SSF-Option Combination Orders

The ISE accepts combination orders comprised of single stock future ("SSF") legs and equity options legs. ISE Rule 722(b)(2) and Supplementary Material .01 to Rule 722 set forth the order handling requirements that apply to the SSF-option combination orders. The following highlights certain requirements for SSF-option combination orders, as well as how such orders are executed on the ISE.

- **Definition.** An SSF-option order is an order to buy or sell options contracts and SSFs (or a security convertible into a single stock future) on the stock underlying those options for the same account. Both legs of an SSF-option combination order must be for the same account.

- **Order Entry.** The price and number of contracts for the options-leg of the combination is entered on the order ticket, with the SSF and option’s delta entered in the order ticket’s message field. The message field must identify the market on which the SSF will be executed. SSF-option combination orders are not subject to the restrictions on order entry pertaining to the electronic generation of orders and multiple orders for the same beneficial account as contained in ISE Rule 717(f) and (h).

- **Order Execution.** The SSF-option combination order must be entered, and the options leg executed on the ISE, before the SSF leg of the order is completed. If the SSF cannot be executed at the agreed upon price, the ISE will break the options leg upon the request of a party to the trade. The central system will not allow an SSF-option combination order to be executed if the price of the options leg is inferior to the ISE best bid or offer. Additionally, the system will not allow the options leg to be executed at the same price as the ISE best bid or offer if there is a Public Customer order on the book at that price. There is no away-market price protection for the options leg of the SSF-
option orders. A contra party to an SSF-option combination order must execute both the option and SSF legs of the trade.

- **SSF Leg Execution.** Following execution of the SSF-option combination order on the ISE, members must take immediate steps to execute the agreed-upon SSF leg of the trade. Under normal market conditions, the time between execution of the option leg and the SSF leg should not exceed five minutes. The initiating party must provide a copy of the SSF confirmation or a time-stamped trade report for the execution of the SSF leg of a combination trade at the request of the Market Surveillance Department.

Please contact me with any questions.