

The International Securities Exchange, LLC¹ (“ISE” or “Exchange”) submits the following Partial Amendment as Amendment No. 1 to SR-ISE-2006-48. The purpose of Amendment No. 1 is to make the following changes to the proposed rule text: 1) amend the proposed Minimum Price Variation rule text to conform with the language of Rule 612 of Regulation NMS (“Reg NMS”) under the Securities and Exchange Act of 1934 (the “Act”); 2) amend proposed Rule 2106 (Opening Process) to reflect all order types that cannot participate in the opening process and to add in a provision addressing closing procedures; 3) change the term “partial round lot” to “mixed lots” to correspond to the current industry term and clarify corresponding proposed Rule 2105 (Order Entry); 4) amend proposed Rule 2107 (Priority and Execution of Orders) to address how orders entered into the ISE Stock Exchange will interact with Midpoint Match Orders; 5) amend proposed Rule 2118 (Trade Modifiers) to incorporate applicable requirements of Rule 611 of Reg NMS; 6) make clarifying changes to the clearing requirements, as requested by Commission Staff; 7) make conforming changes to rules to match, where applicable, the rules filed under the Form PILOT; 8) add proposed Rule 2120 Taking or Supplying Securities; 9) revise proposed Rule 2107(d) to clarify routing procedures before and after the Regulation NMS (“Trading Phase Date”); and 10) make other minor clarifying changes to various rules. The proposed rule text is attached as Exhibit 5. This Exhibit 5 represents the final version of Chapter 21 as proposed to be adopted.

Additionally, the ISE seeks to make the following changes to the purpose section discussion contained in SR-ISE-2006-48 and the Exhibit 1 thereto.

1. Please replace the paragraph in section 2 on page 3 of 84 in the 19b-4 of the proposed rule change with the following:

The Board of Directors of the Exchange approved this proposed rule change on August 10, 2006. This action constitutes the requisite approval under the Exchanges’ Certificate of Incorporation and Constitution.

2. Please insert the following sentence at the bottom of the first paragraph under “Background” on page 3 of 84 of the 19b-4 of the proposed rule change and page 17 of 84 in Exhibit 1 of the proposed rule change:

The Exchange intends to commence trading in the displayed market prior to the February 5, 2007 “Trading Phase Date” to be in conformance with the Regulation NMS compliance date.²

3. Please insert the following paragraph just above the last paragraph before “Trading Rules” on page 4 of 84 of the 19b-4 of the proposed rule change and at the bottom of page 17 of 84 in Exhibit 1 of the proposed rule change:

¹ On September 1, 2006, International Securities Exchange, LLC became the successor of International Securities Exchange, Inc. pursuant to a merger and plan of reorganization.

² See SEC Release No. 34-53826; File No. S7-10-04 (May 18, 2006).

Once the Exchange receives Commission approval of the rules currently effective under Form PILOT and filed herein, those rules will be and continue to remain operative. Also contained herein are proposed rules relating to trading in the fully displayed market for which the Exchange is also seeking Commission approval. Upon approval of this filing, the rules relating to the fully displayed market will be approved, but will be inoperative until the ISE launches its fully displayed market. Prior to launch, the ISE will file a rule change with the Commission pursuant to paragraph (A) of Section 19(b)(3) under the Exchange Act to announce such rules as becoming operative.

4. Please replace the second paragraph under “Eligible Securities and Eligible Orders.” on page 5 of 84 of the 19b-4 of the proposed rule change and page 20 of 84 in Exhibit 1 of the proposed rule change:

The minimum price variation ("MPV") for bids, offers, and orders that are displayed, ranked or accepted on the ISE Stock Exchange is \$0.01, with the exception of bids, offers, and orders that are priced less than \$1.00, for which the MPV is \$0.0001.

5. Please insert the following paragraph just above “Order Routing” on page 7 of 84 of the 19b-4 of the proposed rule change and at the bottom of page 23 of 84 in Exhibit 1 of the proposed rule change:

Price Improvement. Unless marked otherwise, once the displayed market commences operation, all incoming orders to the ISE Stock Exchange will be eligible for price improvement at the midpoint of the NBBO if contra-side interest exists in the Midpoint Match. As set forth in the proposed rules, incoming orders will be executed at the best available price³ on the ISE Stock Exchange, which means the highest bid price and the lowest offer price, including orders with executable undisplayed interest to buy or sell that may exist in the Midpoint Match. Market or limit orders marked “No MPM” will not be executed against orders residing in the Midpoint Match.⁴

6. Please insert the following after the first paragraph under “Prevention of Trade-Throughs” on page 9 of 84 of the 19b-4 of the proposed rule change and page 28 of 84 in Exhibit 1 of the proposed rule change:

Initially, the Exchange will only publish the top of the book. Should the ISE choose to offer publication of the depth of book, the Exchange will first seek Commission approval.

7. Please insert the following paragraph just above “Locked and Crossed Markets” on page 9 of 84 of the 19b-4 of the proposed rule change and at the bottom of page 28 of 84 in Exhibit 1 of the proposed rule change:

³ See proposed ISE Stock Exchange Rule 2100(c)(3).

⁴ See proposed ISE Stock Exchange Rule 2104(h).

Taking or Supplying Securities. Proposed Rule 2120 is intended to govern situations in which an Equity EAM can, upon receipt of a customer order, take or supply securities named in the order on behalf of another member or itself.

8. Please insert the following sentence after the first sentence under “Outbound Routing Facility” on page 11 of 84 of the 19b-4 of the proposed rule change and page 31 of 84 in Exhibit 1 of the proposed rule change:

The Exchange represents that the ORF will not engage in any business other than outbound routing, unless and until, the Commission approves the ORF to engage in other business activities.

9. Please insert the following sentence at the bottom of the third paragraph under “Outbound Routing Facility” on page 11 of 84 of the 19b-4 of the proposed rule change and page 32 of 84 in Exhibit 1 of the proposed rule change:

The Exchange will file the 17d-2 Agreement with the Commission within ninety (90) days of the approval order being granted on this proposed rule filing.

10. Please insert the following discussion just above “Other Rule Changes” on page 12 of 84 of the 19b-4 of the proposed rule change and page 34 of 84 in Exhibit 1 of the proposed rule change:

Application of Rule 11a2-2(T). Section 11(a) of the Act prohibits a member of a national securities exchange from effecting transactions on that exchange for its own account, the account of an associated person, or an account over which it or its associated person exercises discretion (collectively, “covered accounts”) unless an exception applies. Rule 11a2-2(T) provides exchange members with an exemption from this prohibition commonly referred to as the “effect versus execute” rule. This Rule permits an exchange member, subject to certain conditions, to effect transactions for covered accounts by arranging for an unaffiliated member to execute the transactions on the exchange. To comply with the Rule’s conditions, a member (1) must transmit the order from off the exchange floor; (2) may not participate in the execution of the transaction once it has been transmitted to the member performing the execution; (3) may not be affiliated with the executing member; and (4) with respect to an account over which the member has investment discretion, neither the member nor its associated person may retain any compensation in connection with effecting the transaction without express written consent from the person authorized to transact business for the account in accordance with the rule.

Although Rule 11a2-2(T) contemplates having an order executed by an exchange member who is not affiliated with the member initiating the order, the Commission has recognized that this requirement is satisfied when automated exchange facilities are used.⁵ In considering the operation of automated execution systems operated by an

⁵ See, e.g., Exchange Act Release No. 34-49068 (Jan. 13, 2004), text accompanying footnote 263 (Approval Order for the Boston Options Exchange).

exchange, the Commission has noted that while there is no independent executing exchange member, the execution of an order is automatic once it has been transmitted into the systems. Because the design of these systems ensures that members do not possess any special or unique trading advantages in handling their orders after transmitting them to the exchange, the Commission has stated that executions obtained through these systems satisfy the independent execution requirement of Rule 11a2-2(T).

The ISE Stock Exchange's time priority execution system will place all of its participants on the "same footing" and no participant will enjoy any special control over the timing of execution or special order handling advantages. All orders will be transmitted directly to the Exchange's system by electronic means. Once an order is submitted to ISE Stock Exchange, it will be executed, displayed, canceled or routed-out automatically by the system based on the established trading rules. Neither the member nor its associated person may retain any compensation in connection with effecting a transaction, with respect to an account over which the member has investment discretion, without express written consent from the person authorized to transact business for the account in accordance with the rule. Accordingly, ISE Stock Exchange members do not receive any special or unique trading advantages in the handling of their orders over non-member market participants.

11. Please replace the third paragraph under "Other Rule Changes" on page 12 of 84 of the 19b-4 of the proposed rule change and page 35 of 84 in Exhibit 1 of the proposed rule change:

Rule 2113 (Long and Short Sales) was recently approved by the Commission as Rule 2105⁶ and governs trading in Midpoint Match. This rule was numbered 2105 to fit within the numbering scheme for Midpoint Match rules, but the ISE now proposes to renumber this rule to 2113 to fit within the numbering scheme for the displayed market rules. Additionally, the Long and Short Sales rule, as approved, only addresses the limited order types available in Midpoint Match. Therefore, the ISE commits to amend this rule prior to the launch of the displayed market to account for additional order types that are available in the displayed market.

Rule 2114 (Doing Business With the Public) was recently approved by the Commission as Rule 2106⁷ to fit within the numbering scheme for Midpoint Match rules, but the ISE now proposes to renumber this rule to 2114 to fit within the numbering scheme for the displayed market rules.

12. Please add to the end of footnote 19 on page 8 of 84 of the 19b-4 of the proposed rule change and footnote 21 on page 26 of 84 in Exhibit 1 of the proposed rule change:

⁶ See Securities Exchange Act Release No. 54398 (August 31, 2006), 71 FR 53727 (September 12, 2006).

⁷ See Securities Exchange Act Release No. 54401 (September 1, 2006), 71 FR 53483 (September 11, 2006).

The ISE represents that it will not commence operation of the displayed market until the Exchange is granted the exemption to be requested under Rules 10b-10, 17a-3 and 17a-4 with respect to that market.

13. Please insert the following after the second paragraph under “Outbound Routing Facility” on page 11 of 84 of the 19b-4 of the proposed rule change and page 31 of 84 in Exhibit 1 of the proposed rule change:

The outbound routing facility would not be able to change the terms of an order or the routing instructions, nor would it have any discretion about where to route an order. The outbound routing function includes the clearing functions that the outbound routing facility may perform for trades with respect to orders routed to other trading centers.

14. Please replace the last sentence in the paragraph addressing “Priority of Orders” on page 8 of 84 of the 19b-4 of the proposed rule change and page 25 of 84 in Exhibit 1 of the proposed rule change with the following:

When the displayed size of a reserve order is replenished from the reserve size, the displayed order is considered newly entered for the purposes of time priority.

15. Please insert the following after the last paragraph under “Order Routing” on page 8 of 84 of the 19b-4 of the proposed rule change and page 25 of 84 in Exhibit 1 of the proposed rule change:

Prior to February 5, 2007, the ISE Stock Exchange will not trade through the Best Bid or Offer (“BBO”) of other Trading Centers. When the ISE Stock Exchange does not have contra-side interest resident in its System equal to or better than the BBO displayed at other Trading Centers, it will route orders that are marketable to those Trading Centers.

Exhibit 4

Changes are as follows:

Additions in double underlined; deletions in ~~strikethrough~~

Text of proposed new Chapter 21.

CHAPTER 21

ISE Stock Exchange LLC Trading Rules

[Note: The rules contained in this Chapter that govern Midpoint Match are currently operative and have been approved by the Commission. The rules contained in this Chapter relating to the displayed market have been approved by the Commission, but are not operative until the ISE commences operation of the displayed market.]

Rule 2100. Introduction

(a) *General.* The ISE Stock Exchange is the Exchange's facility for trading Equity Securities. The Rules in this Chapter 21 are applicable only to trading on the ISE Stock Exchange. However, trading on the ISE Stock Exchange also is subject to the rules in Chapters 1 through 4, and 12 through 18, as specified in Appendix A, to the same extent as such rules apply to the trading of option contracts, provided that:

- (1) In some cases, such Rules specifically are supplemented by Rules in this Chapter;
- (2) Certain rules are specifically superseded by Rules in this Chapter; and
- (3) Such Rules shall not apply where the context otherwise requires.

Rule 2114 replaces Chapter 6 with respect to Members conducting business in Equity Securities and applies certain of the rules in that Chapter to trading on the ISE Stock Exchange. The Rules in Chapter 7 apply to the trading on the ISE Stock Exchange only as specified in paragraph (b) below. Appendix A to this Chapter lists the rules in Chapters 1 through 4, and 12 through 18 that are applicable to the trading of Equity Securities. Where appropriate, Appendix A also indicates that a rule in such Chapters has been supplemented by a rule in this Chapter.

(b) *Applicability of Specific Rules governing Business on the ISE Stock Exchange.* In addition to rules specifically amended by this filing, the following rules in Chapter 7 shall apply to the trading on the ISE Stock Exchange:

- Rule 2102;
- (1) Rule 700, Days and Hours of Business, as modified by
 - (2) Rule 705, Limitation of Liability;
 - (3) Rule 706, Access to and Conduct on the Exchange;
 - (4) Rule 707, Clearing Member Give Up;
 - (5) Rule 711, Acceptance of Quotes and Orders;
 - (6) Rule 712, Submission of Orders and Clearance of Transactions, as modified by Rule 2117;
 - (7) Rule 719, Transaction Price Binding.

(c) *Definitions.* The following terms shall have the meaning specified in this Rule solely for the purpose of this Chapter 21:

(1) “Automated Quotation” means a quotation displayed by a Trading Center that: (i) permits an incoming order to be marked as immediate-or-cancel; (ii) immediately and automatically executes an order marked as immediate-or-cancel against the displayed quotation up to its full size; (iii) immediately and automatically cancels any unexecuted portion of an order marked as immediate-or-cancel without routing the order elsewhere; (iv) immediately and automatically transmits a response to the sender of an order marked as immediate-or-cancel indicating the action taken with respect to such order; and (v) immediately and automatically displays information that updates the displayed quotation to reflect any change to its material terms.

(2) “Automated Trading Center” means a Trading Center that: (i) has implemented such systems, procedures, and rules as are necessary to render it capable of displaying quotations that meet the requirements for an Automated Quotation; (ii) identifies all quotations other than Automated Quotations as Manual Quotations; (iii) immediately identifies its quotations as Manual Quotations whenever it has reason to believe that it is not capable of displaying Automated Quotations; and (iv) has adopted reasonable standards limiting when its quotations change from Automated Quotations to Manual Quotations, and vice versa, to specifically defined circumstances that promote fair and efficient access to its Automated Quotations and are consistent with the maintenance of fair and orderly markets.

(3) The “~~best available price~~ Best Available Price” on the ISE Stock Exchange means the highest bid price and the lowest offer price, including orders with executable undisplayed interest to buy or sell and

interest to buy or sell that may exist in the MidPoint Match according to Rule ~~2128-2129~~.

(4) "Crossing quotation" means the display of a bid for an NMS Stock during regular trading hours at a price that is higher than the price of an offer for such NMS Stock previously disseminated pursuant to an effective national market system plan, or the display of an offer for an NMS Stock during regular trading hours at a price that is lower than the price of a bid for such NMS Stock previously disseminated pursuant to an effective national market system plan.

(5) "Displayed Order" means a limit order that is displayed in the order book, in whole or in part, and is available for potential execution against all incoming orders until executed in full or canceled.

(6) "Equity EAM" means an Electronic Access Member authorized by the Exchange to trade on the ISE Stock Exchange. Any Electronic Access Member may become an Equity EAM upon certification of operational connectivity to the ISE Stock Exchange, by paying any applicable access fees and establishing and maintaining the ability to clear ISE Stock Exchange trades at ~~the Depository Trust and Clearing Corporation ("DTCC")~~ a clearing agency registered under Section 17A of the Exchange Act, either by self-clearing or through use of a ~~DTCC~~ member clearing firm.

(7) "Equity Securities" means common stock, Commodity-Based Trust Shares, Currency Trust Shares, Partnership Units, Trust-Issued Receipts including those based on Investment Shares, and Investment Company Units.

(8) "Locking Quotation" means the display of a bid for an NMS Stock during regular trading hours at a price that equals the price of an offer for such NMS Stock previously disseminated pursuant to an effective national market system plan, or the display of an offer for an NMS Stock during regular trading hours at a price that equals the price of a bid for such NMS Stock previously disseminated pursuant to an effective national market system plan.

(9) "Manual Quotation" means any quotation other than an Automated Quotation.

(10) "Mixed lots" means an order that is for more than a round lot unit of trading but not a multiple thereof.

(11) "NBBO" means the national best bid and offer in an Equity Security as calculated and disseminated pursuant to the

Consolidated Quotation Plan or the Nasdaq/National Market System Unlisted Trading Privileges Plan, as applicable.

~~(11)~~ (12) "NMS Security" means any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in listed options.

~~(12)~~ (13) "NMS Stock" means any NMS Security other than an option.

~~(13)~~ (14) "Odd lots" means an order to buy or sell less than one round lot. ~~(14) "Partial round lot" or "PRL" order means an order that consists of both a round lot and an odd lot component.~~

(15) "Protected Bid" or "Protected Offer" means an Automated Quotation that is the best bid or best offer of an Automated Trading Center, as calculated and disseminated pursuant to the Consolidated Quotation Plan or the Nasdaq/National Market System Unlisted Trading Privileges Plan, as applicable.

(16) "Protected Quotation" means a Protected Bid or Protected Offer.

(17) "Round lot order" means an order to buy or sell in multiples of 100 shares, unless stated otherwise on a case-by-case basis.

(18) "Routing Agreement" means the form of Agreement between an Equity EAM and the broker-dealer routing facility of the ISE Stock Exchange, under which the broker-dealer routing facility of the ISE Stock Exchange, agrees to act as agent for routing orders of the Equity EAM entered into the ISE Stock Exchange to other market centers or broker-dealers for execution, other than orders excluded by the terms of the Routing Agreement, whenever such routing is required.

