

MEMORANDUM

TO: All Option Members, Member Organizations & ROTs
 FROM: Market Watch
 DATE: July 18, 2007
 RE: Position/Exercise Limits for The Philadelphia Stock Exchange, Inc. (PHLX) Sector Options

In accordance with PHLX Rule 1001A, the Exchange has conducted a semi-annual review of index option position and exercise limits. Below are the listings of the position and exercise limits for the index option classes traded on the Exchange in accordance with the semi-annual review. Please note that all option symbols (due to wrap-arounds) are aggregated for position limit purposes.

Table A displays issues scheduled to decrease as determined by the January 2007 review.

TABLE A

<u>Index</u>	<u>Option Symbol</u>	<u>Existing Limit</u>	<u>Reduced Limit</u>	<u>Effective Date</u>
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Table B displays issues scheduled to increase/decrease as determined by the July 2007 review.

TABLE B

<u>Index</u>	<u>Option Symbol</u>	<u>Existing Limit</u>	<u>Revised Limit</u>	<u>Effective Date</u>
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Table C displays issues whose P/E limits will remain unchanged.

TABLE C

<u>Index</u>	<u>Option Symbol</u>	<u>Existing Limit</u>
PHLX/KBW Bank Index	BKX SM	44,000 contracts
PHLX Defense Sector SM	DFX SM	31,500 contracts
The Street.com Internet Sector	DOT SM	31,500 contracts
SIG Oil Exploration & Production Index TM	EPX SM	31,500 contracts
Hapoalim American Israeli Index TM	HAI SM	31,500 contracts
PHLX Housing Sector SM	HGX SM	31,500 contracts
KBW Regional Banking Index	KRX SM	31,500 contracts
KBW Mortgage Finance Index	MF SM	31,500 contracts
PHLX Oil Service Sector SM	OSX SM	31,500 contracts
PHLX Drug Sector SM	RXS SM	24,000 contracts
SIG Coal Producers Index TM	SCP SM	31,500 contracts
PHLX Semiconductor Sector SM	SOX SM	31,500 contracts
SIG Steel Producers Index TM	STQ SM	31,500 contracts
PHLX Utility Sector SM	UTY SM	31,500 contracts
PHLX Gold/Silver Sector SM	XAU SM	24,000 contracts

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2 or (215) 496-1508.