

MEMORANDUM

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

FROM: Office of the Secretary

RE: Executive Committee Meeting of May 16, 2007

DATE: May 21, 2007

The Executive Committee of the Philadelphia Stock Exchange, Inc. (“Phlx” or the “Exchange”) Board of Governors convened on Wednesday, May 16, 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 April 11, 2007.
- Approved and authorized a proposed rule change to extend the Exchange’s payment for order flow pilot program for an additional one-year period until May 27, 2008.
- Approved and authorized a proposed rule change to amend Exchange rules and fees related to listing structured equity products and to authorize the delegation of authority to Walt Smith to approve the listing applications of and authorize for trading these structured equity products.
- Approved and authorized a proposed rule change to amend the Consolidated Tape Association Plan.
- Approved and authorized amendments to Exchange Rules 1047, 1047A, and OFPA G-2 concerning Trading Rotations, Halts or Reopenings to establish new procedures to be followed when trading halts on the primary market for the underlying security.
- Approved and authorized amendments to Exchange Rule 1066, Certain Types of Orders Defined, and Exchange Rule 1083(c), which defines “Complex Trade” to permit a ratio of up to 8 option contracts per unit of trading of the underlying stock or convertible security in stock-option orders.
- Approved and authorized an amendment to Exchange Rule 1080(c)(vi)(A) to reduce the exposure period for marketable customer limit orders on the Exchange’s limit order book to be sent to away markets as Linkage Principal Acting as Agent Orders when the Exchange’s disseminated market is not the

National Best Bid or Offer. The exposure period would be reduced from the current three-seconds to one second.

- Authorized and Approved the Exchange to enter into the contracts with the NASD for a trade reporting facility.
- Authorized and Approved a request for funds included in the capital budget to purchase the equipment and software.
- Authorized and Approved a proposed rule change to amend Exchange Rules 1000, Applicability, Definitions and References, and Rule 1001, Position Limits, for the purpose of establishing a delta hedging exemption from equity open position limits.
- Authorized and Approved a proposed rule change to amend Exchange Rule 1049, Communications to Customers, to reflect current options communications practices and promote consistency with options communication rules of other self-regulatory organizations.
- Authorized and Approved a request to approve certain contributions to be made from the PHLX Foundation.