(19) "Trade-Through" means the purchase or sale of a security during regular trading hours at a price that is lower than a Protected Bid or higher than a Protected Offer.

(20) "Trading Center" means a national securities exchange or national securities association that operates an SRO trading facility, an alternative trading system, an exchange market maker, an OTC market maker, or any other broker or dealer that executes orders internally by trading as principal or crossing orders as agent.

Rule 2101. Equity Securities Traded

(a) *Unlisted Trading Privileges.* The Exchange will trade Equity Securities in its ISE Stock Exchange facility only pursuant to unlisted trading privileges ("UTP") in accordance with Section 12(f) of the Exchange Act and the rules and regulations promulgated thereunder. Any security traded on the ISE Stock Exchange must be registered under the Exchange Act and must be listed on the New York Stock Exchange or the American Stock Exchange, or must be admitted to trading on the NASDAQ Stock Market. The ISE Stock Exchange will cease trading any Equity Security admitted to UTP if such security no longer is either listed on the New York Stock Exchange or the American Stock Exchange or admitted to trading on the NASDAQ Stock Market. The Exchange will not list any Equity Securities. Therefore, the provisions of Rules ~~2122~~, 2123, 2124, 2125, 2126, and ~~2126~~2127 that permit the listing of Equity Securities other than common stock will not be effective until the Exchange files a proposed rule change under Section 19(b)(2) under the Exchange Act to amend its rules to comply with Rule 10A-3 under the Exchange Act and to incorporate qualitative listing criteria, and such proposed rule change is approved by the Commission.

(b) *Trading in the Exchange's Equity Securities.* If the Exchange trades its own securities, or the securities of an affiliate, or any entity that operates and/or owns a trading system or facility of the Exchange, on the ISE Stock Exchange, the Exchange shall file a report each quarter with the SEC describing: (i) the Exchange's monitoring of such issuer's compliance with the Exchange's listing standards (in the event the Exchange adopts such listing standards), including (a) the issuer's compliance with any applicable bid price requirement and (b) the issuer's compliance with each of the applicable quantitative and qualitative maintenance requirements; and (ii) the Exchange's monitoring of the trading of the security, which shall include summaries of all related surveillance alerts, complaints, regulatory referrals, busted or adjusted trades, investigations, examinations, formal and informal disciplinary actions, exceptions reports and the trading data. In addition, if the Exchange adopts listing standards, once a year, an independent accounting firm shall review the listing standards for the subject security to ensure that the issuer is in compliance with such listing requirements, and a copy of the report shall be forwarded promptly to the Commission.

In the event the Exchange determines that the subject issuer is non-compliant with any listing standard, the Exchange shall file a report with the Commission at the same time the Exchange notifies the issuer of its non-compliance. The report shall identify the date of non-compliance, type of non-compliance, and any other material information conveyed to the issuer in the notice of non-compliance. Within five business days of receipt of a plan of remediation from the issuer, the Exchange shall notify the Commission of such receipt, whether the plan of remediation was accepted by the Exchange and the time period provided to regain compliance with the Exchange's listing standards.

Rule 2102. Hours of Business

Except under unusual conditions as may be determined by the Board of Directors, the hours during which transactions may be made on the ISE Stock Exchange are:

(a) *Common Stocks*. The hours during which stock transactions may be made on the ISE Stock Exchange are 9:30 a.m. until 4:00 p.m. Eastern Time. Orders may be entered, but will not be executed, until an NBBO is established in a security at or after 9:30 a.m.

(b) *Securities Other than Common Stock*. The hours during which transactions may be made on the ISE Stock Exchange are as provided in Rules ~~2122-2123~~ through ~~2126-2127~~.

Rule 2103. Exchange Authority

In addition to such other powers and duties as the Board may prescribe, an Exchange official designated by the Board shall have the power: (a) to supervise the initiation of trading of Equity Securities on the ISE Stock Exchange; (b) to halt or to resume trading in an Equity Security on the ISE Stock Exchange when, in the opinion of such official, such action is appropriate in the interests of a fair and orderly market and to protect investors; (c) to resolve market disputes submitted to such officials by Equity EAMs; and (d) to regulate and supervise unusual situations that may arise in connection with trading on the ISE Stock Exchange when, in the opinion of such official, such action is appropriate in the interests of a fair and orderly market and to protect investors.

Rule 2104. Types of Orders

(a) *Market Orders*. An order to buy or sell the stated quantity that is to be executed at the ~~best available price~~ Best Available Price(s) when the order reaches the ISE Stock Exchange.

(b) *Limit Orders*. An order to buy or sell a stated quantity at a specified price or better.

(c) *Day Orders*. Orders that expire at the end of the trading day on which they are entered.

(d) *Discretionary Orders*. Orders to buy or sell a stated amount of a security at a specified, undisplayed price (the "discretionary price"), in addition to at a specified, displayed price ("displayed price").

(e) *Fill-or-Kill ("FOK") Orders*. Orders that are to be executed in their entirety or canceled upon receipt.

(f) *Immediate-or-Cancel ("IOC") Orders.* Orders that are to be executed in whole or in part upon receipt, and if not so executed are to be canceled.

(g) *Intermarket Sweep Orders ("ISOs").* With respect to orders received by the ISE Stock Exchange, ISOs are orders to be executed in whole or in part upon receipt on the ISE Stock Exchange without regard to better-priced quotations displayed at other Trading Centers, and if not so executed are to be canceled. With respect to orders sent by the ISE Stock Exchange to other Trading Centers, ISOs are order to be executed in whole or in part at such Trading Centers without regard to better-priced quotations displayed at other Trading Centers, and if not so executed are to be canceled.

(h) *No MPM.* Market or limit orders that should not be executed against orders residing in the Midpoint Match. (See Rule 2129.)

(i) *Not Routable.* Limit orders that are to be executed in whole or in part upon receipt, and if not fully executed, displayed on the ISE Stock Exchange if possible as provided in Rule ~~2112-2107(b)(2)(iii)~~.

(j) *Pegged Orders.* Limit orders to buy or sell a stated amount of a security at a displayed price set to track the current bid or ask of the NBBO in an amount specified by the Equity EAM. The tracking of the relevant Consolidated Quote information for Pegged Orders will occur on a real-time basis. The associated price of each Pegged Order that is updated will be assigned a new entry time with priority in accordance with Rule 2107. A Pegged Order may be designated as a Discretionary Order. The displayed price of a Pegged Order designated as a Discretionary Order will be used to reflect changes in the NBBO (the discretionary price of a Pegged Order will re-price based on the corresponding change in the displayed price). If the calculated price for the Pegged Order would exceed its limit price, it will no longer track and will remain displayed at its limit price.

(k) *Post Only.* Limit orders that are to be displayed on the ISE Stock Exchange upon receipt or canceled.

(l) *Reserve Orders.* Limit orders with a portion of the size that is to be displayed and with a reserve portion of the size ("reserve size") at the same price that is not to be displayed, but is to be used to refresh the displayed size when the displayed size is executed in full.

(m) *Stop Orders.* Orders that become market orders when the stop price is elected. A stop order to buy is elected when a transaction in the security occurs on the ISE Stock Exchange or on another Trading Center at or above the "stop" price. A stop order to sell is elected when a transaction in the security occurs on the ISE Stock Exchange or another Trading Center at or below the "stop" price.

(n) *Stop Limit Orders.* Orders that become limit orders when the stop price is elected. A stop limit order to buy is elected when a transaction in the security occurs on the ISE Stock Exchange or another Trading Center at or above the “stop” price. A stop limit order to sell is elected when a transaction in the security occurs on the ISE Stock Exchange or another Trading Center at or below the “stop” price.

2105. Order Entry

(a) *Marking of Orders.* All orders must be marked as “buy,” “sell,” “sell short,” or “sell short exempt.”

(b) *Regular Way Trading.* Orders on the ISE Stock Exchange may only be “regular way,” that is, for delivery ~~upon~~ no later than the third business day following the day of the contract unless the rules of the Clearing Corporation otherwise direct.

(c) *Order Specifications*

(1) All limit orders that are not immediately executed will be Day Orders.

(2) Odd-lot orders are ~~not accepted~~ rejected by the System.

(3) ~~Partial round~~ Mixed lot orders may be entered, but the odd lot ~~components~~ component of a ~~PRL~~ mixed lot order will not receive an execution. ~~The odd lot component of a PRL and~~ will be canceled upon the execution or cancellation of the last round lot component in the ~~PRL~~ mixed lot order.

(d) Equity EAMs may enter into the ISE Stock Exchange the types of orders listed in Rule 2104; provided, however, no Equity EAM may enter an order other than a Fill-or-Kill, Not-Routable, or Post Only Order unless the Equity EAM has entered into a Routing Agreement.

2106. Opening Process

(a) *Order Entry and Cancellation before the Opening.* Prior to market open, Equity EAMs may enter ~~all order types~~ orders.

(1) All order types other than ~~stop/stop limit~~ Stop/Stop Limit, No MPM, Post Only, FOK and IOC may participate in the opening transaction. Reserve orders may participate to the full extent of their size. Discretionary orders may participate at their most aggressive prices. Pegged orders will have limit prices based upon the NBBO that is required for the opening transaction to occur.

(2) Orders to participate in the opening transaction may be to buy, sell or sell short exempt orders only.

(3) For orders greater than or equal to \$1.00, the ISE Stock Exchange and MPM orders will open together in a batch opening process.

(b) *Performing the Opening Transaction.* The Opening Transaction matches buy and sell orders that are executable at the midpoint of the NBBO as described in paragraph (d) below. All orders eligible to trade at the midpoint will be processed in time sequence, beginning with the oldest order. Matches will occur until there is no remaining volume or there is an imbalance of orders. An imbalance of orders on the buy side or sell side may result in orders that are not executed in whole or in part. Such orders may, in whole or in part, be displayed on the order book, canceled, or routed to other Trading Centers in accordance with Rule 2107(d).

(c) *Primary Market.* For the purposes of this Rule 2106, the primary market is the listing market for a security. If a security is traded on both the NYSE and the Amex, the primary market would be considered the NYSE. If a security is listed on both the NYSE and Nasdaq, the NYSE would be considered the primary market.

(d) *Determining the Opening Price.* The opening price will be at the midpoint of the NBBO.

(1) When the primary market is either the NYSE or the Amex, the opening trade will be executed at the midpoint of the first reported NBBO subsequent to a reported trade on the primary market after 9:30:00 a.m.

(2) When the primary market is Nasdaq, the opening trade will be executed at the midpoint of the first reported NBBO after 9:30:00 a.m.

(e) *Re-openings.* Re-openings will be handled in the same manner as openings.

(f) *Closing.* The System will cease matching orders in a security upon the close of the primary market for such security.

2107. Priority and Execution of Orders

(a) *Priority.* The highest priced displayed orders to buy and the lowest priced displayed orders to sell have priority on the ISE Stock Exchange (*i.e.*, price priority), unless price improvement is available in Midpoint Match (See 2129). If there are two or more displayed orders at the same price, priority shall be afforded in the sequences in which they are received by the Exchange (*i.e.*, time priority).

(1) Reserve Orders. All displayed size of all orders at a particular price on the ISE Stock Exchange will be executed in full before the reserve size of a reserve order. When the displayed size of a reserve order is replenished from the reserve size, the displayed order is considered newly entered for purposes of time priority.

(2) Stop Limit Orders. Stop limit orders are considered newly entered at the time of their election for purposes of time priority.

(3) Pegged Orders. Pegged Orders are considered newly entered at each time the price of the pegged order is updated for purposes of time priority.

(b) *Order Execution*. All orders are handled automatically by the ISE Stock Exchange. All orders are available for price improvement at the midpoint of the NBBO if contra-side interest exists in Midpoint Match, unless marked "No MPM". Except as specified below in paragraph (c), orders will not be executed at prices that are inferior to Protected Quotations available at other Trading Centers.

(1) Regular Orders.

(i) Market orders. Market orders are executed immediately upon receipt at the ~~best available prices~~ Best Available Prices to the greatest extent possible without causing a Trade-Through. Any unexecuted balance of a market order will be routed to another Trading Center(s) with a Protected Bid or Protected Offer as provided in paragraph (d) below.

(ii) Marketable Limit Orders. Limit Orders that are executable immediately upon receipt will be immediately executed at the ~~best available prices~~ Best Available Prices to the greatest extent possible without causing a Trade-Through. Any unexecuted balance of a limit order will be routed to another Trading Center(s) with a Protected Bid or Protected Offer and/or placed on the ISE Stock Exchange order book as provided in paragraph (d) below.

(2) Special Orders.

(i) Immediate-or-Cancel. IOC orders are immediately executed upon receipt at the ~~best available prices~~ Best Available Prices to the greatest extent possible without causing a Trade-Through. Any unexecuted balance of an IOC order will be canceled.

(ii) Fill-or-Kill. FOK orders are immediately executed upon receipt in their entirety at the ~~best available prices~~ Best Available Prices possible without causing a Trade-Through. If an

FOK order cannot be executed on the ISE Stock Exchange in its entirety without causing a Trade-Through, it will be canceled.

(iii) Not Routable. Not routable orders that are executable upon receipt will be immediately executed at the ~~best available prices~~ Best Available Prices to the greatest extent possible without causing a Trade-Through. Any unexecuted balance of a not routable order either will be (A) canceled if the order is executable against a Protected Bid or Protected Offer at another Trading Center, or (B) placed on the ISE Stock Exchange order book.

(iv) Post Only. Post only orders will be placed on the ISE Stock Exchange order book upon receipt, or will be canceled if they cannot be placed on the order book because either they are executable (A) upon entry, or (B) against a Protected Bid or Protected Offer at another Trading Center.

(v) Stop Orders and Stop Limit Orders. A stop order is considered a market order at the time it is elected and will be handled according to (b)(1)(i) above. A stop limit order is considered a limit order at the time it is elected and will be handled according to (b)(1)(ii) above.

(vi) Short Sale Orders. Short sale orders will be executed in accordance with Rule 2113 set forth below.

(vii) Discretionary Orders. If the price of a discretionary order, whether displayed or undisplayed, is executable immediately upon receipt, it will be handled according to (b)(1)(ii) above. The undisplayed price of a discretionary order is available for execution against opposing limit orders within the discretionary range (i.e., at the discretionary price or at a price that is between the displayed price and the discretionary price).

(c) *Trade-Through Exceptions*. The transactions in (b) above may be executed at prices that cause a Trade-Through in the following circumstances, as set forth in Rule 611 of Regulation NMS under the Securities Exchange Act of 1934:

(1) Self-help. If another Trading Center repeatedly fails to respond within one second to incoming orders attempting to access its Protected Quotations, the ISE Stock Exchange may bypass those Protected Quotations by:

(i) Notifying the non-responding Trading Center immediately after (or at the same time as) electing self-help; and

(ii) Assessing whether the cause of the problem lies with its own systems and, if so, taking immediate steps to resolve the problem.

(2) Intermarket Sweep Orders.

(i) The transaction that constitutes the Trade-Through is the execution of an order identified as an ISO, or;

(ii) The transaction that constitutes the Trade-Through is effected by the ISE Stock Exchange when it simultaneously routes an ISO to execute against the full displayed size of any Protected Quotations traded through.

(3) Crossed quotations. The transaction that constitutes the Trade-Through is executed at a time when the Protected Quotations are crossed.

(d) Routing Order to Other Exchanges. When the ISE Stock Exchange is not displaying a price equal to the NBBO does not have contra-side interest resident in its System equal to or better than a Protected Bid or Protected Offer, it will route orders that are marketable against the NBBO to other a Protected Bid or Protected Offer at one or more Trading Centers as follows:

(1) Market Orders and Executable Limit Orders. An IOC or ISO will automatically be sent to one or more Trading Centers with a Protected Bid or Protected Offer that is better than the ISE Stock Exchange quote for the lesser of the full displayed size of the Protected Bid or Protected Offer or the balance of the order. Any additional balance of the order will be executed on the ISE Stock Exchange simultaneously. If the market is crossed, the order will be executed as described above in this section.

(2) Unexecutable Limit Orders. If display of a limit order (or any balance thereof) on the ISE Stock Exchange would lock or cross a Protected Bid or Protected Offer, an ISO order will automatically be sent to one or more Trading Centers with a Protected Bid or Protected Offer that would be locked or crossed by the display of the order for up to the full displayed size of the Protected Bid or Protected Offer. Any additional balance of the order will be displayed on the ISE Stock Exchange immediately.

(3) Unexecutable Market Order. An IOC will automatically be sent to one or more Trading Centers with a Protected Bid or Protected Offer for the full size of the market order that is not executable on the ISE Stock Exchange.

Supplementary Material to Rule 2107.

Prior to February 5, 2007, the ISE Stock Exchange will not execute orders at a price that is inferior to the NBBO. When the ISE Stock Exchange does not have contra-side interest resident in its System equal to or better than the NBBO, it will route orders that are marketable against the NBBO to the market(s) that is disseminating the NBBO price.

Rule 2108. Order Routing and Route Out Facility

As described above, under certain circumstances, the Exchange will route orders entered into the System to other markets for execution. The Exchange shall enter into an agreement with a third party, to be a facility of the Exchange ("Routing Facility"), to provide these routing services.

(a) The Exchange shall establish and maintain procedures and internal controls reasonably designed to adequately restrict the flow of confidential and proprietary information between the Exchange and its facilities (including the Routing Facility), and any other entity, including any affiliate of the Routing Facility, and, if the Routing Facility or any of its affiliates engages in any other business activities other than providing routing services to the Exchange, between the segment of the Routing Facility or affiliate that provides the other business activities and the routing services.

(b) The books, records, premises, officers, directors, agents, and employees of the Routing Facility, as a facility of the Exchange, shall be deemed to be the books, records, premises, officers, directors, agents, and employees of the Exchange for purposes of and subject to oversight pursuant to the Exchange Act. The books and records of the Routing Facility, as a facility of the Exchange, shall be subject at all times to inspection and copying by the Exchange and the Commission.

