

MEMORANDUM

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

FROM: Office of the Secretary

RE: Executive Committee Meeting of January 10, 2007

DATE: January 16, 2007

The Executive Committee of the Philadelphia Stock Exchange, Inc. (“Phlx” or the “Exchange”) Board of Governors convened on Wednesday, January 10, 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 and authorized staff to file with the Securities and Exchange Commission (“SEC”) a proposal to indicate that Keefe Bruyette & Woods, Inc. has designated Dow Jones & Company, Inc. to replace the Exchange as the calculation agent for the current index values of the PHLX/KBW Bank Index traded under the symbol BXX.
- Approved and authorized staff to file with the SEC a proposal to clarify that Long-term Equity Anticipation Securities (“LEAPS”) can be listed at \$2.50 strike price intervals for strike prices between \$50 and \$75.
- Approved and authorized the elimination of the telephone system line extension charge of \$22.50 per month per extension for members, participants and member or participant organizations on the options and foreign currency trading floors. Any member, participant and member or participant organization may keep their four-digit line extensions without being charges, to be effective beginning January 2007.
- Approved and authorized a series of budgeted capital requests, including a Phlx symbol database for equity and options; North Jersey ticker plant disk upgrade; 8th Floor Data Center facility expansion; ACTIV ticker plant fee to replace the current collocated Hyperfeed ticker plant; Floor Broker tablet PC replacements; Enterprise email encryption software; and a new Linux server for Equity XLE-FIX interface.

- Approved and authorized staff to file with the SEC an amendment to a previously filed rule change regarding limit orders to permit Remote Streaming Quote Traders (“RSQTs”) to submit Immediate or Cancel (“IOC”) limit orders directly onto the limit order book for a minimum size of one contract and to include a provision to reduce the “counting period” during which Streaming Quote Traders (“SQTs”), RSQTs and/or specialists who quotations are locked may eliminate the locked market, from one second to ¼ of one second.
- Approved and authorized the staff to file with the SEC a proposal to implement the SQF port fee and corresponding credit effective February 1, 2007. Additionally, the amount of the credit the member organizations will be \$0.02 (an increase from \$0.01 which was previously approved) for every option contract traded (excluding trades from dividend, merger or short stock interest strategies) up to the amount of each connection to the Exchange’s systems to enter quotes.
- Approved and authorized Phlx Foundation contributions to the Waldron Mercy Academy for Mercy Outreach and the Congress of Racial Equality (“CORE”).