CLIENT NOTICE

Date: **June 29, 2007**

Subject: **SEC Eliminates "Tick Test" Rule from Reg SHO**

Effective Friday, July 6, 2007 the Securities and Exchange Commission (SEC) will eliminate the "tick test" from Regulation SHO.

On June 13, 2007 the SEC announced that it voted to adopt final amendments to Rules 200 and 203 of Regulation SHO, and to eliminate the "tick test."

These steps were taken to better safeguard the integrity of the markets during short selling transactions by closing loopholes in Regulation SHO and further reducing persistent failures to deliver stock by the end of the standard three-day settlement period. For more details regarding the rule change visit the SEC website at http://www.sec.gov/rules/final/2007/34-55970.pdf.

NYSE Arca will eliminate all system validations for short sales on July 6, 2007. An order marked as short will be processed identically to sell orders marked as long. Please note that the SEC has also removed the requirement to mark orders as short exempt, however, any orders flagged as short exempt will continue to be processed by NYSE Arca in a consistent manner as other short sales described above.

NYSE Arca will add all listed securities to the Regulation SHO Pilot List in order to assist customers with the change.

NYSE Arca members will remain subject to the period reporting requirements of short positions, as prescribed by its Rule 4.5(e) (Rule 4.5(f) for options members). Currently this rule exempts NYSE Arca member firms from reporting certain short positions subject to exemptions provided within SEC Rule 10a-1. NYSE Arca is working with the SEC to clarify member reporting requirements under its rules, absent these exemptions.

For questions regarding NYSE Arca impact please contact your sale representative or the trade desk at 888.513.9873.

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