



MEMO #: 1776-08

MEMORANDUM

To: All Members, Member Organizations and Participant Organizations  
From: Examinations Department *WAD*  
Re: Foreign Currency Option Margin Levels  
Date: October 15, 2008

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On July 15, 1998, the Securities and Exchange Commission ("SEC") approved an amendment to Philadelphia Stock Exchange ("Phlx" or the "Exchange") Rule 722 – Margin Accounts, which adopted a statistical methodology of calculating customer initial and maintenance margin requirements for foreign currency options based on historical price changes. Under the amended rule, the Phlx calculates a separate margin requirement for each currency individually rather than a single uniform rate across the various currencies. The Exchange determines the applicable margin percentage by reviewing on a quarterly calendar basis, five day price changes over the preceding three year period for each underlying currency. The minimum margin requirement will be set at a level, which would have covered price movements over the review period at least 97.5% of the time ("confidence level"). In instances where there is a percentage price movement which exceeds two times the margin level, the margin requirement for that currency will be set at a level which would cover 99% of all price movements.

Pursuant to the PHLX Rule 722 Commentary .16 the following margin levels are effective as of October 15, 2008. Changes are noted in italic type.

<u>Currency</u>	<u>Percentage</u>
<i>Australian dollar</i>	4.5 %
<i>British pound</i>	3.0 %
Canadian dollar	3.0 %
<i>Euro</i>	3.0 %
Japanese yen	3.5 %
Swiss franc	3.0 %

Questions regarding the above listed margin requirements, or underlying calculations may be addressed to William Bunting, Head of the Examinations Department at (215) 496-5401.