Rule 2109. Ex-Dividend

Transactions in Equity Securities shall be ex-dividend or ex-rights on the second business day preceding the record date fixed by the issuer or the date of the closing of transfer books. Should such record date or such closing of transfer books occur upon a day other than a business day, this Rule shall apply for the third preceding business day.

Rule 2110. Minimum Price Variation

The minimum price variation ("MPV ") for bids, offers, and orders traded that are displayed, ranked or accepted on the ISE Stock Exchange is \$0.01, with the exception of securities bids, offers, and orders that are priced less than ~~\$1.00~~1.00, for which the MPV ~~for order entry~~ is \$0.0001.

Rule 2111. Manual Quotations

Identifying Quotations as "Manual". The ISE Stock Exchange will immediately identify its quotations as Manual Quotations whenever it has reason to believe that it is not capable of displaying Automated Quotations.

Rule 2112. Locking or Crossing Quotations

(a) *Definitions*. For purposes of this Rule, The terms automated quotation, effective national market system plan, intermarket sweep order, manual quotation, NMS stock, protected quotation, regular trading hours, and trading center shall have the meanings set forth in Rule 600(b) of Regulation NMS under the Securities Exchange Act of 1934.

(b) *Prohibition*. Except for quotations that fall within the provisions of paragraph (d) of this Rule, Members of the ISE Stock Exchange shall reasonably avoid displaying, and shall not engage in a pattern or practice of displaying, any quotations that lock or cross a Protected Quotation, and any manual quotations that lock or cross a quotation previously disseminated pursuant to an effective national market system plan.

(c) *Manual quotations*. If a Member of the ISE Stock Exchange displays a manual quotation that locks or crosses a quotation previously disseminated pursuant to an effective national market system plan, such Member of the Exchange must promptly either withdraw the manual quotation or route an intermarket sweep order to execute against the full displayed size of the locked or crossed quotation.

(d) *Exceptions*.

(1) The locking or crossing quotation was displayed at a time when the ISE Stock Exchange was experiencing a failure, material delay, or malfunction of its systems or equipment.

(2) The locking or crossing quotation was displayed at a time when a Protected Bid was higher than a Protected Offer in the NMS stock.

(3) The locking or crossing quotation was an Automated Quotation, and the Member simultaneously routed an intermarket sweep order to execute against the full displayed size of any locked or crossed protected quotation.

(4) The locking or crossing quotation was a manual quotation that locked or crossed another manual quotation, and the Member simultaneously routed an intermarket sweep order to execute against the full displayed size of the locked or crossed manual quotation.

Rule 2113. [Reserved] Long and Short Sales

[Note: This rule was recently approved by the Commission in a separate filing and currently applies to the Midpoint Match. This rule appears in the filing only to be renumbered from Rule 2105, as approved for the Midpoint Match series of rules, to 2113. Additionally, the ISE commits to amending this rule prior to the launch of the fully displayed market to account for additional order types set forth herein that relate to the displayed market.]

Rule 2114. [Reserved] Rule 2114. [Doing Business With the Public]

[Note: This rule was recently approved by the Commission in a separate filing and currently applies to the Midpoint Match. This rule appears in the filing only to be renumbered from Rule 2106, as approved for the Midpoint Match series of rules, to 2114.]

Rule 2115. Limitation on Reporting Authorities' Liability

(a) The term "Reporting Authority," for purposes of this Rule, shall have the same meaning as set forth in Rule 2001(l).

(b) The disclaimers found under Rule 2011 shall apply to any Reporting Authority with respect to any index or portfolio underlying a series of index-related securities governed by the Rules of this Chapter. The terms "option" and "option contract" as used in Rule 2011 shall be deemed for the purpose of this Rule to include any index-related security governed by the Rules of this Chapter.

Rule 2116. Sales Value Fee

The Sales Value Fee is assessed by the Exchange to each Equity EAM for sales on the Exchange with respect to which the Exchange is obligated to pay a fee to the Commission under Section 31 of the Exchange Act. To the extent that there may be any excess monies collected under this rule, the Exchange may retain those monies to help fund its general operating expenses. The fee applies to the sale of all Equity Securities. The Exchange collects the fee indirectly from Equity EAMs through their clearing firms with respect to sales of such securities. The Sales Value Fee is equal to (a) the Section 31 fee rate multiplied by (b) the Equity EAM's aggregate dollar amount of covered sales resulting from transactions occurring on the Exchange during any computational period.

Rule 2117. Settlement Through Clearing Corporations

(a) The details of each transaction executed on the ISE Stock Exchange shall be automatically processed for clearance and settlement on a locked-in basis. Equity EAMs need not separately report their transactions to the Exchange for trade comparison purposes.

(b) An Equity EAM that does not maintain the ability to clear ISE Stock Exchange trades at ~~DTCC~~a clearing agency registered under Section 17A of the Exchange Act, either by self-clearing or through use of a ~~DTCC~~ member clearing firm, will no longer be eligible to effect trades on the ISE Stock Exchange.

(c) Except as provided herein, transactions executed on the ISE Stock Exchange will be processed anonymously. The transaction reports will indicate the details of the transaction, but will not reveal contra party identities.

(d) The ISE Stock Exchange will reveal the identity of an Equity EAM or Equity EAM's clearing firm in the following circumstances:

(1) for regulatory purposes or to comply with an order of a court or arbitrator; or

(2) when the National Securities Clearing Corporation ("~~DTCC~~NSCC") division of ~~DTCC~~the Depository Trust and Clearing Corporation ("DTCC") ceases to act for an Equity EAM or the Equity EAM's clearing firm and NSCC determines not to guarantee the settlement of the Equity EAM's trades; or

(3) on risk management reports provided to the contra party of the Equity EAM or Equity EAM's clearing firm each day after 4:00 p.m. that discloses trading activity on an aggregate dollar value basis.

(e) The ISE Stock Exchange will reveal to an Equity EAM, no later than the end of the day on the date an anonymous trade was executed, when that Equity EAM submits an order that has executed against an order submitted by that same Equity EAM.

(f) Any transaction occurring as a result of an order entered by an Equity EAM that is routed to another Trading Center pursuant to the rules of the Exchange shall be binding on the Equity EAM submitting the order and if the Equity EAM is not a self-clearing firm, then binding on the ~~DTCC~~-member clearing firm.

(g) In order to satisfy the Equity EAM's record keeping obligations under SEC Rules 17a-3(a)(1) and 17a-4(a), (i) the ISE Stock Exchange shall, with the exception of those circumstances described below in (ii), retain for the period specified in Rule 17a-4(a) the identity of each Equity EAM that executes an anonymous transaction described in paragraph (b) of this rule, and (iii) Equity EAMs shall retain the obligation to comply with SEC Rules 17-3(a)(1) and 17-4(a) whenever they possess the identity of their contra party. In either case, the information shall be retained in its original form or a form approved under Rule 17a-6.

Rule 2118. Trade Modifiers

The following the compliance date for Rule 611 of Regulation NMS, the ISE Stock Exchange will shall identify all trades executed pursuant to an exception or exemption set forth in from Rule 2107(c) 611 of Regulation NMS in accordance with specifications approved by the operating committee of the relevant national market system plan for an NMS stock. Stock. If a trade is executed pursuant to both the intermarket sweep order exception of Rule 611(b)(5) or (6) and the self-help exception of Rule 611(b)(1), such trade shall be identified as executed pursuant to the intermarket sweep order exception.

Rule 2119. Equity EAMs Acting as Brokers

(a) *While Holding Unexecuted Market Order.* No Equity EAM shall on the ISE Stock Exchange: (1) buy or initiate the purchase of any security subject to the rules in this Chapter for its own account or for any account in which it or any of its members, partners, officers, or employees is directly or indirectly interested, while such Equity EAM has knowledge that it or any of members, partners, officers or employees holds an unexecuted market order to buy such security in the unit of trading for a customer; or (2) sell or initiate the sale of any security subject to the rules in this Chapter for any such account, while the Equity EAM holds or has knowledge that it or any of its members, partners, officers or employees holds an unexecuted market order to sell such security in the unit of trading for a customer.

(b) *While Holding Unexecuted Limit Order.* No Equity EAM shall on the ISE Stock Exchange (1) buy or initiate the purchase of any security subject to the rules in this Chapter for any such account, at or below the price at which it holds or has knowledge that it or any of its members, partners, officers or employees holds an unexecuted order with a boundary price to buy such security in the unit of trading for a customer; or (2) sell or initiate the sale of any security for any such account at or above the price at which it personally holds or has knowledge that it or any of its members, partners, officers or employees holds an unexecuted order with a boundary price to sell such security in the unit of trading for a customer.

Rule 2120. Taking or Supplying Securities

No Equity EAM, who has accepted for execution, personally or through his firm or a partner, officer or shareholder thereof, an order for the purchase of securities shall fill such order by selling such securities for any account in which he or his firm, or a partner, officer or shareholder thereof has a direct or indirect interest, or having so accepted an order for the sale of securities shall fill such order by buying such securities for such an account, except as follows:

(a) An Equity EAM who neglects to execute an order may be compelled to take or supply for his own account or that of his firm the securities named in the order;

(b) An Equity EAM, acting for another member, may take the securities named in the order, provided (1) the price is justified by the condition of the market, and (2) the member who gave the order shall directly, or through a broker authorized to act for him, after prompt notification, accept the trade;

(c) An Equity EAM, acting for another member, may supply the securities named in the order, provided (1) the price is justified by the condition of the market and (2) the member who gave the order shall directly, or through a broker authorized to act for him, after prompt notification, accept the trade;

(d) An Equity EAM, acting as a broker, is permitted to report to his principal a transaction as made with himself when he has orders from two principals to buy and to sell the same security and not to give up his principals;

(e) An Equity EAM may purchase or sell for principal account the securities named in his customer's order provided that (1) the price is consistent with the market, and (2) full disclosure of the interest of the member is made to his customer on the confirmation of the trade.

Rule 2121. Trading by an Equity EAM in Its Own or Its Parent Firm's Securities

After the completion of a distribution of its securities, no Equity EAM that has any publicly-held securities outstanding shall effect any transaction (except on an unsolicited basis) for the account of any customer in, or make any recommendation of, any such security issued by the Equity EAM or any corporation controlling, controlled by or under common control with such Equity EAM.

Rule ~~2121~~-2122. Comparison Does Not Create Contract

No comparison or failure to compare, and no notification or acceptance of notification of failure to receive or failure to deliver shall have the effect of creating or of canceling a contract, or of changing the terms thereof, or of releasing the original parties from liability.

Rule ~~2122~~2123. Investment Company Unit

The Exchange will consider for listing and/or trading, whether pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise, units of trading ("Units") that meet the criteria of this paragraph. A Unit is a security that represents an interest in a registered investment company ("Investment Company") that could be organized as a unit investment trust, an open-end management investment company, or a similar entity.

(a) Original Unit Listing Standards.

(1) The Investment Company must:

(i) hold securities (including fixed income securities) comprising, or otherwise based on or representing an investment in, an index or portfolio of securities; or

(ii) hold securities in another registered investment company that holds securities as described in (i) above.

An index or portfolio may be revised as necessary or appropriate to maintain the quality and character of the index or portfolio.

(2) The Investment Company must issue Units in a specified aggregate number in return for a deposit (the "Deposit") consisting of either:

(i) a specified number of shares of securities (or if applicable, a specified portfolio of fixed income securities) that comprise the index or portfolio, or are otherwise based on or represent an investment in securities comprising such index or portfolio, and/or a cash amount; or

(ii) shares of a registered investment company, as described in clause (a)(1)(ii) above, and/or a cash amount.

(3) Units must be redeemable, directly or indirectly, from the Investment Company for securities (including fixed income securities) and/or cash then comprising the Deposit. Units must pay holders periodic cash payments corresponding to the regular cash dividends or

distributions declared with respect to the securities held by the Investment Company, less applicable expenses and charges.

(4) For each series of Investment Company Units the Exchange will establish a minimum number of Units required to be outstanding at the time of commencement of trading on the Exchange. Notwithstanding the foregoing, for the initial listing of a series of Investment Company Units in reliance upon Rule 19b-4(e) under the Exchange Act, there must be at least 100,000 Units outstanding prior to the commencement of trading of a series of Units on the Exchange.

(5) Voting rights shall be as set forth in the applicable Investment Company prospectus.

(b) Underlying Indices and Portfolios.

(1) The Exchange may list and/or trade specified series of Units, with each series based on a specified index or portfolio of securities.

(2) Upon the initial listing of a series of Investment Company Units on the Exchange in reliance upon Rule 19b-4(e) under the Exchange Act, the component stocks of an index or portfolio underlying such series shall meet the following criteria as of the date of the initial deposit of securities in connection with the initial issuance of such Investment Company Units:

(i) component stocks that in the aggregate account for at least 90 percent of the weight of the index or portfolio must have a minimum market value of at least \$75 million;

(ii) the component stocks representing at least 90 percent of the weight of the index or portfolio must have a minimum monthly trading volume during each of the last six months of at least 250,000 shares;

(iii) The most heavily weighted component stock may not exceed 30 percent of the weight of the index or portfolio, and the five most heavily weighted component stocks may not exceed 65 percent of the weight of the index or portfolio;

(iv) the underlying index or portfolio must include a minimum of 13 stocks; and

(v) all securities in the underlying index or portfolio must be listed on a national securities exchange or The Nasdaq Stock Market (including the Nasdaq SmallCap Market).

(3) The value of the index or portfolio must be calculated and disseminated to the public at least once per business day; provided that, if the securities representing at least half the value of the index or portfolio are securities of a single country other than the United States, then the value of the index or portfolio may be calculated and disseminated to the public at least once per day that is a business day in that country. If a series of Investment Company Units is listed for trading on the Exchange in reliance upon Rule 19b-4(e) under the Exchange Act, the current value of the underlying index must be widely disseminated by one or more major market data vendors or disseminated over the consolidated tape at least every 15 seconds during trading hours on the Exchange. In addition, there must be similarly disseminated for that series an estimate, updated every 15 seconds, of the value of a share of each series. This may be based, for example, upon current information regarding the required deposit of securities plus any cash amount to permit creation of new shares of the series or upon the index value. If the Exchange is trading Investment Company Units pursuant to unlisted trading privileges, it will cease trading the Investment Company Unit if the primary listing exchange ceases trading the Investment Company Unit for any of the above reasons.

(4) If a series of Investment Company Units is listed for trading on the Exchange in reliance upon Rule 19b-4(e) under the Exchange Act:

(i) the index underlying the series must be calculated based on either the market capitalization, modified market capitalization, price equal-dollar or modified equal-dollar weighting methodology;

(ii) if the index is maintained by broker-dealer, (a) the broker-dealer must erect a "fire wall" around the personnel who have access to information concerning changes and adjustments to the index and (b) the index must be calculated by a third party who is not a broker-dealer; and

(5) If a series of Investment Company Units is listed for trading or traded pursuant to unlisted trading privileges on the Exchange in reliance upon Rule 19b-4(e) under the Exchange Act, the Exchange will implement written surveillance procedures applicable to such series. In addition, the Exchange will comply with the record-keeping requirements of Rule 19b-4(e) under the Exchange Act, and will file Form 19b-4(e) for each series of Investment Company Units within five business days of the commencement of trading.

(c) *Continued Listing Criteria.* If the Exchange lists the Units, the Exchange will consider the suspension of trading and delisting of a series of Units in any of the following circumstances:

(1) Following the initial twelve-month period beginning upon the commencement of trading of a series of Units, there are fewer than 50 record and/or beneficial holders of Units for 30 or more consecutive trading days;

(2) The value of the index or portfolio of securities on which the series is based is no longer calculated or available; or

(3) Such other event shall occur or condition exist that, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable.

In addition, the Exchange will remove Units from listing and trading upon termination of the issuing Investment Company.

If the Exchange is trading the Units pursuant to unlisted trading privileges, it will cease trading the Units if the primary listing exchange ceases trading the Units for any of the above reasons.

(d) *Provision of Prospectus and Written Description.*

(1) This paragraph shall apply only to a series of Investment Company Units as to which the sponsor or other appropriate party has obtained an exemption from Section 24(d) of the Investment Company Act. In connection with any such series of Investment Company Units listed on the Exchange, Equity EAMs must provide to all purchasers of such series a written description of the terms and characteristics of such securities, in a form prepared or approved by the Exchange, not later than the time a confirmation of the first transaction in such security is delivered to such purchaser. In addition, Equity EAMs must include such a written description with any sales material relating to such series that is provided to customers or the public. Any other written materials provided by an Equity EAM to customers or the public making specific reference to such a series of Investment Company Units as an investment vehicle must include a statement in substantially the following form:

"A circular describing the terms and characteristics of [the series of Investment Company Units] has been prepared by [Trust name] and is available from your broker or the ISE. It is recommended that you obtain and review such circular before purchasing [the series of Investment Company Units]. In addition, upon request you may obtain from your broker a prospectus for [the series of Investment Company Units]."

(2) An Equity EAM carrying an omnibus account for a non-member broker-dealer is required to inform such non-member that execution of an order to purchase a series of Investment Company Units for the omnibus account will be deemed to constitute agreement by the non-member to make the written description available to its customers on the same terms as are directly applicable to members under this Rule.

(3) Upon request of a customer, an Equity EAM shall also provide a prospectus for the particular series of Investment Company Units.

(e) *Limitation on Liability.* Neither the Exchange, any affiliate, nor any Index Licensor or Administrator guarantees the timeliness, sequence, accuracy or completeness of index and Investment Company Unit information. Neither the Exchange, any affiliate, nor any Index Licensor or Administrator shall have any liability for any loss, damages, claim or expense arising from or occasioned by any inaccuracy, error or delay in, or omission of or from, (i) any index and Investment Company Unit information or (ii) the collection, calculation, compilation, maintenance, reporting or dissemination of any index, any portfolio or any index and Investment Company Unit information, resulting either from any negligent act or omission by the Exchange, any affiliate or any Index Licensor or Administrator or from any act, condition or cause beyond the reasonable control of the Exchange, any affiliate or any Index Licensor or Administrator, including, but not limited to, flood, extraordinary weather conditions, earthquake or other act of God, fire, war, insurrection, riot, labor dispute, accident, action of government, communications or power failure, or equipment or software malfunction. Without limiting any of the foregoing, in no event shall the Exchange, any affiliate, or any index Licensor or Administrator have any liability for any lost profits or special, punitive, incidental, indirect or consequential damages, even if notified of the possibility of such damages.

