

MEMORANDUM

TO: Options Specialist Firms

FROM: William C. Terrell

DATE: August 24, 2007

RE: Trading Halts by Options Specialists

As stated in PHLX Memorandum No. 1990-07, SR-PHLX-2007-45, Release No. 34-56198, dated August 13, 2007, PHLX has received approval of a rule change allowing specialist to halt trading in options, prior to receiving Options Exchange Official (“OEO”) approval if the underlying security has halted trading in the primary market, provided that such approval is granted within five minutes following the halt of trading in the option.

In this regard, **the Phlx-XL system allows a specialist to establish a trading halt electronically through the Specialized Quote Feed (SQF). Specialists may now utilize such functionality, subject to receiving OEO approval within 5 minutes after establishing the trading halt.**

Specialist firms should refer to the Phlx-XL SQF specification for detailed implementation instructions.

If you should have any questions concerning the above, please call Bill Terrell at extension 5205 or Shelly Brown at extension 5602.