

NASDAQ OMX

PHLX

Memo No.# 1716-08

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Market Operations

Tuesday, September 30, 2008

To: PHLX XL Customers

Subject: New Version Release

Effective 10/1/08 the NASDAQ OMX PHLX will activate a new Risk Monitoring Algorithm.

The new algorithm will improve the protecting for quoting participant when automatic trading occurs against their quote

Previous algorithm: Buy Calls & Sell Puts were offset by Sell Calls and Buy Puts

The new offset algorithm will independently calculate Calls and Puts.

- 1) Calls buy/sell
- 2) Puts buy/sell.
- 3) Sum of a) the absolute value for Calls and b) the absolute value for Puts

The customized participant/underlying configuration will continue to be supported.

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

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