(f) *No Warranties.* Neither the Exchange, any affiliate, nor any Index Licensor or Administrator makes any express or implied warranty as to results that any person or party may obtain from using (i) any Investment Company Unit, (ii) the index or portfolio that is the basis for determining the component stocks of an Investment Company Unit, or (iii) any index or Investment Company Unit information, for trading or any other purpose. The Exchange, its affiliates and each Index Licensor or Administrator makes ~~no~~no express or implied warranties, and disclaims all warranties of merchantability or fitness for a particular purpose or use, with respect to any such Investment Company Unit, index, portfolio or information.

(g) *Hours of Trading.* Any series of Investment Company Units so designated by the Exchange may be traded on the Exchange from 9:30 a.m. until 4:15 p.m. each business day.

Rule ~~2123~~-2124. Trust Issued Receipts

(a) The Exchange will consider for trading, whether by listing or pursuant to unlisted trading privileges, Trust Issued Receipts that meet the criteria of this Rule.

(b) *Applicability*. This rule is applicable only to Trust Issued Receipts.

(c) *Prospectus Delivery*. Equity EAMs must provide to all purchasers of newly issued Trust Issued Receipts a prospectus for the series of Trust Issued Receipts.

(d) *Trading Hours*. Transactions in Trust Issued Receipts may be effected from 9:30 a.m. until either 4:00 p.m. or 4:15 p.m. for each series, as specified by the Exchange.

(e) *Definition*. "Trust Issued Receipt" means a security (i) that is issued by a trust ("Trust") that holds specified securities deposited with the Trust; (ii) that, when aggregated in some specified minimum number, may be surrendered to the trust by the beneficial owner to receive the securities; and (iii) that pays beneficial owners dividends and other distributions on the deposited securities, if any are declared and paid to the trustee by an issuer of the deposited securities.

(f) *Designation*. The Exchange may trade on its ISE Stock Exchange facility, pursuant to unlisted trading privileges, Trust Issued Receipts based on one or more securities. The Trust Issued Receipts based on particular securities shall be designated as a separate series and shall be identified by a unique symbol. The securities that are included in a series of Trust Issued Receipts shall be selected by the Exchange or by such other person as shall have a proprietary interest in such Trust Issued Receipts.

(g) *Initial and Continued Listing and/or Trading*. Trust Issued Receipts will be listed and/or traded on the Exchange subject to application of the following criteria:

(1) Commencement of Trading. For each Trust, the Exchange will establish a minimum number of Trust Issued Receipts required to be outstanding at the time of commencement of trading on the Exchange.

(2) Continued Trading. Following the initial twelve month period following formation of a Trust and commencement of trading on the Exchange, the Exchange will consider the suspension of trading in or removal from listing of or termination of unlisted trading privileges for a

Trust upon which a series of Trust Issued Receipts is based under any of the following circumstances:

(i) if the Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Trust Issued Receipts for 30 or more consecutive trading days;

(ii) if the Trust has fewer than 50,000 receipts issued and outstanding;

(iii) if the market value of all receipts issued and outstanding is less than \$1,000,000; or

(iv) if any other event shall occur or condition exists which, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable.

If the Exchange is trading the Trust Issued Receipts pursuant to unlisted trading privileges, it will cease trading the Trust Issued Receipts if the primary listing exchange ceases trading the Trust Issued Receipts for any of the above reasons.

Upon termination of a Trust, the Exchange requires that Trust Issued Receipts issued in connection with such trust be removed from listing or have their unlisted trading privileges terminated. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of securities in the Trust falls below a specified amount.

(h) *Term.* The stated term of the Trust shall be as stated in the Trust prospectus; however, a Trust may be terminated under such earlier circumstances as may be specified in the Trust prospectus.

(i) *Trustee.* The trustee must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, as qualified trust company or banking institution must be appointed co-trustee.

(j) *Voting Rights.* Voting rights shall be as set forth in the applicable Trust prospectus.

Supplementary Material to Rule 21232124

.01 The Exchange may approve trust issued receipts for trading, whether by listing or pursuant to unlisted trading privileges, pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934, provided that the following criteria are satisfied:

(a) each security underlying the trust issued receipt must be registered under Section 12 of the Exchange Act;

(b) each security underlying the trust issued receipt must have a minimum public float of at least \$150 million;

(c) each security underlying the trust issued receipt must be listed on a national securities exchange or traded through the facilities of Nasdaq as a reported national market system security;

(d) each security underlying the trust issued receipt must have an average daily trading volume of at least 100,000 shares during the preceding sixty-day trading period;

(e) each security underlying the trust issued receipt must have an average daily dollar value of shares traded during the preceding sixty-day trading period of at least \$1 million; and

(f) the most heavily weighted security in the trust issued receipt cannot initially represent more than 20% of the overall value of the trust issued receipt.

.02 (a) Provisions of this Commentary apply only to Trust Issued Receipts that invest in "Investment Shares" as defined below. Rules that reference Trust Issued Receipts shall also apply to Trust Issued Receipts investing in Investment Shares.

(b) *Definitions.* The following terms as used in this Commentary shall, unless the context otherwise requires, have the meanings herein specified:

(1) Investment Shares. The term "Investment Shares" means a security (a) that is issued by a trust, partnership, commodity pool or other similar entity that invests in any combination of futures contracts, options on futures contracts, forward contracts, commodities, swaps or high credit quality short-term fixed income securities or other securities; and (b) issued and redeemed daily at net asset value in amounts correlating to the number of receipts created and redeemed in a specified aggregate minimum number.

(2) Futures Contract. The term "futures contract" is commonly known as a "contract of sale of a commodity for future delivery" set forth in Section 2(a) of the Commodity Exchange Act.

(3) Forward Contract. A forward contract is a contract between two parties to purchase and sell a specific quantity of a commodity at a specified price with delivery and settlement at a future date. Forwards are traded over-the-counter ("OTC") and not listed on a futures exchange.

(c) *Designation*. The Exchange may list and trade Trust Issued Receipts investing in Investment Shares. Each issue of a Trust Issued Receipt based on a particular Investment Share shall be designated as a separate series and shall be identified by a unique symbol.

(d) *Initial and Continued Listing*. Trust Issued Receipts based on Investment Shares will be listed and/or traded on the Exchange subject to application of the following criteria:

(1) Initial Listing. The Exchange will establish a minimum number of receipts required to be outstanding at the time of commencement of trading on the Exchange.

(2) Continued Listing. The Exchange will consider removing from listing Trust Issued Receipts based on an Investment Share under any of the following circumstances:

(i) if following the initial twelve month period following the commencement of trading of the shares, (A) the Issuer has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Trust Issued Receipts for 30 or more consecutive trading days; (B) if the Issuer has fewer than 50,000 securities or shares issued and outstanding; or (C) if the market value of all securities or shares issued and outstanding is less than \$1,000,000;

(ii) if the value of an underlying index or portfolio is no longer calculated or available on at least a 15-second delayed basis or the Exchange stops providing a hyperlink on its website to any such asset or investment value;

(iii) if the Indicative Value is no longer made available on at least a 15-second delayed basis; or

(iv) if such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

If the Exchange is trading the Trust Issued Receipts based on Investment Shares pursuant to unlisted trading privileges, it will cease trading such Trust Issued Receipts if the primary listing exchange ceases trading the Trust Issued Receipts for any of the above reasons.

Upon termination of the Trust, the Exchange requires that Trust Issued Receipts based on Investment Shares issued in connection with such Trust be removed from Exchange listing. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of the Trust falls below a specified amount.

(e) *Term.* The stated term of the Trust shall be as stated in the prospectus; however, such entity may be terminated under such earlier circumstances as may be specified in the Trust prospectus.

(f) *Trustee.* The following requirements apply:

(1) The trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, a qualified trust company or banking institution must be appointed co-trustee;

(2) No change is to be made in the trustee of a listed issue without prior notice to and approval of the primary listing exchange.

(g) *Voting Rights.* Voting rights shall be as set forth in the applicable Trust prospectus.

(h) The Exchange will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before trading, either by listing or trading pursuant to unlisted trading privileges Trust Issued Receipts based on separate Investment Shares.

(i) *Limitation on Liability.* Neither the Exchange nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any underlying asset or commodity value, the current value of the underlying asset or commodity if required to be deposited to the Trust in connection with issuance of

Trust Issued Receipts, net asset value, or other information relating to the purchase, redemption or trading of Trust Issued Receipts, resulting from any negligent act or omission by the Exchange or any agent of the Exchange, or any act, condition or cause beyond the reasonable control of the Exchange or its agent, including, but not limited to, an act of God, fire, flood, extraordinary weather conditions, war, insurrection, riot, strike, accident, action of government, communications or power failure, equipment or software malfunction, or any error, omission or delay in the reports of transactions in an underlying asset or commodity.

Rule ~~2124~~-2125. Commodity-Based Trust Shares

(a) The Exchange will consider for trading, whether by listing or pursuant to unlisted trading privileges, Commodity-Based Trust Shares that meet the criteria of this Rule.

(b) *Applicability*. This rule is applicable only to Commodity-Based Trust Shares.

(c) *Prospectus Delivery*. Equity EAMs must provide to all purchasers of newly issued Commodity-Based Receipts a prospectus for the series of Commodity-Based Trust Shares.

(d) *Trading Hours*. Transactions in Commodity-Based Trust Shares will occur between 9:30 a.m. and either 4:00 p.m. or 4:15 p.m. for each series, as specified by the Exchange.

(e) *Definition*. "Commodity-Based Trust Shares" mean securities (i) that are issued by a trust ("Trust") that holds a specified commodity deposited with the Trust; (ii) that are issued by such Trust in a specified aggregate minimum number in return for a deposit of a quantity of the underlying commodity; and (iii) that, when aggregated in the same specified minimum number, may be redeemed at a holder's request by such Trust that will deliver to the redeeming holder the quantity of the underlying commodity. "Commodity" is defined in Section 1(a)(4) of the Commodity Exchange Act. Commodity-Based Trust Shares are included within the definition of "security" or "securities" as such terms are used in the Rules of the Exchange.

(f) *Designation*. The Exchange may trade on its ISE Stock Exchange facility, pursuant to unlisted trading privileges, Commodity-Based Trust Shares based on an underlying commodity. Each issue of a Commodity-Based Trust Share shall be designated as a separate series and shall be identified by a unique symbol.

(g) *Initial and Continued Listing*. Commodity-Based Trust Shares will be listed and traded on the Exchange subject to application of the following criteria:

(1) Initial Listing. The Exchange will establish a minimum number of Commodity-Based Trust Shares required to be outstanding at the time of commencement of trading on the Exchange.

(2) Continued Listing. Following the initial 12 month period following commencement of trading on the Exchange of Commodity-Based Trust Shares, the Exchange will consider the suspension of trading in or removal from listing of such series under any of the following circumstances:

(i) if the Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Commodity-Based Trust Shares for 30 or more consecutive trading days; or

(ii) if the Trust has fewer than 50,000 receipts issued and outstanding; or

(iii) if the market value of all receipts issued and outstanding is less than \$1,000,000; or

(iv) if the value of the underlying commodity is no longer calculated or available on at least a 15-second delayed basis from a source unaffiliated with the sponsor, Trust, custodian or the Exchange or the Exchange stops providing a hyperlink on its Web site to any such unaffiliated commodity value;

(v) if the Indicative Trust Value is no longer made available on at least a 15-second delayed basis; or

(vi) if such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

If the Exchange is trading Commodity-Based Trust Shares pursuant to unlisted trading privileges, it will cease trading the Commodity-Based Trust Shares if the primary listing exchange ceases trading such Shares for any of the above reasons.

Upon termination of a Trust, the Exchange requires that Commodity-Based Trust Shares issued in connection with such entity Trust be removed from Exchange listing. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of the Trust falls below a specified amount.

(h) *Term.* The stated term of the Trust shall be as stated in the Trust prospectus. However, a Trust may be terminated under such earlier circumstances as may be specified in the Trust prospectus.

(i) *Trustee.* The following requirements apply:

(i) The trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, a qualified trust company or banking institution must be appointed co-trustee.

(ii) No change is to be made in the trustee of a listed issue without prior notice to and approval of the primary listing exchange.

(j) *Voting.* Voting rights shall be as set forth in the applicable Trust prospectus.

(k) *Limitation on Liability.* Neither the Exchange nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any underlying commodity value, the current value of the underlying commodity required to be deposited to the Trust in connection with issuance of Commodity-Based Trust Shares, resulting from any negligent act or omission by the Exchange, or any agent of the Exchange, or any act, condition or cause beyond the reasonable control of the Exchange, its agent, including, but not limited to, an act of God, fire, flood, extraordinary weather conditions, war, insurrection, riot, strike, accident, action of government, communications or power failure, equipment or software malfunction or any error, omission or delay in the reports of transactions in an underlying commodity.

Supplementary Material to Rule ~~2124~~2125

.01 A Commodity-Based Trust Share is a Trust Issued Receipt that holds a specified commodity deposited with the Trust.

.02 The Exchange will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before trading, either by listing or pursuant to unlisted trading privileges, Commodity-Based Trust Shares.

Rule ~~2125~~2126. Currency Trust Shares

(a) The Exchange will consider for trading, whether by listing or pursuant to unlisted trading privileges, Currency Trust Shares that meet the criteria of this Rule.

(b) *Applicability.* This rule is applicable only to Currency Trust Shares.

(c) *Prospectus Delivery.* Equity EAMs must provide to all purchasers of newly issued Currency Trust Receipts a prospectus for the series of Commodity-Based Trust Shares.

(d) *Trading Hours.* Transactions in Currency Trust Shares will occur between 9:30 a.m. and either 4:00 p.m. or 4:15 p.m. for each series, as specified by the Exchange.

(e) *Definition.* "Currency Trust Shares" mean a security that (i) that is issued by a trust that holds a specified non-U.S. currency deposited with the trust; (ii) when aggregated in some specified minimum number may be surrendered to the trust by the beneficial owner to receive the specified non U.S. currency; and (iii) pays beneficial owners interest and other distributions on the deposited non-U.S. currency, if any, declared and paid by the trust. Currency Trust Shares are included within the definition of "security" or "securities" as such terms are used in the Rules of the Exchange.

(f) *Designation of Non-U.S. Currency.* The Exchange may trade through its ISE Stock Exchange facility, pursuant to unlisted trading privileges, Currency Trust Shares that hold a specified non-U.S. currency or currencies. Each issue of a Currency Trust Share shall be designated as a separate series and shall be identified by a unique symbol.

(g) *Initial and Continued Listing.* Currency Trust Shares will be listed and traded on the Exchange subject to application of the following criteria:

(1) Initial Listing. The Exchange will establish a minimum number of Currency Trust Shares required to be outstanding at the time of commencement of trading on the Exchange.

(2) Continued Listing. Following the initial 12 month period following commencement of trading on the Exchange of Currency Trust Shares, the Exchange will consider the suspension of trading in or removal from listing of such series under any of the following circumstances:

(i) if the Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Currency Trust Shares for 30 or more consecutive trading days; or

(ii) if the Trust has fewer than 50,000 Currency Trust Shares issued and outstanding; or

(iii) if the market value of all Currency Trust Shares issued and outstanding is less than \$1,000,000; or

(iv) if the value of the applicable non-U.S. currency is no longer calculated or available on at least a 15-second delayed basis from a source unaffiliated with the sponsor, Trust, custodian or the Exchange or the Exchange stops providing a hyperlink on its Web site to any such unaffiliated applicable non-U.S. currency value;

(v) if the Indicative Trust Value is no longer made available on at least a 15-second delayed basis; or

(vi) if such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

If the Exchange is trading Currency Trust Shares pursuant to unlisted trading privileges, it will cease trading the Currency Trust Shares if the primary listing exchange ceases trading such Shares for any of the above reasons.

Upon termination of a Trust, the Exchange requires that Currency Trust Shares issued in connection with such entity Trust be removed from Exchange listing. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of the Trust falls below a specified amount.

(h) *Term.* The stated term of the Trust shall be as stated in the Trust prospectus. However, a Trust may be terminated under such earlier circumstances as may be specified in the Trust prospectus.

(i) *Trustee.* The following requirements apply:

(1) The trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, a qualified trust company or banking institution must be appointed co-trustee.

(2) No change is to be made in the trustee of a listed issue without prior notice to and approval of the primary listing exchange.

(j) *Voting*. Voting rights shall be as set forth in the applicable Trust prospectus.

(k) *Limitation on Liability*. Neither the Exchange nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any applicable non-U.S. currency value, the current value of the applicable non-U.S. currency required to be deposited to the Trust in connection with issuance of Currency Trust Shares, net asset value, or any other information relating to the purchase, redemption, or trading of the Currency Trust Shares, resulting from any negligent act or omission by the Exchange, or any agent of the Exchange, or any act, condition or cause beyond the reasonable control of the Exchange, its agent, including, but not limited to, an act of God, fire, flood, extraordinary weather conditions, war, insurrection, riot, strike, accident, action of government, communications or power failure, equipment or software malfunction, or any error, omission or delay in the reports of transactions in an applicable non-U.S. currency.

Supplementary Material to Rule 2125-2126

.01 A Currency Trust Share is a Trust Issued Receipt that holds a specified non-U.S. currency deposited with the Trust.

.02 The Exchange will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before trading, either by listing or pursuant to unlisted trading privileges, Currency Trust Shares.

Rule 2126-2127. Partnership Units

(a) The Exchange will consider for trading, whether by listing or pursuant to unlisted trading privileges, Partnership Units that meet the criteria of this Rule.

(b) *Definitions*. The following terms as used in the Rule shall, unless the context otherwise requires, have the meanings herein specified:

(1) Commodity. The term "commodity" is defined in Section 1(a)(4) of the Commodity Exchange Act.

