

Equities # 1131-07

To: All PHLX XLE Participants
From: PHLX Equities Surveillance Department
Date: May 11, 2007
Subject: Contingent Orders on XLE

The Equities Surveillance Department reminds all XLE Participants who enter Qualified Contingent Cross orders into the PHLX XLE system that such transactions are not exempt from the “tick test” provision of the short sale rule beyond those exemptions provided for by SEC Rule 10a-1 or for individual securities exempted under Reg SHO. Under Reg SHO Rule 200, a transaction in which part of the sell side is a short sale shall require that the entire sale be marked as short.

Additionally, effective immediately, all Participants executing Qualified Contingent orders must note on the order ticket the specific option series upon which the equity transaction is contingent.

Please contact Christine McMaster, Director of Equities Surveillance, at (215) 496-1486 or christine.mcmaster@phlx.com should you have any questions.