



Circular number:	2016-23	Contact:	Dan Amar – Head of Market Operations
Date:	July 8, 2016	Telephone:	877-473-9989

REVISED - Market Wide Risk Protection

The purpose of this Market Information Circular (MIC) is to update members of the implementation dates for new functionality that will be launched on ISE options exchanges. ISE will implement a new mandatory risk management feature for members, the Market-Wide Risk Protection (MWRP). **This new offering will be made available on July 18, 2016 for ISE Mercury. ISE and ISE Gemini will implement this functionality a week later on July 25, 2016.**

The MWRP presents members with another risk management tool in addition to ISE's current offerings by allowing them to establish limits on order entry and order execution rates. Members can indicate limits as to the number of orders permitted for order entry and limits as to the number of contracts allowed to be executed within a specified period of time. If the MWRP parameter for either setting is exceeded, then the Kill Switch will be activated.

Market Wide Risk Protection Behavior:

- Order entry rate protection will be enabled after a set time in the trading day to allow for a high rate of order load activity. The order entry protection rate will trigger at 9:00 a.m. each trading day.
- Members cannot set these parameters through system sessions. They must contact Market Operations to set the parameters for them.
- After a Kill Switch has been activated for a Business Unit (BU), the member must contact Market Operations to re-enable the BU for order entry.
- Each Member must set the following parameters for a BU or a group of business units:
 - Maximum number of orders entered for simple, complex, and complex with stock instrument type per time interval
 - Maximum number of contracts executed for simple and complex instruments (not available for complex with stock instrument type) per time interval
 - Time interval in seconds (must be set for each type of MWRP)
 - Kill Switch Action: (1) Delete and Block or (2) Block Only (must be set for each type of MWRP)
- Each side of a two-sided auction or cross will be counted toward the parameter total.
- Each component leg of a complex order will be counted in the total executed volume.
- Order modifications will not count towards the number of order rate calculations.
- Multiple BUs for ISE and ISE Gemini can be grouped together and the MWRP parameters will be applied to all BUs within the same group regardless of the market. If parameter values are exceeded, then the system will activate a Kill Switch for all the BUs within the group.
- MWRP for ISE Mercury exchange must be set independently.

If settings are not provided by a member, default thresholds will be assigned to each of its BU as defined in the table below:

Threshold	Simple Instrument	Standard Combo	Stock Combo
Max Order Count	20,000	20,000	20,000
Max Order Count Timer	1 second	1 second	1 second
Max Order Count Action	Kill Switch	Kill Switch	Kill Switch
Max Trade Volume	100,000	200,000	N/A
Max Trade Volume Timer	1 second	1 second	N/A
Max Trade Volume Action	Kill Switch	Kill Switch	N/A

Members are required to submit their settings to Market Operations no later than July 8, 2016. Market Wide Risk Protection functionality will be enforced on July 18, 2016 for ISE Mercury, and on July 25, 2016 for ISE and ISE Gemini.

For additional questions, please contact Market Operations by email at helpdesk@ise.com or by phone at 877-473-9989.