

NASDAQ OMXSM

PHLX

Memo No.# 1683-08

William Terrell
Market Operations

Tuesday, September 23, 2008

To:

Subject: New Version Release

Effective 9/24 the NASDAQ OMX PHLX will activate Automatic Quote Size Decrementation.

This new feature is an enhancement to the current Rapid Fire protection mechanism the exchange provides. The enhancement will provide single series protection for a participant's quote, eliminating the possibility of over allocating a participants quote when an automatic execution occurs.(i.e. order to quote match, quote to quote match, automatic opening trades, and complex legging.)

NASDAQ OMX PHLX will automatically generate and disseminate a new PBBO indicating the available size when a participant's quote size is reduced.

The single size exhaust and rapid fire notifications will continue to be disseminated when a participant's size is fully exhausted or rapid fire is reached.

If you have any questions regarding this notification you may contact Shelly Brown 215-496-5602 or Mike DiOrio at 215-496-6789.

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