

Equities # 0344-07

To: All PHLX XLE Participants
From: PHLX Equities Surveillance Department
Date: February 9, 2007
Subject: Record of Orders on XLE

The Equities Surveillance Department reminds all XLE Participants that act in the capacity of a broker on XLE of their obligation to make and maintain the memorandum described in Rule 17a-3(a)(6) and Rule 17a-4(b)(1) for all orders and partial orders that they enter on XLE in which they act as brokers.

As described in the above noted rules, the memorandum must contain, but is not limited to, the following information: a record of each brokerage order, given or received for the purchase or sale of securities, whether executed or unexecuted. The memorandum shall show the terms and conditions of the order or instructions and any modification or cancellation thereof; the account for which entered, and the time the order was received. ***Instructions received to cancel, or cancel-replace orders, or parts of orders are also subject the time-stamp recording requirement in addition to the corresponding time-stamps for such actions on order tickets. These must be marked by either an electronic or mechanical timestamp.***

Such order memorandum, with information contained in the above named rules, whether executed, unexecuted or canceled must be made available at the request of the Exchange.

Furthermore, pursuant to PHLX Rules 760 "Maintenance, Retention and Furnishing of Books, Records and Other Information," and 960.2(b) "Investigation and Authorization of a Complaint," every member and member organization shall make, keep current and preserve such books and records and shall promptly comply with any request of the Exchange's Surveillance Departments.

Please contact Christine McMaster, Director of Equities Surveillance, at (215) 496-1486 or christine.mcmaster@phlx.com should you have any questions.