

**MEMORANDUM**

**TO:** PHLX Members, Participants, Member Organizations and Participant Organizations

**FROM:** Office of the Secretary

**RE:** Executive Committee Meeting of August 29, 2007

**DATE:** August 30, 2007

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The Executive Committee of the Philadelphia Stock Exchange, Inc. (“Phlx” or the “Exchange”) Board of Governors convened on Wednesday, August 29, 2007, and, pursuant to delegated authority of the Board of Governors under By-Law Article X, Section 10-14(b), took the following actions:

- Approved the draft minutes of the Executive Committee Meetings of August 10, 2007 and August 22, 2007.
- Approved and authorized staff to file a proposed rule change to amend Exchange Rule 1080 and corresponding rules that reflect an automated price improvement auction known as Price Improvement XL (“PIXL”).
- Approved and authorized staff to file a proposed rule change to amend Exchange Rule 1092, Obvious Errors, to: (i) change the definition of Theoretical Price to mean either the last National Best Bid price with respect to an erroneous sell transaction and the last National Best Offer price with respect to an erroneous buy transaction, just prior to the trade; or if there are no quotes for comparison purposes or if an Options Exchange Official determines that the bid/ask differential in the affected series was unusually wide just prior to the trade, the Theoretical Price would be determined by an Options Exchange Official; (ii) determine the average quote width by adding the quote widths of sample quotations at regular 15-second intervals during the two minutes preceding and following an erroneous transaction; (iii) permit nullification or adjustment of transactions that occur during trading halts on the Exchange or in the underlying security when (A) the trade occurred during a trading halt in the affected option on the Exchange, (B) respecting equity options and options overlying ETFs, the trade occurred during a trading halt on the primary market for the underlying security; or (C) respecting index options, the trade occurred during a trading halt on the primary market in underlying securities representing more than 10% of the current index value; and (iv) increase the time period within which a party to an erroneous transaction must notify Market Surveillance that they believe they are a party to a transaction resulting from an obvious error.

- Approved and authorized staff to file a proposed rule change to amend the XLE fee schedule to: (1) create separate fee schedules for Net Makers of liquidity (“Net Makers”) and Net Takers of liquidity (“Net Taker”); (2) update the volume tier structure by reducing the volume breakpoints and thereby eliminating two of the four existing volume pricing tiers; (3) amend the credits or rebates to Net Maker liquidity providers to provide increased credits or rebates with lower monthly volume requirements; and (4) make two other minor changes to update the XLE fee schedule.
- Approved and authorized staff to file a proposed rule change to: (1) eliminate the \$0.04 per contract customer option comparison charges for U.S. Dollar-Settled Foreign Currency Option Charges; (2) adopt a separate fee schedule for U.S. Dollar-Settled Foreign Currency Option Charges; and (3) make technical changes to the current Summary of Index Option and U.S. Dollar-Settled Foreign Currency Option Charges fee schedule to incorporate the changes above.
- Approved and authorized a budgeted capital request to purchase a CPU upgrade required for the Ticker Plant upgrade which feeds both the PHLX-XL and PHLX-XLE trading platforms.