



MEMORANDUM

TO: All Members and Member Organizations
FROM: Walt Smith, Vice President
DATE: March 12, 2007
SUBJECT: Index Dissemination Parameters

Effective April 2, 2007, the indices calculated by the Exchange and disseminated via the PBOT Market Data Distribution Network or via tape b of the Consolidated Tape Association will begin being calculated and distributed once the first trade occurs in any component on the primary market.

Please note, this does not impact Phlx Rule 1047A. Trading Rotations, Halts or Reopenings, which states, in part, that: (i) *Industry Index*—The opening rotation for industry index options may be held after underlying securities representing 50% of the current index value of all the securities underlying the index have opened for trading on the primary market.

Once the underlying securities representing 100% of the current index value of all the securities underlying the index have opened for trading on the primary market, the opening rotation shall be held as soon as practicable.

This above change will apply the below indices and will apply to any indices calculated by the Exchange:

<u>DFX</u> SM PHLX Defense Sector SM	<u>HGX</u> SM PHLX Housing Sector SM
<u>RXS</u> SM PHLX Drug Sector SM	<u>OSX</u> SM PHLX Oil Service Sector SM
<u>XAU</u> SM PHLX Gold and Silver Sector SM	<u>SOX</u> SM PHLX Semiconductor Sector SM
<u>SCP</u> SM SIG Coal Producers Index TM	<u>EPX</u> SM SIG Oil Exploration & Production Index TM
<u>STQ</u> SM SIG Steel Producers Index TM	<u>DOT</u> SM TheStreet.com Internet Sector
<u>XEX</u> SM PHLX Europe Sector SM	<u>UTY</u> SM PHLX Utility Sector SM
<u>HAI</u> SM Hapoalim American Israeli Index TM	

Another notice concerning this matter will be issued on Thursday, March 29, 2007.

If you should have any questions concerning the above please feel free to contact Ricardo Hunter at 215-496-5380 or myself at 215-496-5532.