(2) Partnership Units. The term "Partnership Units" for purposes of this Rule means a security (a) that is issued by a partnership that invests in any combination of futures contracts, options on futures contracts, forward contracts, commodities and/or securities; and (b) that is issued and redeemed daily in specified aggregate amounts at net asset value.

(c) *Designation.* The Exchange may list and trade Partnership Units based on an underlying asset, commodity or security. Each issue of a Partnership Unit shall be designated as a separate series and shall be identified by a unique symbol.

(d) *Trading Hours.* Transactions in Currency Trust Shares will occur between 9:30 a.m. and either 4:00 p.m. or 4:15 p.m. for each series, as specified by the Exchange.

(e) *Initial and Continued Listing.* Partnership Units will be listed and/or traded on the Exchange subject to application of the following criteria:

(1) Initial Listing. The Exchange will establish a minimum number of Partnership Units required to be outstanding at the time of commencement of trading on the Exchange.

(2) Continued Listing. The Exchange will consider removing from listing Partnership Units under any of the following circumstances:

(i) if following the initial twelve month period following the commencement of trading of Partnership Units, (A) the partnership has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Partnership Units for 30 or more consecutive trading days; (B) if the partnership has fewer than 50,000 Partnership Units issued and outstanding; or (C) if the market value of all Partnership Units issued and outstanding is less than \$1,000,000;

(ii) if the value of the underlying benchmark investment, commodity or asset is no longer calculated or available on at least a 15-second delayed basis or the Exchange stops providing a hyperlink on its website to any such investment, commodity, or asset value;

(iii) if the Indicative Partnership Value is no longer made available on at least a 15-second delayed basis; or

(iv) if such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

If the Exchange is trading Partnership Units pursuant to unlisted trading privileges, it will cease trading the Partnership Units if the primary listing exchange ceases trading such Units for any of the above reasons.

Upon termination of a partnership, the Exchange requires that Partnership Units issued in connection with such partnership be removed from Exchange listing. A partnership will terminate in accordance with the provisions of the partnership prospectus.

(3) Term. The stated term of the partnership shall be as stated in the prospectus. However, such entity may be terminated under such earlier circumstances as may be specified in the Partnership prospectus.

(4) General Partner. The following requirements apply:

(i) The general partner of a partnership must be an entity having substantial capital and surplus and the experience and facilities for handling partnership business. In cases where, for any reason, an individual has been appointed as general partner, a qualified entity must also be appointed as general partner.

(ii) No change is to be made in the general partner of a listed issue without prior notice to and approval of the primary listing exchange.

(5) Voting. Voting rights shall be as set forth in the applicable partnership prospectus.

(f) *Limitation of Liability*. Neither the Exchange nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any underlying asset or commodity value, the current value of the underlying asset or commodity if required to be deposited to the partnership in connection with issuance of Partnership Units, net asset value, or other information relating to the purchase, redemption or trading of Partnership Units, resulting from any negligent act or omission by the Exchange or any agent of the Exchange, or any act, condition or cause beyond the reasonable control of the Exchange or its agent, including, but not limited to, an act of God, fire, flood, extraordinary weather conditions, war, insurrection, riot, strike, accident, action of government, communications or power failure, equipment or software malfunction, or any error, omission or delay in the reports of transactions in an underlying asset or commodity.

(g) The Exchange will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before listing and trading separate and distinct Partnership Units designated on different underlying investments, commodities and/or assets.

Supplementary Material to Rule 21262127

.01 The Exchange requires Equity EAMs to provide to all purchasers of newly issued Partnership Units a prospectus for the series of Partnership Units.

Rule ~~2127-2128~~. Clearly Erroneous Trades

(a) *Market Control*. Persons designated in the Exchange's market control center ("Market Control") shall, pursuant to the procedures set forth below, have the authority to review any transaction effected on the ISE Stock Exchange that is claimed to be clearly erroneous arising out of the use or operation of the ISE Stock Exchange. A member of the regulatory staff shall advise and participate in all steps of Market Control's review of the transaction.

(b) *Clearly Erroneous Procedures*. Any Equity EAM who seeks to have one or more transactions reviewed as clearly erroneous shall submit the matter to Market Control within 30 minutes of the transaction. Once a complaint has been received, the complainant shall have up to 30 minutes, or such longer period as Market Control may specify, to submit any supporting written information concerning the complaint necessary for a review of the transaction. Such supporting information must include the approximate time of the transaction(s), security symbol, number of shares, price(s), and the reason review is being sought. Market Control then shall provide the other Equity EAM(s) that were part of the trade up to thirty minutes after being notified of the complaint, or such longer period as specified by Market Control, to submit any supporting written information concerning the complaint necessary for a review of the transaction. Any Equity EAM that is a party to a disputed trade may request the written information provided by the other Equity EAMs pursuant to this paragraph (b). Once an Equity EAM communicates that it does not intend to submit any further information concerning a complaint, the Equity EAM may not thereafter provide additional information unless requested to do so by Market Control. If the Equity EAMs involved in a disputed trade indicate that they have no further information to provide concerning the complaint before their 30-minute information submission periods have elapsed, then the matter may be immediately considered by Market Control. Equity EAMs or persons associated with Equity EAMs involved in the transaction shall provide Market Control with any information requested in order to resolve the matter on a timely basis notwithstanding the time parameters set forth above. Once an Equity EAM has applied to Market Control for a ruling, Market Control shall review the transaction, with the advice and participation of a member of the regulatory staff, and make a ruling unless all Equity EAMs on the transaction agree to withdraw the application for review prior to the time that Market Control makes the ruling.

(c) *Review of Trades*. In reviewing a trade that is claimed to be clearly erroneous, Market Control shall review the transaction with a view toward maintaining a fair and orderly market and the protection of investors and the public interest. A member of the regulatory staff shall advise and participate in all steps of Market Control's review of the transaction. Based upon this review,

Market Control shall decline to “break” a disputed transaction if Market Control believes that the transaction under dispute is not clearly erroneous. However, if Market Control determines the transaction in dispute is clearly erroneous, Market Control shall declare that the transaction is null and void or modify one or more terms of the transaction. When adjusting the terms of a transaction, Market Control shall seek to adjust the price and/or size of the transaction to achieve an equitable rectification of the error that would place the parties to a transaction in the same position, or as close as possible to the same position, as they would have been in had the error not occurred. For the purposes of this Rule, the terms of a transaction are clearly erroneous when there is an obvious error in any term, such as price, number of shares or other unit of trading, or identification of the security. An Equity EAM may seek review of Market Control's ruling pursuant to Paragraph (e) below.

(d) *Disruption, Malfunction or Extraordinary Circumstances.* In the event of (1) a disruption or malfunction in the use or operation of the ISE Stock Exchange or (2) extraordinary market conditions or other circumstances in which the nullification or modification of transactions executed on the ISE Stock Exchange may be necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest, Market Control on its own motion may review any transactions arising out of or reported through the ISE Stock Exchange. A member of the regulatory staff shall advise and participate in all steps of Market Control's review of the transaction. Market Control acting pursuant to this paragraph may declare any ISE Stock Exchange transaction null and void or modify the terms of any such transactions if Market Control determines that (1) the transaction is clearly erroneous, or (2) such actions are necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest; provided, however, ~~that, in the absence of extraordinary circumstances,~~ Market Control shall take action pursuant to this subsection within 30 minutes of detection of the transaction, ~~but in no event~~ except in the event of extraordinary circumstances, in which Market Control must take action no later than 3:00 p.m., Eastern Time, on the next trading day following the date of the trades at issue. An Equity EAM may seek review of Market Control's ruling pursuant to Paragraph (e) below.

(e) *Clearly Erroneous Trade Panel.*

(1) Composition. The Exchange shall designate at least ten (10) Equity EAM representatives to be called upon to serve on Clearly Erroneous Trade Panels as needed. A Clearly Erroneous Trade Panel will be comprised of representatives from three Equity EAMs (3) Equity EAMs that were not involved in any of the transactions under review, nor related to a party to the trades in question. To the extent reasonably possible, the Exchange shall call upon the designated representatives to participate on a Clearly Erroneous Trade Panel on an equally frequent basis.

(2) Scope of Panel's Review. If a party affected by a determination made under this Rule so requests within the time permitted in (3) below, the Clearly Erroneous Trade Panel will review decisions made by Market Control under this Rule. A party may also request that the Clearly Erroneous Trade Panel provide relief as provided in this Rule in cases where the party failed to provide the notification required in paragraph (b) and Market Control declined to grant an extension, but unusual circumstances must merit special consideration.

(3) Procedure for Requesting Review. A request for review must be made in writing within thirty (30) minutes after a party receives verbal notification of a final determination by Market Control under this Rule, except that if notification is made after 3:30 p.m. Eastern Time, either party has until 9:30 a.m. Eastern Time the next trading day to request review. The Once a written appeal has been received, the Exchange will notify the counterparty to the trade that is the subject of the appeal, and both parties shall be permitted to submit any additional supporting written information until the time the appeal is considered by the Clearly Erroneous Trade Panel shall review the facts and render a decision on the day that a request for a review is made. Either party to a disputed trade may request the written information provided by the other party during the appeal process. An appeal to the Clearly Erroneous Trade Panel shall not operate as a stay of the determination being appealed, and the scope of the appeal shall be limited to trades to which the person making the appeal is a party. Once a party has appealed a determination to the Clearly Erroneous Trade Panel, the panel shall review the matter and render a decision unless (i) both parties to the transaction agree to withdraw the appeal prior to the time the Clearly Erroneous Trade Panel renders a decision or (ii) the party filing the appeal withdraws it prior to the notification of the counterparty under this paragraph.

(4) Panel Decision. The Clearly Erroneous Trade Panel shall review the facts and render a decision on the day of the transaction, or the next trade day in the case where a request is properly made after 3:30 p.m. on the day of the transaction or where the request is properly made the next trade day. ~~(4) Panel Decision.~~ The Clearly Erroneous Trade Panel may overturn or modify an action taken by Market Control under this Rule upon agreement by a majority of the Panel representatives based on the standards of maintaining a fair and orderly market, the protection of investors and the public interest. All determinations by the Clearly Erroneous Trade Panel shall constitute final ISE-Stock-Exchange action on the matter at issue.

Supplementary Material to Rule 21272128

.01 ~~The ISE-Stock Exchange~~ shall report all trades corrected pursuant to this rule to the Consolidated Tape Association or the Joint Self-

Regulatory Organization Plan Governing The Collection, Consolidation And Dissemination Of Quotation And Transaction Information For Nasdaq-Listed Securities Traded On Exchanges On An Unlisted Trading Privilege Basis, as the case may be as soon as practical following such correction.

Rule 2128. MidPoint Match

.02 All determinations made by the Exchange, Market Control or a Clearly Erroneous Trade Panel under this Rule shall be rendered without prejudice as to the rights of the parties to the transaction to submit a dispute to arbitration.

Rule 2129. MidPoint Match

The MidPoint Match (“MPM”) is a process by which Members can seek an execution price that is at the midpoint of the NBBO.

(a) *Opening Process.* All eligible orders will participate in the opening process, as set forth in Rule 2106.

(b) *Order Entry.* All MPM orders are unpriced orders to buy or to sell an Equity Security at the midpoint of the NBBO. An MPM order may be entered with a boundary price, and the System will not execute such order outside of the boundary price. Any boundary price must be in whole penny increments.

(c) *Types of Orders.* MPM orders may be Day Orders, Fill-or-Kill, or Immediate-or-Cancel. An MPM day order can be marked all-or-none (“AON”), which means that the order is to be executed in its entirety or not at all.

(d) *Dissemination of Order Information.*

(1) Standard Orders. Unless specifically authorized by the entering Equity EAM, the System will not disseminate any information regarding an order pending on the ISE Stock Exchange’s MPM. Orders where no information is disseminated are “Standard Orders.” An FOK or IOC Standard Order that is not executed immediately upon receipt will be canceled.

(2) Solicitations of Interest. If the entering Equity EAM so authorizes, the System will disseminate an indication as to the name of the Equity Security in which the order is entered. Such orders are “Solicitations of Interest” and an Equity EAM must enter a Solicitation of Interest with a minimum size of at least 2000 shares. An Equity EAM entering a Solicitation of Interest may not cancel the order for 5 seconds. In addition, if a Solicitation of Interest is not executed within 10 seconds, the System shall convert the Solicitation of Interest to a Standard Order; however, in establishing time priority of orders, the System will consider

the time of entry of such Standard Order as the time of entry of the original Solicitation of Interest. An IOC Solicitation of Interest that is not executed within the 5-second no-cancellation period will be automatically canceled.

(e) *Order Specifications.*

(1) All orders that are not immediately executed will be Day Orders.

(2) Solicitation of Interests with a boundary price that is not then currently-executable are not accepted.

(3) FOK or AON Orders may be Standard Orders only, not Solicitations of Interest.

(f) *Order Execution.* The System will monitor for buy and sell orders in a security, and, when identifying a match, will execute a trade at the prevailing NBBO midpoint. MPM Orders may be executed and reported in increments as small as one-half of the Minimum Price Variation.

(1) Solicitations of Interest have priority on a first-in, first-served basis over previously-entered Standard Orders on the same side of the market for 10 seconds upon receipt.

(2) If there are no Solicitations of Interest, or once all Solicitations of Interest are executed, the System will match Standard Orders on a first-in, first-served basis.

(3) Notwithstanding subparagraphs (1) and (2) above, the System will execute orders outside of time and order type priority to the extent such treatment would maximize possible executions at a given price, but only after first executing all possible orders within priority until reaching an AON order that cannot be filled in its entirety in the normal priority.

(4) The System will not execute a trade at a price inferior to the NBBO. The System also will not effect any transactions when the market for a security is "crossed," that is, when the best national bid in the security is greater than the best national offer in that security. If the market for a security is "locked," that is, the best national bid in the security equals the best national offer in that security, the System will execute the trade at the price of the locked quotation. In addition, the System will not effect any transaction when the bid price for a security is less than \$1 or when either the best national bid price or the best national offer price are not in full \$.01 increments.

(5) An order that is canceled in part will retain its original priority.

(g) *Short Sales*. Sell short Solicitations of Interests are not permitted. No Equity EAM shall, for its own account or the account of any other person, effect any short sale Solicitation of Interest.

* * *

Appendix A

Rule

Chapter I – Definitions

100 Definitions (as supplemented by Rule 2100)

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Text of proposed rule changes to other Exchange rules.
 Additions are underlined; deletions are [bracketed]

Rule 100. Definitions

(a)(4) The term “**bid**” means a quote or limit order to buy one or more options contracts, except that with respect to an Equity Security, it means an order to buy such security.

* * *

(a)(7) The term “**Clearing Corporation**” means The Options Clearing Corporation except that when used in reference to Equity Securities (as that term is defined in Rule 2100), the term means a securities clearing agency that is registered as such with the SEC under Section 17A of the Exchange Act and maintains facilities through which transactions in such securities may be compared or settled.

* * *

(a) (24) The term “**offer**” means a quote or limit order to sell one or more options contracts, except that with respect to an Equity Security (as that term is defined in Rule 2100), it means an order to sell such security.

* * *

(a)(29) The term “**order**” means a commitment to buy or sell securities as defined in Rule 715 [(types of orders)] for options and Rule 2104 for Equity Securities (as that term is defined in Rule 2100).

* * *

Rule 500. Designation of Securities

Other than pursuant to Chapter 21 of the Rules, the Exchange [Securities traded on the Exchange are] trades options contracts, each of which is designated by reference to the issuer of the underlying security, expiration month, exercise price and type (put or call).

* * *

Rule 702. Trading Halts

(a) *Halts.* An Exchange official designated by the Board may halt trading in any security in the interests of a fair and orderly market.

(1) The following are among the factors that may be considered in determining whether the trading in a stock option should be halted:

- (i) trading in the underlying security has been halted or suspended in the primary market.
- (ii) the opening of such underlying security has been delayed because of unusual circumstances.
- (iii) other unusual conditions or circumstances are present.

(2) The following are among the factors that may be considered in determining whether the trading in an Equity Security (as defined in Rule 2100) should be halted:

- (i) the opening of such security has been delayed due to order imbalances.
- (ii) the Exchange has been advised that the issuer of the security is about to make an important announcement affecting such issue.
- (iii) other unusual conditions or circumstances are present.
- (iv) trading in such security has been halted or suspended in the primary market for such security.

[(2)](3) A designated Exchange official will halt trading (including a rotation) for a class or classes of options contracts whenever there is a halt of trading in an underlying security in the primary market. In such event, without the need for action by the Primary Market Maker, all trading in the effected class or classes of options shall be halted. The Exchange shall disseminate through its trading facilities and over OPRA a symbol in respect of such class or classes of options indicating that trading has been halted, and a record of the time and duration of the halt shall be made available to vendors. Similarly, a designated Exchange official will halt trading for an Equity Security whenever there is a halt of trading in that security in the primary market.

[(3)](4) No Member or person associated with a Member shall effect a trade on the Exchange in any security in which trading has been halted under the provisions of this Rule during the time in which the halt remains in effect.

(b) *Resumptions.* Trading in a stock option that has been the subject of a halt under paragraph (a)(1) above, or trading in an Equity Security that has been the subject of a halt under paragraph (a)(2) above, may be resumed upon the determination by an Exchange official designated by the Board that the conditions which led to the halt are no longer present or that the interests of a fair and orderly market are best served by a resumption of trading.

* * *

Rule 703. Trading Halts Due To Extraordinary Market Volatility

The Exchange shall halt trading in all [options]securities whenever a marketwide trading halt (commonly known as a circuit breaker) is initiated on the New York Stock Exchange in response to extraordinary market conditions.

* * *

Exhibit 5

Text of proposed new Chapter 21.

CHAPTER 21

ISE Stock Exchange LLC Trading Rules

[Note: The rules contained in this Chapter that govern Midpoint Match are currently operative and have been approved by the Commission. The rules contained in this Chapter relating to the displayed market have been approved by the Commission, but are not operative until the ISE commences operation of the displayed market.]

