INTERNATIONAL SECURITIES EXCHANGE

Regulatory Information Circular

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Subject: Linkage End-Of-Day Trade-Through Liability

Under Rule 1902, when a member trades-through a customer limit order on another market, the exchange that is traded through can send a Satisfaction Order, requiring the member to fill the customer limit order up to the size of the trade-through. However, because it may be difficult for a member to hedge a position it acquires at the end of the day when filling a Satisfaction Order, Rule 1902(a)(2)(B) limits this liability to a maximum number of contracts on a pilot basis.

As of February 1, 2005, the maximum trade-through liability under Rule 1902(a)(2)(B) was increased from 25 contracts to 50 contracts on a pilot basis expiring January 31, 2006. (Securities Exchange Act Release No. 34-5111 (January 31, 2005) (File No. SR-ISE-2005-08)).