

<b>Market Information Circular</b>			
<b>Circular number:</b>	2005-32	<b>Contact:</b>	Jodi Burns - Product Operations Director
<b>Date:</b>	December 14, 2005	<b>Telephone:</b>	646/805-1823

**Subject: Silver Bullet Allocation**

The ISE Allocation Committee has approved the use of a new allocation tool that adds flexibility to the ISE allocation process and strengthens the commitments made by PMMs to provide quality markets.

On limited occasions, when the ISE seeks to allocate certain products that are deemed strategically important to the Exchange, it will offer these products to PMMs as part of a bundle that includes a “silver bullet option.” In order to receive the silver bullet allocation, a PMM must also accept the allocation of these strategic products.

This silver bullet option may be redeemed in exchange for the allocation of any new product to be listed on the ISE (except for DJX, SPX, or OEX) within two years of the silver bullet allocation date. The option may not be used on the re-allocation of an existing ISE symbol, nor may it be used on an allocation resulting from a corporate action (e.g., spin-off or merger).

This silver bullet tool would be used infrequently and at the ISE’s discretion, and only as needed to reward PMMs for accepting symbols that could otherwise not be allocated individually. This new bundle type would not replace the existing type of bundle used in the allocation of ISE indices, but would serve as an additional tool to reward PMMs who make an extraordinary commitment to the ISE.

A silver bullet bundle would be offered to all PMMs and would be allocated by the Allocation Committee under its regular procedure. Furthermore, the Committee would be required to approve or deny the exercise of the silver bullet based on the individual performance of the PMM in the other symbols contained in the silver bullet bundle.

Depending on whether the Allocation Committee approves or denies the use of the silver bullet, PMMs will be asked to exclude or include the silver bullet symbol in their ranked Solicitation of Interest forms submitted prior to the Full Allocation Committee meeting. If the Allocation Committee approves the use of a silver bullet on a particular symbol, no other PMMs will be considered for the allocation of that symbol.

In the event that multiple PMMs choose to exercise their silver bullet options on the same symbol, the PMM that was allocated the silver bullet first will have seniority before the Allocation Committee. A PMM that is unable to exercise a silver bullet option on a desired symbol shall retain the silver bullet for use on a future allocation and may still apply for the symbol on which the Allocation Committee denied its use of the silver bullet. A silver bullet option will expire two years after it is allocated to a PMM.

Questions regarding this circular may be directed to Jodi Burns at 646-805-1823.