

MEMORANDUM

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

FROM: Office of the Secretary

RE: Executive Committee Meeting of March 19, 2007

DATE: March 22, 2007

The Executive Committee of the Philadelphia Stock Exchange, Inc. (“Phlx” or the “Exchange”) Board of Governors convened on Monday, March 19, 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 March 7, 2007.
- Approved and authorized staff to file with the Securities and Exchange Commission (“SEC”) to update Phlx’s margin rules (Rules 721 through 725) to conform to best industry practice and enable the use of portfolio margining. The proposal would add a new section to Rule 721 requiring each member to elect, via written notification to the Exchange, to be bound by the initial and maintenance margin requirements of either the Chicago Board Options Exchange (“CBOE”) or the New York Stock Exchange (“NYSE”) as the same may be in effect from time to time.
- Approved and authorized staff to file with the SEC amendments to Phlx Rule 607, *Covered Sale Fee*, and the XLE Fee Schedule to include sale transactions that are routed through the Exchange’s routing facility. The Exchange also proposes to clarify and update the language in Rule 607 and on the XLE Fee Schedule that relates to the routing of orders over the NMS Linkage Plan. This proposal is scheduled to become effective for transactions settling on or after March 20, 2007.

- Approved and authorized the Exchange to join the Nasdaq's version of the Plan for the Selection and Reservation of Security Symbols over the plan developed by the International Securities Exchange ("ISE Plan") because Nasdaq's plan: (i) permits greater flexibility and competition through a symbol portability approach; and; (ii) funding is more fair, in that it is based on symbol usage. Both plans are expected to be filed with the SEC for review.
- Approved and authorized staff to file with the SEC an extension, either on a permanent basis or for as long a period of time as permitted by the SEC, a pilot concerning Exchange rule 1014(b)(ii)(D)(4), governing quoting requirements in options with a series of more than nine months until expiration, known as LEAPS (Long-term Equity Anticipation Securities). The pilot is currently scheduled to expire on April 24, 2007. If additional renewal of the pilot is needed in the future it may be done without further Committee action.
- Approved and authorized staff to file with the SEC amendments to Exchange Rule 1017, Openings in Options, that would provide for a delay in the automated opening of an equity option series for up to five seconds following: (i) respecting equity options, the dissemination of an opening quote or trade in the primary market for the underlying security; or (ii) respecting index options, following the dissemination of a quote or trade by the primary markets for underlying securities constituting 100% of the index value.
- Approved and authorized staff to file with the SEC amendments to Exchange Rules 1014(c)(i)(A) regarding bid/ask differentials and 1014(g)(i)(B) regarding purchase or sale priority of orders of 100 contracts or more, to standardize the rules such that they would apply equally to options on equities, Exchange-Traded Fund ("ETF") Shares and index options.
- Approved and authorized staff to file with the SEC amendments to Exchange Rule 1034, Minimum Trading Increments, to permit the Exchange to automatically execute Linkage Principal as Agent ("P/A") Orders that are price-improved on another exchange and presented for execution against customer limit orders that give rise to the P/A Order at a price other than the minimum trading increment applicable to the particular series traded.