



Regulatory Circular 07-011

Date: July 3, 2007
To: ETP Holders
From: James C. Yong
Chief Regulatory Officer
Re: Elimination of Short Sale Price Test

The Securities and Exchange Commission ("Commission") recently announced that it is amending the short sale price test under the Securities Exchange Act of 1934. The amendments, which have a compliance date of July 6, 2007, will eliminate Rule 10a-1 and add Rule 201 of Regulation SHO to provide that no price test, including any price test by any SRO, shall apply to short selling in any security. In addition, Rule 201, as adopted, will prohibit any SRO from having a price test. For more information please visit the SEC's website at <http://www.sec.gov/rules/final/2007/34-55970.pdf>.

The Commission is also amending Rule 200(g) of Regulation SHO to remove the requirement that a broker-dealer mark a sell order of any equity security as "short exempt" if the seller is relying on an exception from the price test of Rule 10a-1, or any price test of any exchange or national securities association. **However, Rule 200(g) continues to require a broker or dealer to mark all sell orders of any equity securities as "long" or "short".**

As required by the rule, prior to the open on July 6, 2007, National Stock Exchange, Inc. ("NSX") will eliminate the tick test edit check it performs on short sale orders. NSX will no longer reject short sale orders that would result in an execution on a minus or zero-minus tick.

Any questions can be directed to me at 312.786.8893 or Paul Smith at 312.786.7562.