

OPTIONS EXCHANGE			
Regulatory Information Circular			
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**Subject: Change to the Price Improvement Mechanism (“PIM”)**

The PIM currently allows certain ISE members to enter two-sided orders (“Crossing Transaction”) for execution at a price that improves upon the NBBO. Effective May 30, 2008, the Exchange is extending the application of the PIM to permit a member to enter an order (“Agency Order”) into the PIM at a price that is equal to the NBBO when the ISE best bid or offer (“ISE BBO”) is inferior to the NBBO. When the ISE BBO equals the NBBO, the member will continue to be required to enter a price at least one cent better than the NBBO.