

Text of the Proposed Rule ChangeUnderlining indicates additions; [brackets] indicate deletions.

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Rule 715. Types of Orders

(a) – (r) No change.

(s) Sweep Order. A Sweep Order is a limit order that is to be executed in whole or in part on the Exchange and the portion not so executed shall be routed pursuant to Supplementary Material .05 to Rule 1901 to Eligible Exchange(s) for immediate execution as soon as the order is received by the Eligible Exchange(s). Any portion not immediately executed by the Eligible Exchange(s) shall be canceled. If a Sweep Order is not marketable when it is submitted to the Exchange, it shall be canceled.

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Rule 805. Market Maker Orders

(a) *Options Classes to Which Appointed.* Market makers may not place principal orders to buy or sell options in the options classes to which they are appointed under Rule 802, other than opening only orders, immediate-or-cancel orders, market orders, fill-or-kill orders, sweep orders, complex orders, block-size orders executed through the Block Order Mechanism pursuant to Rule 716(c), and non-displayed penny orders (in securities designated by the Exchange pursuant to Rule 715(b)(4)). Competitive Market Makers shall comply with the provisions of Rule 804(e)(2)(iii) upon the entry of such orders if they were not previously quoting in the series.

(b) No change.

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Rule 1901. Order Protection

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Supplementary Material to Rule 1901

.01 No change.

.02 When the automatic execution of an incoming order would result in an impermissible Trade Through, such order shall be exposed at the current NBBO to all Exchange Members for a time period established by the Exchange not to exceed one (1) second. During the exposure period, Exchange Members may enter responses up to the size of the order being exposed in the regular trading increment applicable to the option.

(a) - (c) No change.

(d) If after an [Public Customer O]order is exposed, the order cannot be

executed in full on the Exchange at the then-current NBBO or better, and it is marketable, the lesser of the full displayed size of the Protected Bid(s) or Protected Offer(s) that are priced better than the ISE's quote or the balance of the order will be sent to the Linkage Handler (as defined in .03 below) and any additional balance of the order will be executed on the ISE if it is marketable. Any additional balance of the order that is not marketable against the then-current NBBO will be placed on the ISE book.

(e) If after an order that is marked "do-not-route" [Non-Customer Order] is exposed, the order cannot be executed in full on the Exchange at the then-current NBBO or better (i) the balance of the order will be placed on the ISE book if it is not marketable against the then-current NBBO, or (ii) the balance of the order will be canceled.

(f) No change.

.03 A Linkage Handler is a broker that is unaffiliated with the Exchange with which the Exchange has contracted to provide Routing Services, as that term is defined in Rule 1903, by routing ISO(s) to other exchange(s) as agent on behalf of Public Customer and Non-Customer Orders according to the requirements of Rule 1901 (prohibition on trade-throughs) and Rule 1902 (prohibition on locked and crossed markets).

.04 Non-Customer Order(s), as defined in Rule 100(a)(28), may opt out of being processed in accordance with Supplementary Material .02 of this Rule 1901. Such order(s) will be processed as follows:

(a) When the automatic execution of an incoming Non-Customer Order would result in an impermissible Trade Through, and it is marketable, the lesser of the full displayed size of the Protected Bid(s) or Protected Offer(s) that are priced better than the ISE's quote or the balance of the order will be sent to the Linkage Handler (as defined in Supplementary Material .03 of this Rule 1901) and any additional balance of the order will be executed on the ISE if it is marketable. Any additional balance of the order that is not marketable against the then-current NBBO will be placed on the ISE book.

(b) If an order is marked "do-not-route" and the order cannot be executed in full on the Exchange at the then current NBBO or better (i) the balance of the order will be placed on the ISE book if it is not marketable against the then current NBBO, or (ii) the balance of the order will be cancelled.

.05 Sweep Order(s), as defined in Rule 715(s), will not be processed in accordance with Supplementary Material .02 of this Rule 1901. Such order(s) will be processed as follows:

(a) When the automatic execution of an incoming Sweep Order would result in an impermissible Trade Through, and it is marketable, the lesser of the full displayed size of the Protected Bid(s) or Protected Offer(s) that are priced better than the ISE's quote or the balance of the order will be sent to the Linkage Handler (as defined in Supplementary Material .03 of this Rule 1901) and any additional balance of the order will be executed on the ISE if it is marketable.

Any portion of the order not executed shall be canceled.

(b) If a Sweep Order is not marketable when it is submitted to the Exchange, it shall be canceled.

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Rule 1902. Locked and Crossed Markets

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Supplementary Material to Rule 1902

.01 When the price of an incoming limit order that is not executable upon entry would lock or cross a Protected Quotation, such order shall be [exposed at its limit price pursuant to] handled in accordance with the provisions of Supplementary Material .02, .04 or .05 to Rule 1901, as applicable.

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