



<b>Regulatory Information Circular</b>			
<b>Circular Number:</b>	2004-08	<b>Contact:</b>	Jim Sampson, VP Market Supervision
<b>Date:</b>	August 3, 2004	<b>Telephone:</b>	212/897-0235

## **Subject: Rule Change – Linkage Plan Amendment**

The International Securities Exchange and the five other Linkage Plan participant exchanges recently received SEC approval for a change relating to the handling of Satisfaction Orders following a Trade-Through.

Specifically, there are three changes to Satisfaction Order processing with the implementation of the rule change:

- The size of the Satisfaction Order sent by the PMM is now limited to the lesser of the size of the customer order traded through and the size of the transaction that caused the Trade-Through. Previous to the rule change, a PMM was allowed to send a Satisfaction Order for the full size of the customer order traded through.
- The PMM is required to cancel a pending Satisfaction Order as soon as practical when the customer order that underlies the satisfaction order has been filled or cancelled while the Satisfaction Order is being processed.
- The PMM must accept the fill of the Satisfaction Order if he or she traded against the customer order while the Satisfaction Order was pending. It is considered inappropriate, and therefore a potential violation of the rule, for a PMM to trade against the customer order and reject the Satisfaction Order because the customer order no longer exists.

Please contact me with any questions.