

of \$0.00035 per share per trade side, with no maximum fee per trade side charged to specialists for transactions on the Phlx in Standard & Poor's Depository Receipts® ("SPDRs").⁶ The Exchange also proposes to make minor, technical changes to its equity fee schedule to make corresponding references to the proposed fees. All other equity charges currently assessed by the Phlx will be imposed where applicable.⁷

The Exchange proposes to implement this fee as of March 17, 2003, the date that it began trading in the SPDRs. Text of the proposed rule change is set forth below. New text is in italics. Deleted text is in brackets.

SUMMARY OF EQUITY CHARGES (P 1/[2]3)*

EQUITY TRANSACTION CHARGE I

Based on total shares per transaction with the exception of specialist trades and PACE trades.¹
Monthly Transaction Value

	Rate per share
First 500 shares	\$0.00

counter ("OTC") market maker, and permits such orders to be executed against in whole or in part; except that the term ECN shall not include: any system that crosses multiple orders at one or more specified times at a specified price set by the ECN, algorithm, or by any derivation pricing mechanism and does not allow orders to be crossed or executed against directly by participants outside of such times; or, any system operated by on behalf of an OTC market-maker or exchange market-maker that executes customer orders primarily against the account of such market maker as principal, other than riskless principal.

⁶ Standard & Poor's®, "S&P 500®," "Standard & Poor's 500®," and "500" are trademarks of The McGraw-Hill Companies, Inc., and have been licensed for use by the Phlx, in connection with the listing and trading of SPDRs, on the Phlx. These products are not sponsored, sold or endorsed by Standard & Poor's ("S&P"), a division of The McGraw-Hill Companies, Inc., and S&P makes no representation regarding the advisability of investing in SPDRs.

⁷ These charges may include equity transaction charges, an equity floor brokerage assessment, an equity floor brokerage transaction fee, an off-Exchange trade information fee, an SEC fee, a remote information access fee, an Electronic Communications Network fee, an outbound Inter-Market Trading System ("ITS") fee and a net inbound ITS credit. Additionally, the PACE Specialist charge does not apply because specialists are not eligible for further PACE volume discounts. See Securities Exchange Act No. 44259 (May 4, 2001), 66 FR 23962 (May 10, 2001) (SR-Phlx-200-41). The proposals also codifies that the PACE Specialist Charge does not apply to QQQ transactions. This charge has not previously applied to Nasdaq-100 Tracking Stock Index ("QQQ") trades, as evidenced by the separate QQQ fee schedule. See also Securities Exchange Act Release No. 43776 (December 28, 2000), 66 FR 1166 (January 5, 2001) (SR-Phlx-2000-103). Nevertheless when adding a footnote that this charge does not apply to SPDRs, the Exchange determined, to avoid confusion, to refer to both products.

SUMMARY OF EQUITY CHARGES (P 1/[2]3)*

Next 2,000 shares	\$0.0075
Next 7,500 shares	\$0.005
Remaining shares	\$0.004
\$50 maximum fee per trade side.	

License Fee
*SPDRs, Standard & Poor's Depository Receipts***
Customer Non-PACE and Electronic Communications Network^E
("ECN") License Fee
\$0.00025 per share per trade side for sides greater than 500 shares
No maximum fee per trade side
Specialist License Fee
\$0.00035 per share per trade side
No maximum fee per trade side
Pace Specialist Charge² I
\$.20 per PHLX Specialist Trade against PACE Executions (Not applicable to PACE trades on the opening)
See Appendix A for additional fees.

I denotes fee eligible for monthly credit of up to \$1,000.

* not applicable to transactions in Nasdaq-100 Index Tracking StockSM (see page [3]4 for fees).

Summary of Equity Charges (p 2/[2]3)*

Equity Floor Brokerage Assessment I

\$250 monthly charge⁽²⁾³

Equity Floor Brokerage Transaction Fee I

\$.05 per 100 shares or fraction thereof, for floor broker executing transactions for their own member firms.

Sec Fee

The amount shall be determined by Section 31 of the Securities Exchange Act of 1934.

Off-Exchange Trade Information Fee I

\$.10 per DOT trade

Remote Information Access Fee I

\$300.00 per month

Electronic Communications Network^E ("ECN") Fee

\$2,500.00 per month (in lieu of equity transaction charges)

Outbound ITS Fee I (also applicable to transactions in Nasdaq-100 Index Tracking StockSM)⁽³⁾⁴

For PACE orders sent over ITS with the customer information attached:

500 shares or less—\$.60 per 100 shares

501 to 4,999 shares—\$.30 per 100 shares

Net Inbound ITS Credit (also applicable to transactions in Nasdaq-100 Index Tracking StockSM)⁽⁴⁾⁵

\$.30 per 100 shares on the excess, if any, of the number of inbound ITS shares executed over the number of outbound ITS shares sent and

executed on a monthly basis.

Summary of Equity Charges (p 3/3)

See Appendix A for additional fees.

I denotes fee eligible for monthly credit of up to \$1,000.

* not applicable to transactions in Nasdaq-100 Index Tracking StockSM (see next page for fees).

^E ECNs shall mean any electronic system that widely disseminates to third parties orders entered therein by an Exchange market maker or over-the-counter ("OTC") market maker, and permits such orders to be executed against in whole or in part; except that the term ECN shall not include: any system that crosses multiple orders at one or more specified times at a specified price set by the ECN, algorithm, or by any derivative pricing mechanism and does not allow orders to be crossed or executed against directly by participants outside of such times; or, any system operated by or on behalf of an OTC market-maker or exchange market-maker that executes customer orders primarily against the account of such market maker as principal, other than riskless principal.

Any fees, credits, discounts and other charges in the Exchange's fee schedule which are based upon an equity specialist's specialist activity apply to competing specialists.

** Standard & Poor's®, "S&P 500®," "S&P 500®," "Standard & Poor's 500®", and "500" are trademarks of The McGraw-Hill Companies, Inc., and have been licensed for use by the Philadelphia Stock Exchange, Inc., in connection with the listing and trading of SPDRs, on the Phlx. These products are not sponsored, sold or endorsed by S&P, a division of The McGraw-Hill Companies, Inc., and S&P makes no representation regarding the advisability of investing SPDRs.

¹ However, this charge applies where an order, after being delivered to the Exchange by the PACE system is executed by the specialist by way of an outbound commitment, when such outbound ITS commitment reflects the PACE order's clearing information, but does not apply where a PACE trade was executed against an inbound ITS commitment.

² This charge does not apply to transactions in Nasdaq-100 Index Tracking StockSM and SPDRs.

⁽²⁾³ Applies to each member who derives at least 80% of gross income generated from Phlx floor based activities from his/her floor brokerage business conducted on the Exchange. Floor brokerage business conducted on the Exchange includes orders that are received on the Phlx, even if those orders are executed on an exchange other than the Phlx. The 5% floor brokerage assessment is waived until Dec 31, 2003 and is scheduled to be reinstated Jan 1, 2004.

⁽³⁾⁴ This fee will only apply when the specialist sends an order received over PACE to ITS and receives an execution, if the specialist used the PACE customer's clearing information on the outbound ITS commitment.

⁽⁴⁾⁵ This credit will include all inbound and outbound ITS executions, including both