

Market Information Circular			
Circular number:	2004-02	Contact:	Wendy Hoffman
Date:	January 21, 2004	Telephone:	(212) 897-0245

The purpose of this Market Information Circular (MIC) is to inform members of new functionality that will become available on Monday, January 26th when the ISE introduces its newest software release.

The ISE is introducing Stop Orders and All or None Orders in response to requests from its Order Routing community.

Stop Orders

Stop orders may be limit or market-priced orders. They may have time validities of Day, GTC, Day AON or GTC AON.

A new order entry transaction has been introduced that allows the member to enter both a stop price and a limit price on its order. The stop price is the price at which the order will be elected.

For a stop order to be elected, the following two conditions must be met:

1. A buy (sell) order will be elected when the bid (offer) reaches or exceeds the stop price or a trade occurs on the ISE at or through the stop price.
2. The NBBO offer (bid) must be equal to or greater than the stop price. This condition will prevent elections at erroneous prices and ensures that the ISE customer order will not bear satisfaction order liability if the order is executed upon release.

The ISE system will monitor all stop orders until a stop price is reached. Once elected, the order will be entered into the system as a standard limit or market order. Prior to election, these orders are only visible to the entering firm.

Stop orders with a validity of Day or Day AON will be removed from the system during the end of day process.

All or None Orders (AON)

An All or None order is a contingent order carrying the implicit instruction to execute the order in its entirety or not at all. All or None is a condition that can be added to limit or market-priced orders resulting in new time validities of Day AON or GTC AON. The validities have previously been available for spread orders only.

AON Orders have no priority on our book. An AON order is not guaranteed an execution when the ISE market is quoted at the AON price. These orders will only be executed after other interest on the book at the same price has been satisfied.

All or None Orders will not be included in the published ISE BBO quote or volume.

To be eligible for execution, the ISE market cannot be crossed with the away market and the entire order must be executable without trading through an away market. An EAM may elect to "ignore the away market" on an AON order to eliminate the trade through restriction. If that alternative is activated, the member may bear satisfaction order liability for customer contracts traded through on other exchanges.

The AON condition implies that the entire quantity of the order will be executed but does not guarantee a single price execution or a single trade. AON orders may execute at more than one price and may execute against multiple contra-parties.

Away Market Protection in Fast Market when PMM is Present

When the ISE has declared a fast market but the PMM remains available to fulfill his linkage responsibility, a customer order will not trade if the execution price will be worse than the current NBBO.

As with customer orders when we are in a regular mode, these orders will lock with the "Away Market Better" indicator allowing the PMM to send a Principal as Agent Order through the Linkage network.

Questions or Comments

Please address questions regarding this new functionality to the ISE helpdesk at 877-473-9989.