



Market Operations Information Circular

Circular Number:	2005-21	Contact:	Jim Sampson -- VP, Trading & Market Operations
Date:	September 8, 2005	Telephone:	212-897-0235

Subject: Allocation of Corporate Action Symbols

The purpose of this circular is to inform you of a recently approved policy regarding the re-allocation of symbols involved in corporate actions.

When two ISE-listed options classes are involved in a merger or acquisition, these options have historically remained in their pre-existing bins until they expire or are delisted from the Exchange. This process is generally not preferred by competitive market makers who must maintain adequate quoting coverage and remain in compliance with current 60% quoting rule obligations.

The intent of the new policy is to assign related symbols to the same bin while providing quoting flexibility to all affected market makers.

Acquisitions and Mergers: The PMMs of both options classes involved in the merger/acquisition may request an allocation of both symbols by completing a Solicitation of Interest Form. No other PMMs may request an allocation of these symbols. If only one PMM submits such a request, that PMM shall be allocated both symbols. If both PMMs submit requests, the ISE Allocation Committee shall determine which PMM will be allocated both symbols.

Any new or adjusted symbol added to a bin will be treated as an additional symbol and, as such, will be subject to the 60% quoting rule obligation imposed on the CMMs in that bin.

The original PMM and CMMs of the re-allocated symbol will be permitted to quote all related symbols for a period of 90 days without regulatory implications. If a CMM from the symbol's original bin chooses to continue quoting the symbol after it has been moved to a bin in which it is not a CMM, the CMM will **not** be required to quote 60% of the symbols in that new bin. Please note that market makers must contact ISE Market Operations to obtain quoting privileges in a bin in which they are otherwise not quoting.

Spin-offs: If an ISE-listed options class is involved in a spin-off of a new options class that meets ISE listing eligibility requirements, the PMM of the parent symbol will have the right of first refusal of the new spin-off symbol. If that PMM refuses the allocation of the new symbol, all other PMMs may request the allocation by submitting a Solicitation of Interest Form. The ISE Allocation Committee will review the submissions and allocate both symbols (the parent and the spin-off) to a single PMM.

Please contact Jodi Burns, Product Operations Director, at 646-805-1823 if you have any questions.