

MEMORANDUM

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

FROM: Office of the Secretary

RE: Executive Committee Meeting of June 8, 2007

DATE: June 11, 2007

The Executive Committee of the Philadelphia Stock Exchange, Inc. (“Phlx” or the “Exchange”) Board of Governors convened on Friday, June 08, 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 the draft minutes of the Executive Committee Meeting of May 16, 2007.
- Approved and authorized two separate proposed rule changes, for filing with the Securities and Exchange Commission (“SEC”); (i) to adopt a monthly fee of \$500.00 for certain stock execution clerks that handle stand-alone equity orders; and (ii) require two permit holders for on-floor member organizations who employ one or more on-floor stock execution clerk(s).
- Approved and authorized a proposal, for filing with the SEC, to automate the rebate request process for dividend, merger and short stock interest strategies effective for transactions settling on or after July 1, 2007.
- Approved and authorized proposed rule changes, for filing with the SEC, to amend rules which will allow trading of securities on XLE, for which trading is restricted to limited times during the day. Additionally, the Committee approved the delegation of authority to Walt Smith, Vice President, Listings and Projects, to approve filings with the Commission to designate individual securities as having restricted trading sessions on XLE.
- Approved and authorized a proposal, for filing with the SEC, to extend, expand, or make permanent the Quarterly Options Pilot pursuant to which the Exchange may list options series that expire at close of business on the last business day of a calendar quarter, and to make any needed changes to the filing. Additionally, the Committee authorized staff to make subsequent (future) filings to extend, expand or make permanent a) the Quarterly Options Pilot and b) the \$1 Strike Price Pilot.

- Approved and authorized a proposal, for filing with the SEC, to eliminate from Phlx Rule 803 (Criteria for Listing – Tier 1) the requirement that indexes underlying Trust Shares and Index Fund Shares (“Eligible Indexes”) must be calculated using one of the five listed calculation methodologies, and to make any needed changes to the filing.
- Approved and authorized a proposed rule change, for filing with the SEC, to extend a pilot, or adopt, on a permanent basis, Phlx Rule 1033(e), which affords priority to Synthetic Option Orders traded in open outcry over bids and offers in the trading crowd but not over bids (offers) of public customers on the limit order book, and not over crowd participants that are willing to participate in the Synthetic Option order at the net debit or credit price. The proposed rule applies to orders for 100 contracts or more, and is subject to a pilot that is scheduled to expire on June 30, 2007. Additionally, the Committee approved a proposal to extend a pilot, or adopt Rule 1014(g)(i)(C), Priority on Split-Price Transactions in Open Outcry, on a permanent basis. The rule is currently subject to a pilot that is scheduled to expire on June 30, 2007.
- Approved and authorized a proposal to enter into, and execute, an Agreement with an order routing system provider or Market Access Provider (“MAP”) to pay a Subsidy to MAPs for option contracts routed to the Exchange and to file with the SEC an amendment to the Exchange’s fee schedule reflecting the Subsidy.