

MEMORANDUM

TO: Members, Member Organizations, Participants, Participant Organizations

FROM: William C. Terrell

DATE: October 12, 2007

RE: Sell Market Orders in Zero Bid Options on the Opening

Effective on Monday, October 15, 2007, the current logic for "Sell Market Orders Conversion to Limit Orders" in zero bid options will be modified to improve the handling of all sell market orders and sell limit orders in zero bid options during the opening.

Market orders in zero bid options will be handled along with limit orders to sell at the minimum tick in pure time priority. This change should reduce much of the existing manual handling of these orders.

Sell Market Orders in zero bid options that are received prior to the opening will be treated the same as orders received during the trading day in that, the system will append a limit price (\$0.05 in standard classes and \$0.01 in penny pilot classes) to the order and place the order(s) on the book in pure time priority.

If you should have any questions concerning the above, please call the System Support Group at 215-496-1571.