



Circular number:	ISE:2014-009 ISE Gemini 2014-015	Contact:	Russ Davidson Surveillance Officer
Date:	May 29, 2014	Telephone:	(646) 805-1857

Subject: Minor Rule Violation Plan Update for ISE and ISE Gemini

ISE rule change (SR-ISE-2014-12) has become effective for both ISE and ISE Gemini.¹ This rule change incorporates violations of ISE Rule 804 (market maker quotations) into the Minor Rule Violation Plan (“MRVP”) and separates violations of ISE Rule 803 (obligations of market makers) into two categories: pre-opening quotation spread parameters and post-opening quotation spread parameters. Note that the violations are aggregated within a month and sanctioned as a single offense which is applied within a 24-month rolling period.²

ISE Rule 1614(d)(6)(a) – Pre-Opening Quotation Parameters.

<u>Number of Offenses Within a Twenty-Four Month Rolling Period*</u>	<u>Sanction</u>
<u>First Offense</u>	<u>Letter of Caution</u>
<u>Second Offense</u>	<u>\$1,000</u>
<u>Third Offense</u>	<u>\$2,500</u>
<u>Fourth Offense</u>	<u>\$5,000</u>
<u>Fifth Offense</u>	<u>Formal Disciplinary Action</u>

ISE Rule 1614(d)(6)(b) – Post-Opening Quotation Parameters.

<u>Number of Offenses Within a Twenty-Four Month Rolling Period*</u>	<u>Sanction</u>
<u>First Offense</u>	<u>Letter of Caution</u>
<u>Second Offense</u>	<u>\$1,000</u>
<u>Third Offense</u>	<u>\$2,500</u>
<u>Fourth Offense</u>	<u>\$5,000</u>

¹ ISE Rule 1614 – Imposition of Fines for Minor Violations, is incorporated by reference into the ISE Gemini Rules. Therefore, the rule change applies to both ISE and ISE Gemini.

² The Exchange is not required to impose a fine pursuant to this Rule with respect to the violation of any Rule included herein, and the Exchange may, whenever it determines that any violation is not minor in nature, proceed under Exchange Rules 1603 or 1604, rather than under this Rule. See ISE Rule 1614(a).

<u>Fifth Offense</u>	<u>Formal Disciplinary Action</u>
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ISE Rule 1614(d)(11) – Continuous Quotes.

<u>Number of Offenses (PMMs and/or CMMs) Within a Twenty-four Month Rolling Period*</u>	<u>Sanction</u>
<u>First Offense</u>	<u>Letter of Caution</u>
<u>Second Offense</u>	<u>\$1,000</u>
<u>Third Offense</u>	<u>\$2,500</u>
<u>Fourth Offense</u>	<u>\$5,000</u>
<u>Fifth Offense</u>	<u>Formal Disciplinary Action</u>

* Offenses occurring during a calendar month are aggregated and sanctioned as a single offense.