Rule 2100. Introduction

(a) *General.* The ISE Stock Exchange is the Exchange's facility for trading Equity Securities. The Rules in this Chapter 21 are applicable only to trading on the ISE Stock Exchange. However, trading on the ISE Stock Exchange also is subject to the rules in Chapters 1 through 4, and 12 through 18, as specified in Appendix A, to the same extent as such rules apply to the trading of option contracts, provided that:

- (1) In some cases, such Rules specifically are supplemented by Rules in this Chapter;
- (2) Certain rules are specifically superseded by Rules in this Chapter; and
- (3) Such Rules shall not apply where the context otherwise requires.

Rule 2114 replaces Chapter 6 with respect to Members conducting business in Equity Securities and applies certain of the rules in that Chapter to trading on the ISE Stock Exchange. The Rules in Chapter 7 apply to the trading on the ISE Stock Exchange only as specified in paragraph (b) below. Appendix A to this Chapter lists the rules in Chapters 1 through 4, and 12 through 18 that are applicable to the trading of Equity Securities. Where appropriate, Appendix A also indicates that a rule in such Chapters has been supplemented by a rule in this Chapter.

(b) *Applicability of Specific Rules governing Business on the ISE Stock Exchange.* In addition to rules specifically amended by this filing, the following rules in Chapter 7 shall apply to the trading on the ISE Stock Exchange:

- (1) Rule 700, Days and Hours of Business, as modified by Rule 2102;

- (2) Rule 705, Limitation of Liability;
- (3) Rule 706, Access to and Conduct on the Exchange;
- (4) Rule 707, Clearing Member Give Up;
- (5) Rule 711, Acceptance of Quotes and Orders;
- (6) Rule 712, Submission of Orders and Clearance of Transactions, as modified by Rule 2117;
- (7) Rule 719, Transaction Price Binding.

(c) *Definitions.* The following terms shall have the meaning specified in this Rule solely for the purpose of this Chapter 21:

(1) “Automated Quotation” means a quotation displayed by a Trading Center that: (i) permits an incoming order to be marked as immediate-or-cancel; (ii) immediately and automatically executes an order marked as immediate-or-cancel against the displayed quotation up to its full size; (iii) immediately and automatically cancels any unexecuted portion of an order marked as immediate-or-cancel without routing the order elsewhere; (iv) immediately and automatically transmits a response to the sender of an order marked as immediate-or-cancel indicating the action taken with respect to such order; and (v) immediately and automatically displays information that updates the displayed quotation to reflect any change to its material terms.

(2) “Automated Trading Center” means a Trading Center that: (i) has implemented such systems, procedures, and rules as are necessary to render it capable of displaying quotations that meet the requirements for an Automated Quotation; (ii) identifies all quotations other than Automated Quotations as Manual Quotations; (iii) immediately identifies its quotations as Manual Quotations whenever it has reason to believe that it is not capable of displaying Automated Quotations; and (iv) has adopted reasonable standards limiting when its quotations change from Automated Quotations to Manual Quotations, and vice versa, to specifically defined circumstances that promote fair and efficient access to its Automated Quotations and are consistent with the maintenance of fair and orderly markets.

(3) The “Best Available Price” on the ISE Stock Exchange means the highest bid price and the lowest offer price, including orders with executable undisplayed interest to buy or sell and interest to buy or sell that may exist in the MidPoint Match according to Rule 2129.

(4) “Crossing quotation” means the display of a bid for an NMS Stock during regular trading hours at a price that is higher than the

price of an offer for such NMS Stock previously disseminated pursuant to an effective national market system plan, or the display of an offer for an NMS Stock during regular trading hours at a price that is lower than the price of a bid for such NMS Stock previously disseminated pursuant to an effective national market system plan.

(5) "Displayed Order" means a limit order that is displayed in the order book, in whole or in part, and is available for potential execution against all incoming orders until executed in full or canceled.

(6) "Equity EAM" means an Electronic Access Member authorized by the Exchange to trade on the ISE Stock Exchange. Any Electronic Access Member may become an Equity EAM upon certification of operational connectivity to the ISE Stock Exchange, by paying any applicable access fees and establishing and maintaining the ability to clear ISE Stock Exchange trades at a clearing agency registered under Section 17A of the Exchange Act, either by self-clearing or through use of a member clearing firm.

(7) "Equity Securities" means common stock, Commodity-Based Trust Shares, Currency Trust Shares, Partnership Units, Trust-Issued Receipts including those based on Investment Shares, and Investment Company Units.

(8) "Locking Quotation" means the display of a bid for an NMS Stock during regular trading hours at a price that equals the price of an offer for such NMS Stock previously disseminated pursuant to an effective national market system plan, or the display of an offer for an NMS Stock during regular trading hours at a price that equals the price of a bid for such NMS Stock previously disseminated pursuant to an effective national market system plan.

(9) "Manual Quotation" means any quotation other than an Automated Quotation.

(10) "Mixed lots" means an order that is for more than a round lot unit of trading but not a multiple thereof.

(11) "NBBO" means the national best bid and offer in an Equity Security as calculated and disseminated pursuant to the Consolidated Quotation Plan or the Nasdaq/National Market System Unlisted Trading Privileges Plan, as applicable.

(12) "NMS Security" means any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an

effective national market system plan for reporting transactions in listed options.

(13) "NMS Stock" means any NMS Security other than an option.

(14) "Odd lots" means an order to buy or sell less than one round lot.

(15) "Protected Bid" or "Protected Offer" means an Automated Quotation that is the best bid or best offer of an Automated Trading Center, as calculated and disseminated pursuant to the Consolidated Quotation Plan or the Nasdaq/National Market System Unlisted Trading Privileges Plan, as applicable.

(16) "Protected Quotation" means a Protected Bid or Protected Offer.

(17) "Round lot order" means an order to buy or sell in multiples of 100 shares, unless stated otherwise on a case-by-case basis.

(18) "Routing Agreement" means the form of Agreement between an Equity EAM and the broker-dealer routing facility of the ISE Stock Exchange, under which the broker-dealer routing facility of the ISE Stock Exchange, agrees to act as agent for routing orders of the Equity EAM entered into the ISE Stock Exchange to other market centers or broker-dealers for execution, other than orders excluded by the terms of the Routing Agreement, whenever such routing is required.

(19) "Trade-Through" means the purchase or sale of a security during regular trading hours at a price that is lower than a Protected Bid or higher than a Protected Offer.

(20) "Trading Center" means a national securities exchange or national securities association that operates an SRO trading facility, an alternative trading system, an exchange market maker, an OTC market maker, or any other broker or dealer that executes orders internally by trading as principal or crossing orders as agent.

Rule 2101. Equity Securities Traded

(a) *Unlisted Trading Privileges.* The Exchange will trade Equity Securities in its ISE Stock Exchange facility only pursuant to unlisted trading privileges ("UTP") in accordance with Section 12(f) of the Exchange Act and the rules and regulations promulgated thereunder. Any security traded on the ISE Stock Exchange must be registered under the Exchange Act and must be listed on the New York Stock Exchange or the American Stock Exchange, or must be

admitted to trading on the NASDAQ Stock Market. The ISE Stock Exchange will cease trading any Equity Security admitted to UTP if such security no longer is either listed on the New York Stock Exchange or the American Stock Exchange or admitted to trading on the NASDAQ Stock Market. The Exchange will not list any Equity Securities. Therefore, the provisions of Rules 2123, 2124, 2125, 2126, and 2127 that permit the listing of Equity Securities other than common stock will not be effective until the Exchange files a proposed rule change under Section 19(b)(2) under the Exchange Act to amend its rules to comply with Rule 10A-3 under the Exchange Act and to incorporate qualitative listing criteria, and such proposed rule change is approved by the Commission.

(b) *Trading in the Exchange's Equity Securities.* If the Exchange trades its own securities, or the securities of an affiliate, or any entity that operates and/or owns a trading system or facility of the Exchange, on the ISE Stock Exchange, the Exchange shall file a report each quarter with the SEC describing: (i) the Exchange's monitoring of such issuer's compliance with the Exchange's listing standards (in the event the Exchange adopts such listing standards), including (a) the issuer's compliance with any applicable bid price requirement and (b) the issuer's compliance with each of the applicable quantitative and qualitative maintenance requirements; and (ii) the Exchange's monitoring of the trading of the security, which shall include summaries of all related surveillance alerts, complaints, regulatory referrals, busted or adjusted trades, investigations, examinations, formal and informal disciplinary actions, exceptions reports and the trading data. In addition, if the Exchange adopts listing standards, once a year, an independent accounting firm shall review the listing standards for the subject security to ensure that the issuer is in compliance with such listing requirements, and a copy of the report shall be forwarded promptly to the Commission.

In the event the Exchange determines that the subject issuer is non-compliant with any listing standard, the Exchange shall file a report with the Commission at the same time the Exchange notifies the issuer of its non-compliance. The report shall identify the date of non-compliance, type of non-compliance, and any other material information conveyed to the issuer in the notice of non-compliance. Within five business days of receipt of a plan of remediation from the issuer, the Exchange shall notify the Commission of such receipt, whether the plan of remediation was accepted by the Exchange and the time period provided to regain compliance with the Exchange's listing standards.

Rule 2102. Hours of Business

Except under unusual conditions as may be determined by the Board of Directors, the hours during which transactions may be made on the ISE Stock Exchange are:

(a) *Common Stocks*. The hours during which stock transactions may be made on the ISE Stock Exchange are 9:30 a.m. until 4:00 p.m. Eastern Time. Orders may be entered, but will not be executed, until an NBBO is established in a security at or after 9:30 a.m.

(b) *Securities Other than Common Stock*. The hours during which transactions may be made on the ISE Stock Exchange are as provided in Rules 2123 through 2127.

Rule 2103. Exchange Authority

In addition to such other powers and duties as the Board may prescribe, an Exchange official designated by the Board shall have the power: (a) to supervise the initiation of trading of Equity Securities on the ISE Stock Exchange; (b) to halt or to resume trading in an Equity Security on the ISE Stock Exchange when, in the opinion of such official, such action is appropriate in the interests of a fair and orderly market and to protect investors; (c) to resolve market disputes submitted to such officials by Equity EAMs; and (d) to regulate and supervise unusual situations that may arise in connection with trading on the ISE Stock Exchange when, in the opinion of such official, such action is appropriate in the interests of a fair and orderly market and to protect investors.

Rule 2104. Types of Orders

(a) *Market Orders*. An order to buy or sell the stated quantity that is to be executed at the Best Available Price(s) when the order reaches the ISE Stock Exchange.

(b) *Limit Orders*. An order to buy or sell a stated quantity at a specified price or better.

(c) *Day Orders*. Orders that expire at the end of the trading day on which they are entered.

(d) *Discretionary Orders*. Orders to buy or sell a stated amount of a security at a specified, undisplayed price (the "discretionary price"), in addition to at a specified, displayed price ("displayed price").

(e) *Fill-or-Kill ("FOK") Orders*. Orders that are to be executed in their entirety or canceled upon receipt.

(f) *Immediate-or-Cancel ("IOC") Orders*. Orders that are to be executed in whole or in part upon receipt, and if not so executed are to be canceled.

(g) *Intermarket Sweep Orders ("ISOs")*. With respect to orders received by the ISE Stock Exchange, ISOs are orders to be executed in whole or in part upon receipt on the ISE Stock Exchange without regard to better-priced

quotations displayed at other Trading Centers, and if not so executed are to be canceled. With respect to orders sent by the ISE Stock Exchange to other Trading Centers, ISOs are order to be executed in whole or in part at such Trading Centers without regard to better-priced quotations displayed at other Trading Centers, and if not so executed are to be canceled.

(h) *No MPM*. Market or limit orders that should not be executed against orders residing in the Midpoint Match. (See Rule 2129)

(i) *Not Routable*. Limit orders that are to be executed in whole or in part upon receipt, and if not fully executed, displayed on the ISE Stock Exchange if possible as provided in Rule 2107(b)(2)(iii).

(j) *Pegged Orders*. Limit orders to buy or sell a stated amount of a security at a displayed price set to track the current bid or ask of the NBBO in an amount specified by the Equity EAM. The tracking of the relevant Consolidated Quote information for Pegged Orders will occur on a real-time basis. The associated price of each Pegged Order that is updated will be assigned a new entry time with priority in accordance with Rule 2107. A Pegged Order may be designated as a Discretionary Order. The displayed price of a Pegged Order designated as a Discretionary Order will be used to reflect changes in the NBBO (the discretionary price of a Pegged Order will re-price based on the corresponding change in the displayed price). If the calculated price for the Pegged Order would exceed its limit price, it will no longer track and will remain displayed at its limit price.

(k) *Post Only*. Limit orders that are to be displayed on the ISE Stock Exchange upon receipt or canceled.

(l) *Reserve Orders*. Limit orders with a portion of the size that is to be displayed and with a reserve portion of the size ("reserve size") at the same price that is not to be displayed, but is to be used to refresh the displayed size when the displayed size is executed in full.

(m) *Stop Orders*. Orders that become market orders when the stop price is elected. A stop order to buy is elected when a transaction in the security occurs on the ISE Stock Exchange or on another Trading Center at or above the "stop" price. A stop order to sell is elected when a transaction in the security occurs on the ISE Stock Exchange or another Trading Center at or below the "stop" price.

(n) *Stop Limit Orders*. Orders that become limit orders when the stop price is elected. A stop limit order to buy is elected when a transaction in the security occurs on the ISE Stock Exchange or another Trading Center at or above the "stop" price. A stop limit order to sell is elected when a transaction in the security occurs on the ISE Stock Exchange or another Trading Center at or below the "stop" price.

2105. Order Entry

(a) *Marking of Orders.* All orders must be marked as “buy,” “sell,” “sell short,” or “sell short exempt.”

(b) *Regular Way Trading.* Orders on the ISE Stock Exchange may only be “regular way,” that is, for delivery no later than the third business day following the day of the contract unless the rules of the Clearing Corporation otherwise direct.

(c) *Order Specifications*

(1) All limit orders that are not immediately executed will be Day Orders.

(2) Odd-lot orders are rejected by the System.

(3) Mixed lot orders may be entered, but the odd lot component of a mixed lot order will not receive an execution and will be canceled upon the execution or cancellation of the last round lot component in the mixed lot order.

(d) Equity EAMs may enter into the ISE Stock Exchange the types of orders listed in Rule 2104; provided, however, no Equity EAM may enter an order other than a Fill-or-Kill, Not-Routable, or Post Only Order unless the Equity EAM has entered into a Routing Agreement.

2106. Opening Process

(a) *Order Entry and Cancellation before the Opening.* Prior to market open, Equity EAMs may enter orders.

(1) All order types other than Stop/Stop Limit, No MPM, Post Only, FOK and IOC may participate in the opening transaction. Reserve orders may participate to the full extent of their size. Discretionary orders may participate at their most aggressive prices. Pegged orders will have limit prices based upon the NBBO that is required for the opening transaction to occur.

(2) Orders to participate in the opening transaction may be to buy, sell or sell short exempt orders only.

(3) For orders greater than or equal to \$1.00, the ISE Stock Exchange and MPM orders will open together in a batch opening process.

(b) *Performing the Opening Transaction.* The Opening Transaction matches buy and sell orders that are executable at the midpoint of the NBBO as described in paragraph (d) below. All orders eligible to trade at the midpoint will

be processed in time sequence, beginning with the oldest order. Matches will occur until there is no remaining volume or there is an imbalance of orders. An imbalance of orders on the buy side or sell side may result in orders that are not executed in whole or in part. Such orders may, in whole or in part, be displayed on the order book, canceled, or routed to other Trading Centers in accordance with Rule 2107(d).

(c) *Primary Market.* For the purposes of this Rule 2106, the primary market is the listing market for a security. If a security is traded on both the NYSE and the Amex, the primary market would be considered the NYSE. If a security is listed on both the NYSE and Nasdaq, the NYSE would be considered the primary market.

(d) *Determining the Opening Price.* The opening price will be at the midpoint of the NBBO.

(1) When the primary market is either the NYSE or the Amex, the opening trade will be executed at the midpoint of the first reported NBBO subsequent to a reported trade on the primary market after 9:30:00 a.m.

(2) When the primary market is Nasdaq, the opening trade will be executed at the midpoint of the first reported NBBO after 9:30:00 a.m.

(e) *Re-openings.* Re-openings will be handled in the same manner as openings.

(f) *Closing.* The System will cease matching orders in a security upon the close of the primary market for such security.

2107. Priority and Execution of Orders

(a) *Priority.* The highest priced displayed orders to buy and the lowest priced displayed orders to sell have priority on the ISE Stock Exchange (*i.e.*, price priority), unless price improvement is available in Midpoint Match (See 2129). If there are two or more orders at the same price, priority shall be afforded in the sequences in which they are received by the Exchange (*i.e.*, time priority).

(1) Reserve Orders. All displayed size of all orders at a particular price on the ISE Stock Exchange will be executed in full before the reserve size of a reserve order. When the displayed size of a reserve order is replenished from the reserve size, the displayed order is considered newly entered for purposes of time priority.

(2) Stop Limit Orders. Stop limit orders are considered newly entered at the time of their election for purposes of time priority.

(3) Pegged Orders. Pegged Orders are considered newly entered at each time the price of the pegged order is updated for purposes of time priority.

(b) *Order Execution*. All orders are handled automatically by the ISE Stock Exchange. All orders are available for price improvement at the midpoint of the NBBO if contra-side interest exists in Midpoint Match, unless marked "No MPM". Except as specified below in paragraph (c), orders will not be executed at prices that are inferior to Protected Quotations available at other Trading Centers.

(1) Regular Orders.

(i) Market orders. Market orders are executed immediately upon receipt at the Best Available Prices to the greatest extent possible without causing a Trade-Through. Any unexecuted balance of a market order will be routed to another Trading Center(s) with a Protected Bid or Protected Offer as provided in paragraph (d) below.

(ii) Marketable Limit Orders. Limit Orders that are executable immediately upon receipt will be immediately executed at the Best Available Prices to the greatest extent possible without causing a Trade-Through. Any unexecuted balance of a limit order will be routed to another Trading Center(s) with a Protected Bid or Protected Offer and/or placed on the ISE Stock Exchange order book as provided in paragraph (d) below.

