

OPTIONS EXCHANGE

Regulatory Information Circular

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Subject: Stopped Crossing Orders

On Monday, March 8, 2010, the ISE introduced a functionality that allows members to enter Stopped Crossing Orders (“SCO”) within the facilitation or solicitation mechanisms. SCOs are exempt from trade-through liability; therefore, facilitation and solicitation orders could be executed outside the NBBO but still at or within the ISE BBO.

Per ISE Rule 1901(b)(8), it is permissible to use the SCO only if, at the time of receipt of the order, a Member has guaranteed an execution at no worse than a specified price (a "stopped order"), where:

- The stopped order was for the account of a customer (which includes both Priority Customer or Professional Customer);
- The Customer agreed to the specified price on an order-by-order basis; and
- The price was, for a stopped buy order, lower than the national best bid in the options series at the time of execution, or, for a stopped sell order, higher than the national best offer in the options series at the time of execution.

Note that members should include the time the order was stopped in their order tickets when entering SCOs.

Please contact me with any questions.