

<b>Market Information Circular</b>			
<b>Circular number:</b>	2005-06	<b>Contact:</b>	Wendy Hoffman
<b>Date:</b>	April 1, 2005	<b>Telephone:</b>	(212) 897-0245

The purpose of this Market Information Circular (MIC) is to inform members of a new software release that will be implemented on Monday, April 4<sup>th</sup>.

This software package addresses capacity improvements that position the ISE for significant growth and changes that provide the foundation for the facilitation of spreads once approved by the SEC.

There are few enhancements that impact the trading community immediately. Those that do are described below.

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## Solicitation Order Refinements

The ISE introduced Solicitation Orders in the R4 software release last November, 2004. By design, the unsolicited order is intended to trade with the solicited order. However, when the ISE bid or offer on the opposite side of the unsolicited order includes customer interest, the unsolicited order will trade with the book as long as there is enough size, in the aggregate, to complete the entire order.

To increase the likelihood of a trade in this unique condition, members may now respond to the Solicitation Order at the Solicitation Order price. This response will be aggregated with other responses and existing interest on the book to trade with the unsolicited order. If there is adequate size, the solicited side of the order will be cancelled. If there is insufficient size to complete the whole order, the Solicitation Order will be cancelled preserving the priority of the customer on the book.

To break up a solicited trade when there is no customer interest on the book, members must continue to price-improve their responses and the order must be price-improved entirely.

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## New Trade Values for Stock Options Transactions

When a trade occurs today that involves both options and stock, the ISE reports the trade to OPRA as a spread transaction.

Linkage allows for a legitimate trade-through of another exchange BBO if a trade is marked as a component of a spread. However, the definition of a spread, according to the Linkage Plan, does not extend to trades including both equities and options.

To correct this, the ISE will now report stock options trades as "buy writes" (BWRT-OPRA trade condition P). Coincident with this change, the ISE has petitioned OPRA to expand the definition of this term for trade reporting purposes to include any trade associated with stock. All ISE trades including stock-whether Buy Write or Delta Neutral-will be reported this way.

As the matching process for Stock Option orders will never violate the NBBO price, there is no concern about trading through the away market on a stock option execution.

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## **Questions**

Questions regarding this software release or any of the changes may be addressed to Market Operations at (888) 473-9788.