



<b>Regulatory Information Circular</b>			
<b>Circular Number:</b>	2004-10	<b>Contact:</b>	Jim Sampson, VP Market Supervision
<b>Date:</b>	August 27, 2004	<b>Telephone:</b>	212/897-0235

### **Subject: Rule Change – Electronic Generation of Orders**

The International Securities Exchange has received SEC approval to relax our restrictions on electronically generated orders. Members are now permitted to electronically generate market orders and limit orders that are designated as fill-or-kill or immediate-or-cancel. This is in addition to the permitted use of electronically-generated limit orders that improve upon the ISE best bid or offer. The text of the rule as amended is as follows:

#### **Rule 717. Limitations on Orders**

(f) Electronic Orders.

Members may not enter, nor permit the entry of, orders created and communicated electronically without manual input (i.e., order entry by Public Customers or associated persons of Members must involve manual input such as entering the terms of an order into an order-entry screen or manually selecting a displayed order against which an off-setting order should be sent), unless such orders are (1) non-marketable limit orders to buy (sell) that are priced higher (lower) than the best bid (offer) on the Exchange (i.e., limit orders that improve the best price available on the Exchange), (2) limit orders that are designated as fill-or-kill or immediate o-or-cancel, or (3) market orders. Nothing in this paragraph, however, prohibits Electronic Access Members from electronically communicating to the Exchange orders manually entered by customers into front-end communications systems (e.g., Internet gateways, online networks, etc.).

Any questions regarding the foregoing may be directed to the attention of Jim Sampson, Vice President Market Supervision at 212/897-0235.