

MEMORANDUM

TO: Members and Member Organizations

FROM: Equities Surveillance Department

DATE: February 28, 2007

RE: Orders Marked ISO in XLE

The Equities Surveillance Department (“ESD”) of the Philadelphia Stock Exchange would like to remind XLE Participants of their obligation regarding Intermarket Sweep Orders (“ISO”) sent to XLE. As previously mentioned in Memo No. 2578-06, an XLE Participant sending an incoming order to XLE marked “ISO” must simultaneously send an order for the full displayed size of the top of book of every other ITS Participant displaying a better-priced quotation. Beginning March 5, 2007, an XLE Participant sending an incoming order to XLE marked “ISO” must simultaneously send an order for the full displayed size of the top of book of every protected quotation displaying a better-priced bid or offer. For definition of protected quotation, see Reg. NMS Rule 600 (b)(58).

ESD reminds all XLE Participants that documentation may be requested for verification that this obligation, as described above, has been met when sending orders marked “ISO” to the XLE system. The type of documentation requested might consist of, but is not limited to, an electronic order confirmation (such as one sent to the NYSE’s DOT system) from the DOT provider used or record of any order transmitted to another market for this purpose by other means.

Questions regarding this memo may be directed to Christine McMaster at (215) 496-1486, or by email at christine.mcmaster@phlx.com.