



Regulatory Information Circular			
Circular number:	2006-11	Contact:	Russ Davidson
Date:	October 9, 2006	Telephone:	(646) 805-1857

Subject: OCC Rule Change – Automatic Exercise Thresholds

The Options Clearing Corporation (“OCC”) recently received approval to reduce the automatic exercise thresholds for equity options (including options on Exchange Traded Funds (“ETFs”)). The OCC will implement this change beginning with the October 2006 expiration, effective Saturday, October 21, 2006

Under the new expiration procedures, equity and ETF options will be exercised automatically if they are in-the-money by \$0.05 or more for all account types (the previous thresholds were \$0.25 for customers and \$0.15 for firms and market makers).

The automatic exercise thresholds for options on indices will remain the same. Indices will continue to be exercised if they are \$0.01 or more in-the-money.

As a result of this change, all notifications of standing instructions currently on file with the ISE Market Surveillance Department will be considered void. Going forward, member firms wishing to notify the ISE of new standing instructions may do so by submitting instructions to:

International Securities Exchange
Market Surveillance Department
Attn: Willie Wong
60 Broad Street
New York, NY 10004

Fax: 212-425-4890
E-Mail: surveillance@iseoptions.com

Please contact me with any questions.