



REGULATORY INFORMATION CIRCULAR

International Securities Exchange.

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Subject: Qualified Contingent Cross (QCC) Order Rule Change

The SEC has approved ISE rule change (SR-ISE-2013-72) and ISE Gemini rule change (SR-Topaz-2013-20) allowing multiple counterparties on the contra side of a QCC Order, each of which can be less than 1,000 contracts.¹ Previously the contra side order could consist of multiple counterparties, each of which had to be at least 1,000 contracts. This change is effective as of today.

Please note that only the contra side of the QCC order (not the originating/agency side) can consist of orders for less than 1,000 contracts. For example, the originating/agency side of an order to buy 1,500 contracts cannot be for three parties of 500 contracts each.

A Qualified Cross is an option order that allows members to cross at least 1,000 contracts without exposure, as long as (i) the agency/originating side of the trade consists of one party with an order of at least 1,000 contracts and (ii) the order is part of a Qualified Contingent Trade ("QCT").

A QCT is a transaction consisting of two or more component orders, executed as agent or principal, where:

- At least one component is an NMS Stock;
- All the components are effected with a product price contingency that either has been agreed to by all respective counterparties or arranged for by a broker-dealer as principal or agent;
- The execution of one component is contingent upon the execution of all other components at or near the same time;
- The specific relationship between the component orders (e.g., the spread between the prices of the component orders) is determined by the time the contingent order is placed;
- The component orders bear a derivative relationship to one another, represent different classes of shares of the same issuer, or involve the securities of participants in mergers or with intentions to merge that have been announced or cancelled; and
- The transaction is fully hedged (without regard to any prior existing position) as a result of other components of the contingent trade.

Please feel free to contact me with any questions.

¹ In the case of Mini Options, the minimum size is 10,000 contracts.