(2) Special Orders.

(i) Immediate-or-Cancel. IOC orders are immediately executed upon receipt at the Best Available Prices to the greatest extent possible without causing a Trade-Through. Any unexecuted balance of an IOC order will be canceled.

(ii) Fill-or-Kill. FOK orders are immediately executed upon receipt in their entirety at the Best Available Prices possible without causing a Trade-Through. If an FOK order cannot be executed on the ISE Stock Exchange in its entirety without causing a Trade-Through, it will be canceled.

(iii) Not Routable. Not routable orders that are executable upon receipt will be immediately executed at the Best Available Prices to the greatest extent possible without causing a Trade-Through. Any unexecuted balance of a not routable order either will be (A) canceled if the order is executable against a Protected Bid or Protected Offer at another Trading Center, or (B) placed on the ISE Stock Exchange order book.

(iv) **Post Only.** Post only orders will be placed on the ISE Stock Exchange order book upon receipt, or will be canceled if they cannot be placed on the order book because either they are executable (A) upon entry, or (B) against a Protected Bid or Protected Offer at another Trading Center.

(v) **Stop Orders and Stop Limit Orders.** A stop order is considered a market order at the time it is elected and will be handled according to (b)(1)(i) above. A stop limit order is considered a limit order at the time it is elected and will be handled according to (b)(1)(ii) above.

(vi) **Short Sale Orders.** Short sale orders will be executed in accordance with Rule 2113 set forth below.

(vii) **Discretionary Orders.** If the price of a discretionary order, whether displayed or undisplayed, is executable immediately upon receipt, it will be handled according to (b)(1)(ii) above. The undisplayed price of a discretionary order is available for execution against opposing limit orders within the discretionary range (i.e., at the discretionary price or at a price that is between the displayed price and the discretionary price).

(c) **Trade-Through Exceptions.** The transactions in (b) above may be executed at prices that cause a Trade-Through in the following circumstances, as set forth in Rule 611 of Regulation NMS under the Securities Exchange Act of 1934:

(1) **Self-help.** If another Trading Center repeatedly fails to respond within one second to incoming orders attempting to access its Protected Quotations, the ISE Stock Exchange may bypass those Protected Quotations by:

(i) Notifying the non-responding Trading Center immediately after (or at the same time as) electing self-help; and

(ii) Assessing whether the cause of the problem lies with its own systems and, if so, taking immediate steps to resolve the problem.

(2) **Intermarket Sweep Orders.**

(i) The transaction that constitutes the Trade-Through is the execution of an order identified as an ISO, or;

(ii) The transaction that constitutes the Trade-Through is effected by the ISE Stock Exchange when it simultaneously

routes an ISO to execute against the full displayed size of any Protected Quotations traded through.

(3) Crossed quotations. The transaction that constitutes the Trade-Through is executed at a time when the Protected Quotations are crossed.

(d) *Routing Order to Other Exchanges*. When the ISE Stock Exchange does not have contra-side interest resident in its System equal to or better than a Protected Bid or Protected Offer, it will route orders that are marketable against a Protected Bid or Protected Offer at one or more Trading Centers as follows:

(1) Market Orders and Executable Limit Orders. An IOC or ISO will automatically be sent to one or more Trading Centers with a Protected Bid or Protected Offer that is better than the ISE Stock Exchange quote for the lesser of the full displayed size of the Protected Bid or Protected Offer or the balance of the order. Any additional balance of the order will be executed on the ISE Stock Exchange simultaneously. If the market is crossed, the order will be executed as described above in this section.

(2) Unexecutable Limit Orders. If display of a limit order (or any balance thereof) on the ISE Stock Exchange would lock or cross a Protected Bid or Protected Offer, an ISO order will automatically be sent to one or more Trading Centers with a Protected Bid or Protected Offer that would be locked or crossed by the display of the order for up to the full displayed size of the Protected Bid or Protected Offer. Any additional balance of the order will be displayed on the ISE Stock Exchange immediately.

(3) Unexecutable Market Order. An IOC will automatically be sent to one or more Trading Centers with a Protected Bid or Protected Offer for the full size of the market order that is not executable on the ISE Stock Exchange.

Supplementary Material to Rule 2107.

Prior to February 5, 2007, the ISE Stock Exchange will not execute orders at a price that is inferior to the NBBO. When the ISE Stock Exchange does not have contra-side interest resident in its System equal to or better than the NBBO, it will route orders that are marketable against the NBBO to the market(s) that is disseminating the NBBO price.

Rule 2108. Order Routing and Route Out Facility

As described above, under certain circumstances, the Exchange will route orders entered into the System to other markets for execution. The

Exchange shall enter into an agreement with a third party, to be a facility of the Exchange ("Routing Facility"), to provide these routing services.

(a) The Exchange shall establish and maintain procedures and internal controls reasonably designed to adequately restrict the flow of confidential and proprietary information between the Exchange and its facilities (including the Routing Facility), and any other entity, including any affiliate of the Routing Facility, and, if the Routing Facility or any of its affiliates engages in any other business activities other than providing routing services to the Exchange, between the segment of the Routing Facility or affiliate that provides the other business activities and the routing services.

(b) The books, records, premises, officers, directors, agents, and employees of the Routing Facility, as a facility of the Exchange, shall be deemed to be the books, records, premises, officers, directors, agents, and employees of the Exchange for purposes of and subject to oversight pursuant to the Exchange Act. The books and records of the Routing Facility, as a facility of the Exchange, shall be subject at all times to inspection and copying by the Exchange and the Commission.

Rule 2109. Ex-Dividend

Transactions in Equity Securities shall be ex-dividend or ex-rights on the second business day preceding the record date fixed by the issuer or the date of the closing of transfer books. Should such record date or such closing of transfer books occur upon a day other than a business day, this Rule shall apply for the third preceding business day.

Rule 2110. Minimum Price Variation

The minimum price variation ("MPV") for bids, offers, and orders that are displayed, ranked or accepted on the ISE Stock Exchange is \$0.01, with the exception of bids, offers, and orders that are priced less than \$1.00, for which the MPV is \$0.0001.

Rule 2111. Manual Quotations

Identifying Quotations as "Manual". The ISE Stock Exchange will immediately identify its quotations as Manual Quotations whenever it has reason to believe that it is not capable of displaying Automated Quotations.

Rule 2112. Locking or Crossing Quotations

(a) *Definitions*. For purposes of this Rule, The terms automated quotation, effective national market system plan, intermarket sweep order, manual quotation, NMS stock, protected quotation, regular trading hours, and trading center shall have the meanings set forth in Rule 600(b) of Regulation NMS under the Securities Exchange Act of 1934.

(b) *Prohibition.* Except for quotations that fall within the provisions of paragraph (d) of this Rule, Members of the ISE Stock Exchange shall reasonably avoid displaying, and shall not engage in a pattern or practice of displaying, any quotations that lock or cross a Protected Quotation, and any manual quotations that lock or cross a quotation previously disseminated pursuant to an effective national market system plan.

(c) *Manual quotations.* If a Member of the ISE Stock Exchange displays a manual quotation that locks or crosses a quotation previously disseminated pursuant to an effective national market system plan, such Member of the Exchange must promptly either withdraw the manual quotation or route an intermarket sweep order to execute against the full displayed size of the locked or crossed quotation.

(d) *Exceptions.*

(1) The locking or crossing quotation was displayed at a time when the ISE Stock Exchange was experiencing a failure, material delay, or malfunction of its systems or equipment.

(2) The locking or crossing quotation was displayed at a time when a Protected Bid was higher than a Protected Offer in the NMS stock.

(3) The locking or crossing quotation was an Automated Quotation, and the Member simultaneously routed an intermarket sweep order to execute against the full displayed size of any locked or crossed protected quotation.

(4) The locking or crossing quotation was a manual quotation that locked or crossed another manual quotation, and the Member simultaneously routed an intermarket sweep order to execute against the full displayed size of the locked or crossed manual quotation.

Rule 2113. [Long and Short Sales]

[Note: This rule was recently approved by the Commission in a separate filing and currently applies to the Midpoint Match. This rule appears in the filing only to be renumbered from Rule 2105, as approved for the Midpoint Match series of rules, to 2113. Additionally, the ISE commits to amending this rule prior to the launch of the fully displayed market to account for additional order types set forth herein that relate to the displayed market.]

Rule 2114. [Doing Business With the Public]

[Note: This rule was recently approved by the Commission in a separate filing and currently applies to the Midpoint Match This rule appears in the filing only to be renumbered from Rule 2106, as approved for the Midpoint Match series of rules, to 2114.]

Rule 2115. Limitation on Reporting Authorities' Liability

(a) The term "Reporting Authority," for purposes of this Rule, shall have the same meaning as set forth in Rule 2001(l).

(b) The disclaimers found under Rule 2011 shall apply to any Reporting Authority with respect to any index or portfolio underlying a series of index-related securities governed by the Rules of this Chapter. The terms "option" and "option contract" as used in Rule 2011 shall be deemed for the purpose of this Rule to include any index-related security governed by the Rules of this Chapter.

Rule 2116. Sales Value Fee

The Sales Value Fee is assessed by the Exchange to each Equity EAM for sales on the Exchange with respect to which the Exchange is obligated to pay a fee to the Commission under Section 31 of the Exchange Act. To the extent that there may be any excess monies collected under this rule, the Exchange may retain those monies to help fund its general operating expenses. The fee applies to the sale of all Equity Securities. The Exchange collects the fee indirectly from Equity EAMs through their clearing firms with respect to sales of such securities. The Sales Value Fee is equal to (a) the Section 31 fee rate multiplied by (b) the Equity EAM's aggregate dollar amount of covered sales resulting from transactions occurring on the Exchange during any computational period.

Rule 2117. Settlement Through Clearing Corporations

(a) The details of each transaction executed on the ISE Stock Exchange shall be automatically processed for clearance and settlement on a locked-in basis. Equity EAMs need not separately report their transactions to the Exchange for trade comparison purposes.

(b) An Equity EAM that does not maintain the ability to clear ISE Stock Exchange trades at a clearing agency registered under Section 17A of the Exchange Act, either by self-clearing or through use of a member clearing firm, will no longer be eligible to effect trades on the ISE Stock Exchange.

(c) Except as provided herein, transactions executed on the ISE Stock Exchange will be processed anonymously. The transaction reports will indicate the details of the transaction, but will not reveal contra party identities.

(d) The ISE Stock Exchange will reveal the identity of an Equity EAM or Equity EAM's clearing firm in the following circumstances:

(1) for regulatory purposes or to comply with an order of a court or arbitrator; or

(2) when the National Securities Clearing Corporation ("NSCC") division of the Depository Trust and Clearing Corporation ("DTCC") ceases to act for an Equity EAM or the Equity EAM's clearing firm and NSCC determines not to guarantee the settlement of the Equity EAM's trades; or

(3) on risk management reports provided to the contra party of the Equity EAM or Equity EAM's clearing firm each day after 4:00 p.m. that discloses trading activity on an aggregate dollar value basis.

(e) The ISE Stock Exchange will reveal to an Equity EAM, no later than the end of the day on the date an anonymous trade was executed, when that Equity EAM submits an order that has executed against an order submitted by that same Equity EAM.

(f) Any transaction occurring as a result of an order entered by an Equity EAM that is routed to another Trading Center pursuant to the rules of the Exchange shall be binding on the Equity EAM submitting the order and if the Equity EAM is not a self-clearing firm, then binding on the member clearing firm.

(g) In order to satisfy the Equity EAM's record keeping obligations under SEC Rules 17a-3(a)(1) and 17a-4(a), (i) the ISE Stock Exchange shall, with the exception of those circumstances described below in (ii), retain for the period specified in Rule 17a-4(a) the identity of each Equity EAM that executes an anonymous transaction described in paragraph (b) of this rule, and (iii) Equity EAMs shall retain the obligation to comply with SEC Rules 17-3(a)(1) and 17-4(a) whenever they possess the identity of their contra party. In either case, the information shall be retained in its original form or a form approved under Rule 17a-6.

Rule 2118. Trade Modifiers

Following the compliance date for Rule 611 of Regulation NMS, the ISE Stock Exchange shall identify all trades executed pursuant to an exception or exemption from Rule 611 of Regulation NMS in accordance with specifications approved by the operating committee of the relevant national market system plan for an NMS Stock. If a trade is executed pursuant to both the intermarket sweep order exception of Rule 611(b)(5) or (6) and the self-help exception of Rule 611(b)(1), such trade shall be identified as executed pursuant to the intermarket sweep order exception.

Rule 2119. Equity EAMs Acting as Brokers

(a) *While Holding Unexecuted Market Order.* No Equity EAM shall on the ISE Stock Exchange: (1) buy or initiate the purchase of any security subject to the rules in this Chapter for its own account or for any account in which it or any of its members, partners, officers, or employees is directly or indirectly interested, while such Equity EAM has knowledge that it or any of members, partners, officers or employees holds an unexecuted market order to buy such security in the unit of trading for a customer; or (2) sell or initiate the sale of any security subject to the rules in this Chapter for any such account, while the Equity EAM holds or has knowledge that it or any of its members, partners, officers or employees holds an unexecuted market order to sell such security in the unit of trading for a customer.

(b) *While Holding Unexecuted Limit Order.* No Equity EAM shall on the ISE Stock Exchange (1) buy or initiate the purchase of any security subject to the rules in this Chapter for any such account, at or below the price at which it holds or has knowledge that it or any of its members, partners, officers or employees holds an unexecuted order with a boundary price to buy such security in the unit of trading for a customer; or (2) sell or initiate the sale of any security for any such account at or above the price at which it personally holds or has knowledge that it or any of its members, partners, officers or employees holds an unexecuted order with a boundary price to sell such security in the unit of trading for a customer.

Rule 2120. Taking or Supplying Securities

No Equity EAM, who has accepted for execution, personally or through his firm or a partner, officer or shareholder thereof, an order for the purchase of securities shall fill such order by selling such securities for any account in which he or his firm, or a partner, officer or shareholder thereof has a direct or indirect interest, or having so accepted an order for the sale of securities shall fill such order by buying such securities for such an account, except as follows:

(a) An Equity EAM who neglects to execute an order may be compelled to take or supply for his own account or that of his firm the securities named in the order;

(b) An Equity EAM, acting for another member, may take the securities named in the order, provided (1) the price is justified by the condition of the market, and (2) the member who gave the order shall directly, or through a broker authorized to act for him, after prompt notification, accept the trade;

(c) An Equity EAM, acting for another member, may supply the securities named in the order, provided (1) the price is justified by the condition of the market and (2) the member who gave the order shall directly, or through a broker authorized to act for him, after prompt notification, accept the trade;

(d) An Equity EAM, acting as a broker, is permitted to report to his principal a transaction as made with himself when he has orders from two principals to buy and to sell the same security and not to give up his principals;

(e) An Equity EAM may purchase or sell for principal account the securities named in his customer's order provided that (1) the price is consistent with the market, and (2) full disclosure of the interest of the member is made to his customer on the confirmation of the trade.

Rule 2121. Trading by an Equity EAM in Its Own or Its Parent Firm's Securities

After the completion of a distribution of its securities, no Equity EAM that has any publicly-held securities outstanding shall effect any transaction (except on an unsolicited basis) for the account of any customer in, or make any recommendation of, any such security issued by the Equity EAM or any corporation controlling, controlled by or under common control with such Equity EAM.

Rule 2122. Comparison Does Not Create Contract

No comparison or failure to compare, and no notification or acceptance of notification of failure to receive or failure to deliver shall have the effect of creating or of canceling a contract, or of changing the terms thereof, or of releasing the original parties from liability.

Rule 2123. Investment Company Unit

The Exchange will consider for listing and/or trading, whether pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise, units of trading ("Units") that meet the criteria of this paragraph. A Unit is a security that represents an interest in a registered investment company ("Investment Company") that could be organized as a unit investment trust, an open-end management investment company, or a similar entity.

(a) *Original Unit Listing Standards.*

(1) The Investment Company must:

(i) hold securities (including fixed income securities) comprising, or otherwise based on or representing an investment in, an index or portfolio of securities; or

(ii) hold securities in another registered investment company that holds securities as described in (i) above.

An index or portfolio may be revised as necessary or appropriate to maintain the quality and character of the index or portfolio.

(2) The Investment Company must issue Units in a specified aggregate number in return for a deposit (the "Deposit") consisting of either:

(i) a specified number of shares of securities (or if applicable, a specified portfolio of fixed income securities) that comprise the index or portfolio, or are otherwise based on or represent an investment in securities comprising such index or portfolio, and/or a cash amount; or

(ii) shares of a registered investment company, as described in clause (a)(1)(ii) above, and/or a cash amount.

(3) Units must be redeemable, directly or indirectly, from the Investment Company for securities (including fixed income securities) and/or cash then comprising the Deposit. Units must pay holders periodic cash payments corresponding to the regular cash dividends or distributions declared with respect to the securities held by the Investment Company, less applicable expenses and charges.

(4) For each series of Investment Company Units the Exchange will establish a minimum number of Units required to be outstanding at the time of commencement of trading on the Exchange. Notwithstanding the foregoing, for the initial listing of a series of

Investment Company Units in reliance upon Rule 19b-4(e) under the Exchange Act, there must be at least 100,000 Units outstanding prior to the commencement of trading of a series of Units on the Exchange.

(5) Voting rights shall be as set forth in the applicable Investment Company prospectus.

(b) Underlying Indices and Portfolios.

(1) The Exchange may list and/or trade specified series of Units, with each series based on a specified index or portfolio of securities.

