



MARKET INFORMATION CIRCULAR

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Date:	June 20, 2014	Telephone:	877-473-9989

Subject: Enhanced Spread Price Protections

The purpose of this Market Information Circular (MIC) is to announce effective Monday, June 23, 2014 ISE will implement new features for spread price protection. The features will increase price protections for members when entering and trading vertical and calendar (time) spreads.

- The Vertical Spread Price Protection prevents the entry of a limit order spread or execution of a market order spread at a net price greater than the maximum theoretical value of the vertical plus the maximum value parameter.
 - This will apply to buy and sell limit orders and buy market orders. Sell market orders can trade at a price greater than the value of the higher strike minus the lower strike price.
 - The minimum value a vertical spread can trade a price of \$0.00 (even-money). The maximum value parameter used for a vertical spread will be the lower of \$1.00 or 5% of the maximum theoretical spread value.
- The Calendar (Time) Spread Price Protection prevents the entry of a sell limit order spread or execution of a sell market order spread at a price no greater than \$0.02 debit. Entry of a buy limit order spread will not be permitted at a price greater than a \$0.02 credit.
 - A calendar or “time” spread is defined as:
Buying one option with a longer expiration and selling another option with a shorter expiration of the same type and strike in a ratio of 1:1.
 - This will apply to buy and sell limit orders and sell market orders. Buy market orders can trade at a negative price.

Current Spread Price Protections that will remain in place are:

- Vertical Spreads cannot be entered or trade at a net credit [negative] price.
 - This applies to buy and sell limit orders as well as sell market orders. Buy market orders can trade at a negative price.
- Straddle Spreads (any Buy-Buy or Sell-Sell) cannot be entered or trade at a net price less than the sum of the leg ratio for each leg multiplied by \$0.01.

Questions may be directed to Market Operations by calling 877-473-9989 or email helpdesk@ise.com.