

**OPTIONS EXCHANGE**

**Regulatory Information Circular**

<b>Circular number:</b>	2010-98	<b>Contact:</b>	Russ Davidson, Head of Market Surveillance
<b>Date:</b>	September 8, 2010	<b>Telephone:</b>	(646) 805-1857

**Subject: Contrary Exercise Advice (CEA) Submission Cut-Off Time**

The ISE has received SEC approval of SR-ISE-2010-02 to extend the cut-off time for the submission of a CEA<sup>1</sup> from 6:30 p.m. (ET) to 7:30 p.m. (ET). This change will be effective as of September 17, 2010.<sup>2</sup>

**It is important to note that the substantive 5:30 PM (ET) time to make a decision to exercise or not exercise an option does not change.<sup>3</sup>**

The additional one-hour submission time applies to the following accounts:

- For customer and non-customer accounts - the clearing firm must be in receipt of the customer’s CEA or CEA cancel instructions by 5:30 p.m. (ET) and document such acceptance via an electronic time-stamp. The clearing firm then has until 7:30 p.m. (ET) to submit the CEA or CEA cancel to the Exchange (compared to 6:30 p.m. (ET) previously.)

If a member does not employ an electronic submission procedure with time stamps, CEAs or CEA cancels must be received and submitted to the Exchange by 5:30 p.m. (ET)

In connection with the use of electronic submission methods, members and clearing firms must establish a fixed procedure to ensure that the electronic time stamp for the CEA or CEA cancel is secure.

As a reminder, in addition to notifying the ISE of a member’s contrary intention, the member must also serve effective notice to the OCC to process the request.

<sup>1</sup> Contrary Exercise Advices are also referred to as Expiring Exercise Declarations (“EEDs”) in the OCC rules.

<sup>2</sup> This RIC updates and replaces ISE RIC 2010-46.

<sup>3</sup> Under the Option Clearing Corporation’s (OCC) Exercise-by-Exception procedures, expiring equity options that are 0.01 or more in-the-money for all accounts are automatically exercised. Expiring options that fall outside this parameter will be exercised only if the OCC clearing member holding the position submits a CEA or CEA cancel to the OCC.

A member may submit a Contrary Exercise Advice notice to the Exchange using the following methods:

- E-mail your CEA form to ISE Market Surveillance at [surveillance@ise.com](mailto:surveillance@ise.com)
- Fax your CEA form to the ISE Market Surveillance Department at (212) 425-4890
- Direct submission to the OCC via the ENCORE system
- Submission of a CEA form on any other national securities exchange of which the firm is a member and where the option is listed

For further information, please contact me at 646-805-1857 or Willie Wong at 212-897-8126.