## Introduction

### What is an Alternative Primary Market Maker?

An Alternative Primary Market Maker (APMM) is a current ISE Competitive Market Maker (CMM) that will serve as PMM in certain options products. The APMM has all of the responsibilities and privileges of a PMM under ISE Rules.

### What is the purpose of the Alternative PMM program?

From time to time, ISE is unable to list new products, or continue trading listed products, due to lack of PMM interest. CMMs may have interest in becoming a PMM for these products. Through this program, these firms have the opportunity to serve as APMMs, and will therefore reduce the number of products that go un-allocated or are delisted.

### Are there any additional requirements that APMMs must comply with?

Yes. APMMs must enter quotations in all the series of the option classes to which they are appointed on a daily basis and quote 90% of the time the option class is open for trading. Additionally, APMMs must handle certain orders that are locked to them.

APMMs must maintain a higher Net Liquidating Equity as stated in ISE Rule 809.

## Eligibility

### Are all ISE products eligible to be allocated to APMMs?

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<th>Circular number:</th>
<th>2013-25</th>
<th>Contact:</th>
<th>Dan Amar - Head of Market Operations</th>
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Subject: Relaunch of the Alternative PMM Program

The purpose of this Market Information Circular is to provide information about the relaunch of the Alternative PMM program.
APMMs can trade equity, ETF, and index products. FX options products are not eligible.

**Can CMMs quote these products once they have been allocated to an APMM?**

Yes, all CMMs may quote in these products, but there is no obligation to do so.

**Product Allocation Process**

**How will products be allocated to Alternative PMMs?**

Once a lack of interest from current PMMs has been established, products will be allocated by ISE based on APMM interest. In addition, listed products that are offered for reallocation will first be offered to the PMMs, and if there is no interest by PMMs, will then be offered to the APMMs.

**What happens if an APMM wishes to stop quoting a product?**

Products will stay with the APMMs until they are delisted by the Exchange or the APMM asks for the product to be reallocated. ISE will attempt to reallocate the product to the PMMs and if there is no interest by PMMs, to APMMs. Ultimately if a product is not reallocated, it will be delisted.

**Technical Details**

**How will products be assigned to APMMs in the ISE trading system?**

ISE will create new bins for each APMM.

**What kind of system testing is required to be an APMM?**

Member firms will need to complete conformance testing with ISE Technology Member Services to ensure they are technically able to handle all PMM responsibilities.

**Are there any additional trading licenses or fees associated with the APMM concept?**

No. Regular transaction fees apply to APMMs in the classes to which they are appointed. An APMM will need to select the product(s) for which it is assigned using the points available for its CMM trading right.

**How will PFOF be handled for products assigned to an APMM?**

Where eligible, PFOF generated from a Non-Preferenced order will be assigned to the APMM pool. PFOF generated from a Preferred order will be assigned to the Preferenced MM pool.

**Contact Information**

To learn more about becoming an Alternative PMM, please contact Dan Amar, Head of Market Operations, at 877-473-9989 or damar@ise.com.

For details regarding product allocations and option markets rebalances, please contact Mike Fodor, Listed Products Manager, at 212-897-8136 or mfodor@ise.com.
For questions about PMM functional requirements or testing in ISE’s API or FIX environments, please contact Technology Member Services at (212) 897-0244 or tms@ise.com.