Subject: Bid/Ask Differentials for RUT Options

ISE Rule 803(b)(4) requires market makers to maintain bid/ask spreads no wider than $5. In consideration of the amount of deep in-the-money Russell 2000 Index (RUT) options with expirations out to 2008, and in accordance with Rule 803(b)(4), the Exchange has determined to provide the following bid/ask differential relief for options bid $40 or higher.

If the bid is under $40, the bid/ask spread may be up to $5.
If the bid is $40 and greater, the bid/ask spread may be up to $10 wide.

Prior to the opening rotation, Rule 803(b)(4) requires market makers to maintain quotations that are narrower than $5. The bid/ask differential listed above for options bid $40 or greater will be applicable prior to the opening. For options bid less than $40, the following bid/ask differentials will apply prior to the opening:

If the bid is less than $2, the bid/ask spread may be up to $.50 wide.
If the bid is from $2 to $4.90, the bid/ask spread may be up to $.80 wide.
If the bid is from $5 to $9.90, the bid/ask spread may be up to $1.00 wide.
If the bid is from $10 to $19.90, the bid/ask spread may be up to $1.60 wide.
If the bid is from $20 to $39.90, the bid/ask spread may be up to $2.00 wide.

This relief is granted through the June 2007 Expiration Cycle.