



INTERNATIONAL SECURITIES EXCHANGE

Market Information Circular

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Subject: ISE Handling of the Plan to Address Extraordinary Market Volatility for NMS Stocks

The purpose of this Market Information Circular is to inform members that, with the introduction of the new limit up-limit down mechanism being implemented for the purpose of trading halts of an underlying security, options trading on ISE will be impacted. Although trading will continue during the "limit", "straddle" and "crossed" state conditions, certain orders and ISE rules will be treated differently than during regular trading.

The ISE system will process and react to limit and straddle conditions sent from the SIP and, when the state is communicated, ISE will:

- Reject market orders (simple and complex).
- Reject Stop/Market orders.
- Early terminate auctions for market orders without execution (simple and complex).
- Cancel any unexecuted market orders (simple and complex).
- Cancel any unexecuted stop/market orders.
- Suspend the maximum quotation spread requirement for market maker quotes.
- Exempt market makers from their continuous quoting obligation.
- Exclude transactions from the provision of ISE Rule 720 for Obvious and Catastrophic Error.

The ISE system will process and react to a "pause" condition from the primary listing exchange by halting options trading for the class where the condition exists.

- ISE quotes will not be zeroed out upon a halt. Instead, a message will be sent to OPRA with our last internal BBO and the quote condition "halt".
- ISE order books will remain open during the halt so that members can access resting orders, enter new orders or update quotes.
- OPG orders will be accepted from members using the DTI or FIX protocols and will be included in our reopening rotation.
- IOC orders will be rejected from members using the DTI protocol for order entry.
- IOC orders will be accepted from members using the FIX protocol for order entry and converted to OPG orders then remain as live orders on our book for the time period we are halted and will be included in our reopening rotation.
- All resting limit orders prior to the halt will remain in the order books. ISE will not cancel them.

Resumption of trading will be handled in the same manner as it is today with a reopening rotation. There will be no indicative quote sent before we reopen but you should expect a prompt open to the option products as soon as the security is opened on its' primary listing exchange.

If you have any questions, please contact ISE's Market Operations at Helpdesk@ISE.com, or by calling 877-473-9989