,500	24,000	September 22, 2008
PHLX Oil Service Sector <sup>SM</sup>	OSX <sup>SM</sup>	31,500	24,000	December 22, 2008

**Table C displays issues whose P/E limits will remain unchanged.**

TABLE C

<u>Index</u>	<u>Option Symbol</u>	<u>Existing Limit</u>
PHLX/KBW Bank Index	BKX <sup>SM</sup>	44,000 contracts
PHLX Defense Sector <sup>SM</sup>	DFX <sup>SM</sup>	31,500 contracts
The Street.com Internet Sector	DOT <sup>SM</sup>	31,500 contracts
SIG Oil Exploration & Production Index <sup>TM</sup>	EPX <sup>SM</sup>	31,500 contracts
Hapoalim American Israeli Index <sup>TM</sup>	HAI <sup>SM</sup>	31,500 contracts
KBW Regional Banking Index	KRX <sup>SM</sup>	31,500 contracts
KBW Mortgage Finance Index	MFX <sup>SM</sup>	31,500 contracts
PHLX Drug Sector <sup>SM</sup>	RXS <sup>SM</sup>	24,000 contracts
PHLX Marine Shipping Sector <sup>SM</sup>	SHX <sup>SM</sup>	31,500 contracts
PHLX Semiconductor Sector <sup>SM</sup>	SOX <sup>SM</sup>	31,500 contracts
SIG Steel Producers Index <sup>TM</sup>	STQ <sup>SM</sup>	31,500 contracts
PHLX Utility Sector <sup>SM</sup>	UTY <sup>SM</sup>	31,500 contracts
PHLX Gold/Silver Sector <sup>SM</sup>	XAU <sup>SM</sup>	24,000 contracts

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2 or (215) 496-1508.