

Exhibit 3

Report in Support of Extending the SPY Pilot Program

The SPDR S&P ETF Trust (“SPY”) is one of the most recognizable and actively traded Exchange Traded Funds (“ETFs”). The fund has a Total Net Asset Value of more than \$200B and trades nearly 140M shares daily, making it the largest ETF by assets and by volume.¹ The International Securities Exchange, LLC and ISE Gemini, LLC have eliminated position and exercise limits for physically-settled options on the SPY pursuant to a pilot set to end on February 5, 2015 (the “SPY Pilot Program”). The Exchanges are submitting this Pilot Report to provide the Commission with data and written analysis related to the elimination of SPY position limits.

A. Option Trading Volume, Position Limits, and Open Interest for SPY

1. Trading Volume

SPY is consistently the most actively traded multi-listed option product in the industry, and accounted for approximately 14.3% of industry option volume from January 2014 through December 2014 (the “Pilot period”). This volume was similar to that executed from January 2013 through December 2013 (the “Pre-Pilot period”), when SPY options represented 14.5% of industry option volume. The difference between the total industry option volume in SPY for the Pre-Pilot and Pilot Periods was less than 1% as is shown in Table A below. Similar results were found when analyzing the average and median volumes in SPY. A more noticeable difference (likely attributable to a slight increase in volatility) was found between monthly maximum and minimum average daily volumes over the two periods.

Industry Option Volume Totals in SPY – Table A

Measurement	Pre-Pilot Period	Pilot Period	Pct. Difference
Total	596,304,426	600,545,085	0.71%
Monthly ADV	2,368,098	2,403,299	1.49%
Monthly Median	2,385,652	2,300,534	-3.57%
Monthly Max	3,159,993	3,941,836	24.74%
Monthly Min	1,869,059	1,992,865	6.62%

¹ See <http://etfdb.com/compare/market-cap/>

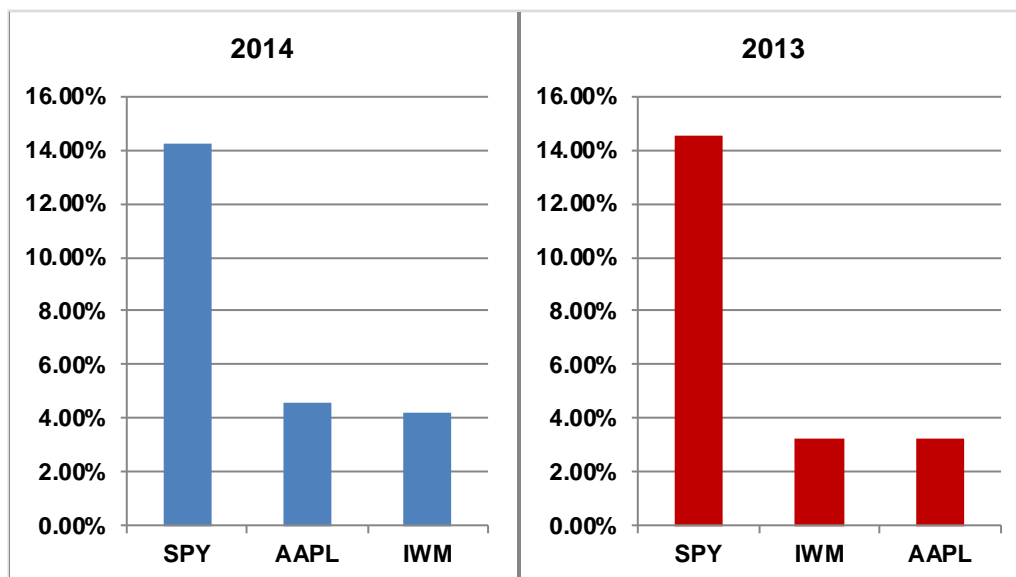
The Exchanges also compared SPY volumes between the two review periods on expiration, when volumes tend to be higher. In doing so, the Exchanges found that average monthly and median volumes on expiration, displayed in Table B, decreased slightly between the Pre-Pilot and Pilot Periods.

