



Market Operations Information Circular			
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Subject: Changes to Order Representation Identifiers

The International Securities Exchange has modified its client category choices relative to order entry. This change will make client/account representation and clearing instructions more straightforward and flexible to account for the many ways that our members trade.

The chart below provides an overview of the former and current account type identifiers and respective clearing instructions.

FORMER PROCEDURE		CURRENT PROCEDURE	
Client Category	Clearing Account	Client Category	Clearing Account
Broker-Dealer (BD)	Customer	Broker/Dealer – Cust (Customer)	Customer
Firm/Proprietary (Firm/Prop)	Firm	Broker/Dealer – Firm (Firm)	Firm
		Proprietary – Cust (Customer)	Customer
		Proprietary – Firm (Firm)	Firm

The ISE made this change understanding that there are circumstances where the previous assumed clearing account types were not entirely appropriate, and required our members to do back-office adjustments in order to ensure that trades cleared in the correct accounts. For example, an ISE member that is not self-clearing might enter proprietary orders directly, in which case the order would be marked as Firm/Prop, but need to be cleared into the customer account of the member’s OCC clearing broker. Similarly, if an ISE member represents an order as agent for a broker-dealer that is self clearing, the order would be marked BD, but need to be cleared into the broker-dealer’s proprietary account at OCC.

Accordingly, as of February 6th, the ISE now provides the flexibility for a member to identify the appropriate clearing account type for Proprietary and Broker Dealer orders. Members will need to mark orders “Prop – Firm” (a Proprietary order that is cleared into a Firm account at OCC) or “Prop – Cust” (a Proprietary order that is cleared into a customer account at OCC). The system change also requires a member to mark an order “BD-Cust” (a BD order that is cleared into a customer account at OCC) or “BD-Firm” (a BD order that is cleared into a proprietary account at OCC). This systems change will assure that trades clear in the appropriate account type at OCC without back-office adjustments.

Transaction fees for the new Proprietary and Broker Dealer types remain the same as those currently in effect for Firm/Prop and Broker Dealer orders.

For more information, please contact Jeanine Hightower of ISE Business Development at 212-897-0357 or jhightower@iseoptions.com.