

Market Operations Information Circular			
Circular Number:	2003-19	Contact:	Jim Sampson, VP Market Supervision
Date:	November 25, 2003	Telephone:	212/897-0235

Subject: 2003R2 Central Trading System Release

The International Securities Exchange (ISE) will implement a new release of its Central Trading System, known as 2003R2.

This release is scheduled for implementation on **Monday, January 26, 2004**.

The implementation date will be confirmed after the following milestones are achieved:

- ISE Software Quality Assurance Testing
- ISE Technical Testing
- Member Firm Product Test

The purpose of this bulletin is to notify member firms of their obligations, key release dates, member firm conference call dates, and ISE contacts for this implementation.

Refer to the Appendix for information on the Key release features (Technical Bulletin 2003-35).

Your obligations

You are required to assign dedicated Business, Technical, and Development representatives to support 2003R2. These resources are the primary contacts between the ISE and your firm.

You must upgrade and certify your software and be in production by Monday, January 26, 2004.

Key release dates

The milestones for 2003R2 are:

Date	Activity	Comments
Monday Oct 27, 2003	Member Test System Install Date	
Friday Jan 9, 2004	Complete 2003R2 Conformance	Mandatory for all members.
Saturday Jan 10, 2004 ISE to confirm this date	Member Product Test	PMM and CMM participation.
Saturday Jan 24, 2004	Day 0 Implementation Go/No Go Conference Call	Conference Call # (888) 279-1273. Passcode 9432400 Call Leader Paul Bennett
Monday Jan 26, 2004	Production Live date	

Member firm conference call dates

ISE will conduct 2003R2 status meetings via conference calls. ISE members and staff can use these meetings to share information, monitor progress, discuss issues, and evaluate risk. All dedicated resources are encouraged to participate.

The conference calls start at 4:30 p.m. EST and the dates are:

- Tuesday Dec 2, 2003
- Tuesday Dec 16, 2003
- Tuesday Jan 6, 2004
- Tuesday Jan 20, 2004

The conference call number is (888) 279-1273. Please reference the International Securities Exchange, passcode 9432400 and call leader Nick Daley.

ISE release contacts

The ISE release contacts are:

Area	Contact name	Contact details
API Development Issues	Tess Mercado	Direct: (212) 897-0267 Cell: (917) 374-0882 Email: tmercado@iseoptions.com
API Development Support	Matt D'Elia	Direct: (212) 897-0251 Cell: (917) 327-7554 Email: mdelia@iseoptions.com
API Conformance	Oleg Grinberg	Direct: (212) 897-8171 Cell: (917) 826-8668 Email: ogrinberg@iseoptions.com
Release Content	Thomas Kennelly	Direct: (212) 897-0262 Cell: (917) 951-0090 Email: tkennelly@iseoptions.com
Member Coordination and Product Test	Nick Daley Kenneth J. Koenke (K.J.)	Direct: (877) 473-9989 Cell (917) 208-8363 (Nick) Email: ndaley@iseoptions.com Cell: (917) 318-7804 (K.J.) Email: kkoenke@iseoptions.com
Computer Operations	Joseph Alfano	Direct: (212) 897-0293 Cell: (646) 208-5757 Email: jalfano@iseoptions.com
Network Operations	Al Soriano	Direct: (212) 897-0226 Cell: (646) 294-2039 Email: asoriano@iseoptions.com
Evening Support	Jim Liu	Direct: (212) 897-0299 Cell: (917) 208-3942 Email: jliu@iseoptions.com
CLICK Trade™ Member Training	Jonathan Schlossberg	Direct: (212) 897-0266 Cell: (917) 941-0523 Email: jschlossberg@iseoptions.com

Appendix: Key release features

This section describes the features of 2003R2 as outlined in ISE Technical Bulletin 2003-35 as composed by Wendy Hoffman.

Modification of the PMM Release Lock Transaction

Upon entry, customer orders are compared to the NBBO and are locked if the away market price is better. Otherwise, the order is entered on the ISE Orderbook.

Normal market movement may cause a resting limit order to lock or cross with the away market. If the PMM wants to represent a customer order that is locked or crossed by sending a Principal as Agent order through Linkage, the order must be removed from the Orderbook to prevent incoming orders and quotes from trading against the order while the Linkage order awaits execution.

The PMM Release Lock Transaction (MO111) is used exclusively today to release an order to the Orderbook. This transaction will be modified to allow the PMM to perform the inverse function, that of locking a customer order that resides on the Orderbook when it is locked or crossed with the away market. The new Lock Type value (lock_type_c) of 128 will be used to lock a customer order on the Orderbook. The PMM will not be able to lock a customer order unless this condition is met and will not be able to lock non-customer orders.

Once the order is locked, the BO115 broadcast will be sent to the PMM with the lock_type_c value equal to 1 (Far Away Market is Better). The behavior of this locked order will be the same as if the order had been locked upon entry with the away market better lock.

All Or None Order Notification (AON)

This release will introduce the ability for an EAM to enter All or None (AON) orders. When AON orders are entered that cannot be executed immediately, PMMs and CMMs will be notified of their existence with a BO115 Locked Order Broadcast. The Lock Type value for this alert message will be 0.

This broadcast should be considered an informational alert only. Receipt of this information may prompt the Market Maker to add additional size to his quote in the market to enable this order to trade.

The order will not be locked and therefore does not require a PMM Release Lock Transaction.

The PMM Locked Order Query (MQ106) can now be used by a CMM to query for AON orders. The response to the query by a CMM will be a limited subset of all orders. The PMM response to the query will continue to show all locked orders in addition to AON orders.

Stop Orders

This release will introduce the ability for an EAM to enter both Stop Limit and Stop Market orders. Stop order functionality will be handled entirely by the ISE system.

There are no programming requirements placed on the Market Maker systems for Stop Orders. This is transparent to the user.

Please call me with any questions.