Industry Option Volume Totals in SPY at Expiration – Table B

Measurement	Pre-Pilot Period	Pilot Period	Pct. Difference
ADV	3,359,292	3,253,304	-3.16%
Median	3,202,552	2,865,918	-10.51%
Max	5,300,090	5,290,920	-0.17%
Min	2,215,841	2,302,806	3.92%

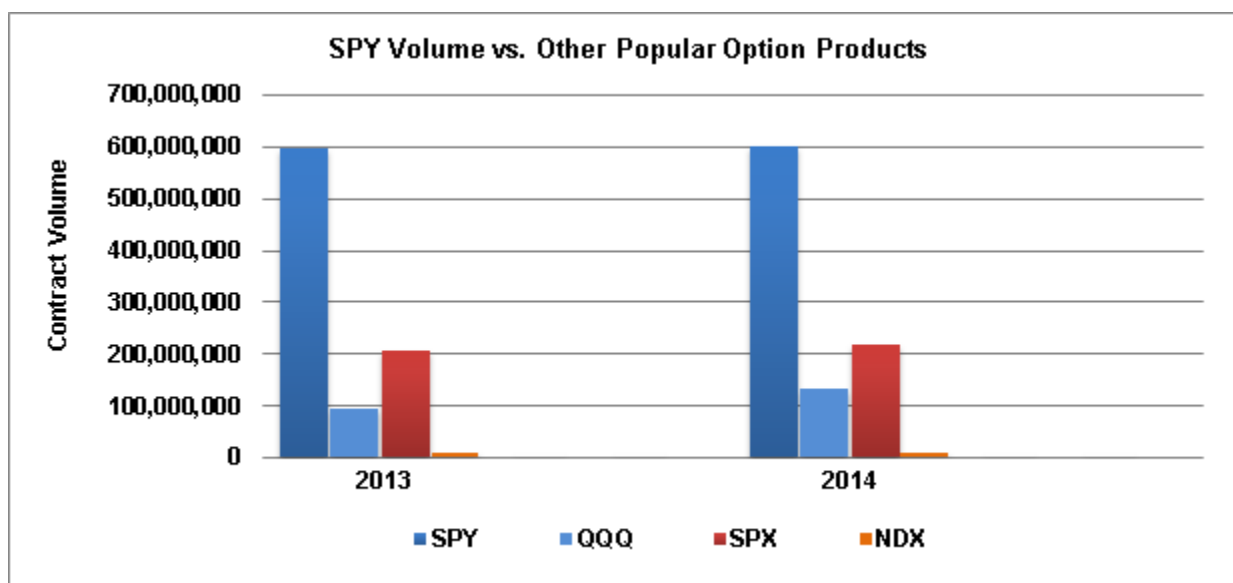
By comparison, the next most active multi-listed option products only represented between 3% and 4% of the total industry volume during the two periods of review. Chart A below shows SPY option volume in 2014 and 2013 compared to volume in the next most active multi-listed option products.

SPY Option Volumes As Compared to the Next Most Active Multi-listed Products – Chart A



Options exchanges had already increased SPY position limits to 900,000 contracts prior to the SPY Pilot Program, a level well above the highest level allowed for most other options products under exchange rules. The PowerShares QQQ Trust, Series 1 (“QQQ”) currently has a position limit of 900,000 contracts, though it is not nearly as active as SPY. The S&P 500 Index (“SPX”), and Nasdaq 100 Index (“NDX”), which are also not nearly as active as SPY, do not carry position limits. SPY volumes are shown in Chart B below relative to volumes in QQQ, SPX, and NDX.

SPY Versus Other Popular Option Products with High or No Position Limits – Chart B



2. Open Interest

With respect to open interest in SPY options between the Pre-Pilot and Pilot Periods, the Exchanges found only a small difference in the totals of about 2.0M contracts as shown in Table C below. Maximum and minimum values also decreased between the two periods.

Open Interest¹ in SPY Options on Expiration – Table C

Measurement	Pre-Pilot Period	Pilot Period	Pct. Difference
Average	22,915,809	20,826,145	-9.12%
Median	22,616,230	20,240,451	-10.50%
Max	26,809,327	26,716,338	-0.35%
Min	21,177,622	17,388,435	-17.89%

¹ Open Interest was measured on expiration Friday for each month (unless a holiday fell on that day in which case the prior day's data was used) and then averaged over each respective year for the Pre-Pilot and Pilot Periods.

3. Underlying Price Volatility

Volatility in the underlying stock price of SPY was also consistent between the Pre-Pilot and Pilot Periods as the analysis found negligible differences.

Price Volatility of SPY Underlying Stock² – Table C

Pre-Pilot Period	Pilot Period	Pct Difference
0.7075	0.7002	-1.03%

² Volatility was measured by taking closing price changes in SPY between monthly expiration periods (approximately four weeks) then averaged for the year.

Formula used: Standard Deviation x (Price Change for a Frequency)

B. Trading Behavior and Exchange Issues

There were no noticeable changes to member trading with relation to size or strategy following the elimination of position limits in SPY. Also no problems were observed nor reported as a result of the elimination of SPY position limits.

C. Conclusion

As identified in the data provided, there were no undesirable consequences associated with the SPY Pilot Program. Option volume and open interest in SPY remained consistent over the Pilot and Pre-Pilot Periods. In addition, there was no significant increase in volatility in the SPY underlying stock price. The Exchanges thus believe that a continuation of the SPY Pilot Program is warranted at this time.