



Memo No.# 1353-07

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June 6, 2007

To: All Equity Option Members and Member Firms
Subject: Options Trading System Event from Tuesday, June 5, 2007

On Tuesday June 5, 2007 the PHLX introduced a new version of the PHLX Automated Options Market (AUTOM) system whose main feature was enhanced handling of Market Data within our system. At 8:17 AM, a problem was uncovered that caused orders to be rejected. A decision to fallback this new version was made at 8:45 AM and by 8:55 AM the fallback process was completed and firms were contacted to reconnect their lines.

In addition to the enhanced Market Data Process, in this new version of AUTOM, a modification was included to support new Market Center codes for NASD and NYSE. As a result of falling back to the previous version, and the new Market Center codes not being recognized some Primary Market Underlying prices were impacted causing a delay in opening to some Issues. The correct Market Identifiers were manually added and processing began normally for those impacted issues at 9:33 AM.

The cause for the fallback has since been identified, corrected and retested. It is anticipated that this will be released into production next Tuesday June 12, 2007.

PHLX apologizes for any inconvenience this may have caused its members. Going forward all major releases will be clearly communicated to all customers in advance of the change.

If you have any questions or require additional information please contact me at 215-496-5056 or Bill Terrell at 215-496-5205.

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