

MEMORANDUM

TO: ALL EQUITY OPTIONS FLOOR MEMBERS FIRMS
FROM: WILLIAM C. TERRELL
DATE: APRIL 24, 2007
SUBJECT: USE OF NEW TRADING STRATEGY INDICATORS

As you know Phlx is automating and streamlining the billing process in connection with executing dividend, merger and short stock interest strategies. In order to accomplish this, the Exchange has determined that information indicating the type of transaction(s) be input into the trading system at the time of trade entry.

Members executing dividend , merger and short stock interest strategies are required to designate the type of strategy for each trade by entering the appropriate designator in the ID field on the trade ticket(s) as follows:

Z1 – Dividend Strategies
Z2 – Short Stock Interest Strategies
Z3 – Merger Strategies

The Exchange is installing coding into the billing system to verify each type of trade indicated by the above codes.

PLEASE NOTE: In order to receive the proper credit for each trade, it is important that each trade be entered into the system with the correct code.

REMINDER: members must continue to submit to the Accounting Department dividend, merger and short stock interest strategies rebate request forms, which are due three business days following the end of the previous month. You will be notified in a separate memorandum when this process becomes fully automated.

If you should have any questions concerning the above, please call Bill Briggs at extension 5199 or me at extension 5205.