(2) Upon the initial listing of a series of Investment Company Units on the Exchange in reliance upon Rule 19b-4(e) under the Exchange Act, the component stocks of an index or portfolio underlying such series shall meet the following criteria as of the date of the initial deposit of securities in connection with the initial issuance of such Investment Company Units:

(i) component stocks that in the aggregate account for at least 90 percent of the weight of the index or portfolio must have a minimum market value of at least \$75 million;

(ii) the component stocks representing at least 90 percent of the weight of the index or portfolio must have a minimum monthly trading volume during each of the last six months of at least 250,000 shares;

(iii) The most heavily weighted component stock may not exceed 30 percent of the weight of the index or portfolio, and the five most heavily weighted component stocks may not exceed 65 percent of the weight of the index or portfolio;

(iv) the underlying index or portfolio must include a minimum of 13 stocks; and

(v) all securities in the underlying index or portfolio must be listed on a national securities exchange or The Nasdaq Stock Market (including the Nasdaq SmallCap Market).

(3) The value of the index or portfolio must be calculated and disseminated to the public at least once per business day; provided that, if the securities representing at least half the value of the index or portfolio are securities of a single country other than the United States, then the value of the index or portfolio may be calculated and disseminated to the public at least once per day that is a business day in that country. If a

series of Investment Company Units is listed for trading on the Exchange in reliance upon Rule 19b-4(e) under the Exchange Act, the current value of the underlying index must be widely disseminated by one or more major market data vendors or disseminated over the consolidated tape at least every 15 seconds during trading hours on the Exchange. In addition, there must be similarly disseminated for that series an estimate, updated every 15 seconds, of the value of a share of each series. This may be based, for example, upon current information regarding the required deposit of securities plus any cash amount to permit creation of new shares of the series or upon the index value. If the Exchange is trading Investment Company Units pursuant to unlisted trading privileges, it will cease trading the Investment Company Unit if the primary listing exchange ceases trading the Investment Company Unit for any of the above reasons.

(4) If a series of Investment Company Units is listed for trading on the Exchange in reliance upon Rule 19b-4(e) under the Exchange Act:

(i) the index underlying the series must be calculated based on either the market capitalization, modified market capitalization, price equal-dollar or modified equal-dollar weighting methodology;

(ii) if the index is maintained by broker-dealer, (a) the broker-dealer must erect a "fire wall" around the personnel who have access to information concerning changes and adjustments to the index and (b) the index must be calculated by a third party who is not a broker-dealer; and

(5) If a series of Investment Company Units is listed for trading or traded pursuant to unlisted trading privileges on the Exchange in reliance upon Rule 19b-4(e) under the Exchange Act, the Exchange will implement written surveillance procedures applicable to such series. In addition, the Exchange will comply with the record-keeping requirements of Rule 19b-4(e) under the Exchange Act, and will file Form 19b-4(e) for each series of Investment Company Units within five business days of the commencement of trading.

(c) *Continued Listing Criteria.* If the Exchange lists the Units, the Exchange will consider the suspension of trading and delisting of a series of Units in any of the following circumstances:

(1) Following the initial twelve-month period beginning upon the commencement of trading of a series of Units, there are fewer than 50 record and/or beneficial holders of Units for 30 or more consecutive trading days;

(2) The value of the index or portfolio of securities on which the series is based is no longer calculated or available; or

(3) Such other event shall occur or condition exist that, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable.

In addition, the Exchange will remove Units from listing and trading upon termination of the issuing Investment Company.

If the Exchange is trading the Units pursuant to unlisted trading privileges, it will cease trading the Units if the primary listing exchange ceases trading the Units for any of the above reasons.

(d) Provision of Prospectus and Written Description.

(1) This paragraph shall apply only to a series of Investment Company Units as to which the sponsor or other appropriate party has obtained an exemption from Section 24(d) of the Investment Company Act. In connection with any such series of Investment Company Units listed on the Exchange, Equity EAMs must provide to all purchasers of such series a written description of the terms and characteristics of such securities, in a form prepared or approved by the Exchange, not later than the time a confirmation of the first transaction in such security is delivered to such purchaser. In addition, Equity EAMs must include such a written description with any sales material relating to such series that is provided to customers or the public. Any other written materials provided by an Equity EAM to customers or the public making specific reference to such a series of Investment Company Units as an investment vehicle must include a statement in substantially the following form:

"A circular describing the terms and characteristics of [the series of Investment Company Units] has been prepared by [Trust name] and is available from your broker or the ISE. It is recommended that you obtain and review such circular before purchasing [the series of Investment Company Units]. In addition, upon request you may obtain from your broker a prospectus for [the series of Investment Company Units]."

(2) An Equity EAM carrying an omnibus account for a non-member broker-dealer is required to inform such non-member that execution of an order to purchase a series of Investment Company Units for the omnibus account will be deemed to constitute agreement by the non-member to make the written description available to its customers on the same terms as are directly applicable to members under this Rule.

(3) Upon request of a customer, an Equity EAM shall also provide a prospectus for the particular series of Investment Company Units.

(e) *Limitation on Liability.* Neither the Exchange, any affiliate, nor any Index Licensor or Administrator guarantees the timeliness, sequence, accuracy or completeness of index and Investment Company Unit information. Neither the Exchange, any affiliate, nor any Index Licensor or Administrator shall have any liability for any loss, damages, claim or expense arising from or occasioned by any inaccuracy, error or delay in, or omission of or from, (i) any index and Investment Company Unit information or (ii) the collection, calculation, compilation, maintenance, reporting or dissemination of any index, any portfolio or any index and Investment Company Unit information, resulting either from any negligent act or omission by the Exchange, any affiliate or any Index Licensor or Administrator or from any act, condition or cause beyond the reasonable control of the Exchange, any affiliate or any Index Licensor or Administrator, including, but not limited to, flood, extraordinary weather conditions, earthquake or other act of God, fire, war, insurrection, riot, labor dispute, accident, action of government, communications or power failure, or equipment or software malfunction. Without limiting any of the foregoing, in no event shall the Exchange, any affiliate, or any index Licensor or Administrator have any liability for any lost profits or special, punitive, incidental, indirect or consequential damages, even if notified of the possibility of such damages.

(f) *No Warranties.* Neither the Exchange, any affiliate, nor any Index Licensor or Administrator makes any express or implied warranty as to results that any person or party may obtain from using (i) any Investment Company Unit, (ii) the index or portfolio that is the basis for determining the component stocks of an Investment Company Unit, or (iii) any index or Investment Company Unit information, for trading or any other purpose. The Exchange, its affiliates and each Index Licensor or Administrator makes no express or implied warranties, and disclaims all warranties of merchantability or fitness for a particular purpose or use, with respect to any such Investment Company Unit, index, portfolio or information.

(g) *Hours of Trading.* Any series of Investment Company Units so designated by the Exchange may be traded on the Exchange from 9:30 a.m. until 4:15 p.m. each business day.

Rule 2124. Trust Issued Receipts

(a) The Exchange will consider for trading, whether by listing or pursuant to unlisted trading privileges, Trust Issued Receipts that meet the criteria of this Rule.

(b) *Applicability.* This rule is applicable only to Trust Issued Receipts.

(c) *Prospectus Delivery.* Equity EAMs must provide to all purchasers of newly issued Trust Issued Receipts a prospectus for the series of Trust Issued Receipts.

(d) *Trading Hours.* Transactions in Trust Issued Receipts may be effected from 9:30 a.m. until either 4:00 p.m. or 4:15 p.m. for each series, as specified by the Exchange.

(e) *Definition.* "Trust Issued Receipt" means a security (i) that is issued by a trust ("Trust") that holds specified securities deposited with the Trust; (ii) that, when aggregated in some specified minimum number, may be surrendered to the trust by the beneficial owner to receive the securities; and (iii) that pays beneficial owners dividends and other distributions on the deposited securities, if any are declared and paid to the trustee by an issuer of the deposited securities.

(f) *Designation.* The Exchange may trade on its ISE Stock Exchange facility, pursuant to unlisted trading privileges, Trust Issued Receipts based on one or more securities. The Trust Issued Receipts based on particular securities shall be designated as a separate series and shall be identified by a unique symbol. The securities that are included in a series of Trust Issued Receipts shall be selected by the Exchange or by such other person as shall have a proprietary interest in such Trust Issued Receipts.

(g) *Initial and Continued Listing and/or Trading.* Trust Issued Receipts will be listed and/or traded on the Exchange subject to application of the following criteria:

(1) Commencement of Trading. For each Trust, the Exchange will establish a minimum number of Trust Issued Receipts required to be outstanding at the time of commencement of trading on the Exchange.

(2) Continued Trading. Following the initial twelve month period following formation of a Trust and commencement of trading on the Exchange, the Exchange will consider the suspension of trading in or removal from listing of or termination of unlisted trading privileges for a Trust upon which a series of Trust Issued Receipts is based under any of the following circumstances:

(i) if the Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Trust Issued Receipts for 30 or more consecutive trading days;

(ii) if the Trust has fewer than 50,000 receipts issued and outstanding;

(iii) if the market value of all receipts issued and outstanding is less than \$1,000,000; or

(iv) if any other event shall occur or condition exists which, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable.

If the Exchange is trading the Trust Issued Receipts pursuant to unlisted trading privileges, it will cease trading the Trust Issued Receipts if the primary listing exchange ceases trading the Trust Issued Receipts for any of the above reasons.

Upon termination of a Trust, the Exchange requires that Trust Issued Receipts issued in connection with such trust be removed from listing or have their unlisted trading privileges terminated. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of securities in the Trust falls below a specified amount.

(h) *Term*. The stated term of the Trust shall be as stated in the Trust prospectus; however, a Trust may be terminated under such earlier circumstances as may be specified in the Trust prospectus.

(i) *Trustee*. The trustee must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, as qualified trust company or banking institution must be appointed co-trustee.

(j) *Voting Rights*. Voting rights shall be as set forth in the applicable Trust prospectus.

Supplementary Material to Rule 2124

.01 The Exchange may approve trust issued receipts for trading, whether by listing or pursuant to unlisted trading privileges, pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934, provided that the following criteria are satisfied:

(a) each security underlying the trust issued receipt must be registered under Section 12 of the Exchange Act;

(b) each security underlying the trust issued receipt must have a minimum public float of at least \$150 million;

(c) each security underlying the trust issued receipt must be listed

on a national securities exchange or traded through the facilities of Nasdaq as a reported national market system security;

(d) each security underlying the trust issued receipt must have an average daily trading volume of at least 100,000 shares during the preceding sixty-day trading period;

(e) each security underlying the trust issued receipt must have an average daily dollar value of shares traded during the preceding sixty-day trading period of at least \$1 million; and

(f) the most heavily weighted security in the trust issued receipt cannot initially represent more than 20% of the overall value of the trust issued receipt.

.02 (a) Provisions of this Commentary apply only to Trust Issued Receipts that invest in "Investment Shares" as defined below. Rules that reference Trust Issued Receipts shall also apply to Trust Issued Receipts investing in Investment Shares.

(b) *Definitions.* The following terms as used in this Commentary shall, unless the context otherwise requires, have the meanings herein specified:

(1) Investment Shares. The term "Investment Shares" means a security (a) that is issued by a trust, partnership, commodity pool or other similar entity that invests in any combination of futures contracts, options on futures contracts, forward contracts, commodities, swaps or high credit quality short-term fixed income securities or other securities; and (b) issued and redeemed daily at net asset value in amounts correlating to the number of receipts created and redeemed in a specified aggregate minimum number.

(2) Futures Contract. The term "futures contract" is commonly known as a "contract of sale of a commodity for future delivery" set forth in Section 2(a) of the Commodity Exchange Act.

(3) Forward Contract. A forward contract is a contract between two parties to purchase and sell a specific quantity of a commodity at a specified price with delivery and settlement at a future date. Forwards are traded over-the-counter ("OTC") and not listed on a futures exchange.

(c) *Designation.* The Exchange may list and trade Trust Issued

Receipts investing in Investment Shares. Each issue of a Trust Issued Receipt based on a particular Investment Share shall be designated as a separate series and shall be identified by a unique symbol.

(d) *Initial and Continued Listing.* Trust Issued Receipts based on Investment Shares will be listed and/or traded on the Exchange subject to application of the following criteria:

(1) Initial Listing. The Exchange will establish a minimum number of receipts required to be outstanding at the time of commencement of trading on the Exchange.

(2) Continued Listing. The Exchange will consider removing from listing Trust Issued Receipts based on an Investment Share under any of the following circumstances:

(i) if following the initial twelve month period following the commencement of trading of the shares, (A) the Issuer has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Trust Issued Receipts for 30 or more consecutive trading days; (B) if the Issuer has fewer than 50,000 securities or shares issued and outstanding; or (C) if the market value of all securities or shares issued and outstanding is less than \$1,000,000;

(ii) if the value of an underlying index or portfolio is no longer calculated or available on at least a 15-second delayed basis or the Exchange stops providing a hyperlink on its website to any such asset or investment value;

(iii) if the Indicative Value is no longer made available on at least a 15-second delayed basis; or

(iv) if such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

If the Exchange is trading the Trust Issued Receipts based on Investment Shares pursuant to unlisted trading privileges, it will cease trading such Trust Issued Receipts if the primary listing exchange ceases trading the Trust Issued Receipts for any of the above reasons.

Upon termination of the Trust, the Exchange requires that Trust Issued Receipts based on Investment Shares issued in

connection with such Trust be removed from Exchange listing. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of the Trust falls below a specified amount.

(e) *Term.* The stated term of the Trust shall be as stated in the prospectus; however, such entity may be terminated under such earlier circumstances as may be specified in the Trust prospectus.

(f) *Trustee.* The following requirements apply:

(1) The trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, a qualified trust company or banking institution must be appointed co-trustee;

(2) No change is to be made in the trustee of a listed issue without prior notice to and approval of the primary listing exchange.

(g) *Voting Rights.* Voting rights shall be as set forth in the applicable Trust prospectus.

(h) The Exchange will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before trading, either by listing or trading pursuant to unlisted trading privileges Trust Issued Receipts based on separate Investment Shares.

(i) *Limitation on Liability.* Neither the Exchange nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any underlying asset or commodity value, the current value of the underlying asset or commodity if required to be deposited to the Trust in connection with issuance of Trust Issued Receipts, net asset value, or other information relating to the purchase, redemption or trading of Trust Issued Receipts, resulting from any negligent act or omission by the Exchange or any agent of the Exchange, or any act, condition or cause beyond the reasonable control of the Exchange or its agent, including, but not limited to, an act of God, fire, flood, extraordinary weather conditions, war, insurrection, riot, strike, accident, action of government, communications or power failure, equipment or software malfunction, or any error, omission or delay in the reports of transactions in an underlying asset or commodity.

Rule 2125. Commodity-Based Trust Shares

(a) The Exchange will consider for trading, whether by listing or pursuant to unlisted trading privileges, Commodity-Based Trust Shares that meet the criteria of this Rule.

(b) *Applicability.* This rule is applicable only to Commodity-Based Trust Shares.

(c) *Prospectus Delivery.* Equity EAMs must provide to all purchasers of newly issued Commodity-Based Receipts a prospectus for the series of Commodity-Based Trust Shares.

(d) *Trading Hours.* Transactions in Commodity-Based Trust Shares will occur between 9:30 a.m. and either 4:00 p.m. or 4:15 p.m. for each series, as specified by the Exchange.

(e) *Definition.* "Commodity-Based Trust Shares" mean securities (i) that are issued by a trust ("Trust") that holds a specified commodity deposited with the Trust; (ii) that are issued by such Trust in a specified aggregate minimum number in return for a deposit of a quantity of the underlying commodity; and (iii) that, when aggregated in the same specified minimum number, may be redeemed at a holder's request by such Trust that will deliver to the redeeming holder the quantity of the underlying commodity. "Commodity" is defined in Section 1(a)(4) of the Commodity Exchange Act. Commodity-Based Trust Shares are included within the definition of "security" or "securities" as such terms are used in the Rules of the Exchange.

(f) *Designation.* The Exchange may trade on its ISE Stock Exchange facility, pursuant to unlisted trading privileges, Commodity-Based Trust Shares based on an underlying commodity. Each issue of a Commodity-Based Trust Share shall be designated as a separate series and shall be identified by a unique symbol.

(g) *Initial and Continued Listing.* Commodity-Based Trust Shares will be listed and traded on the Exchange subject to application of the following criteria:

(1) Initial Listing. The Exchange will establish a minimum number of Commodity-Based Trust Shares required to be outstanding at the time of commencement of trading on the Exchange.

(2) Continued Listing. Following the initial 12 month period following commencement of trading on the Exchange of Commodity-Based Trust Shares, the Exchange will consider the suspension of trading in or removal from listing of such series under any of the following circumstances:

(i) if the Trust has more than 60 days remaining

until termination and there are fewer than 50 record and/or beneficial holders of Commodity-Based Trust Shares for 30 or more consecutive trading days; or

(ii) if the Trust has fewer than 50,000 receipts issued and outstanding; or

(iii) if the market value of all receipts issued and outstanding is less than \$1,000,000; or

(iv) if the value of the underlying commodity is no longer calculated or available on at least a 15-second delayed basis from a source unaffiliated with the sponsor, Trust, custodian or the Exchange or the Exchange stops providing a hyperlink on its Web site to any such unaffiliated commodity value;

(v) if the Indicative Trust Value is no longer made available on at least a 15-second delayed basis; or

(vi) if such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

If the Exchange is trading Commodity-Based Trust Shares pursuant to unlisted trading privileges, it will cease trading the Commodity-Based Trust Shares if the primary listing exchange ceases trading such Shares for any of the above reasons.

Upon termination of a Trust, the Exchange requires that Commodity-Based Trust Shares issued in connection with such entity Trust be removed from Exchange listing. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of the Trust falls below a specified amount.

(h) *Term.* The stated term of the Trust shall be as stated in the Trust prospectus. However, a Trust may be terminated under such earlier circumstances as may be specified in the Trust prospectus.

(i) *Trustee.* The following requirements apply:

(i) The trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has

been appointed as trustee, a qualified trust company or banking institution must be appointed co-trustee.

(ii) No change is to be made in the trustee of a listed issue without prior notice to and approval of the primary listing exchange.

(j) *Voting*. Voting rights shall be as set forth in the applicable Trust prospectus.

(k) *Limitation on Liability*. Neither the Exchange nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any underlying commodity value, the current value of the underlying commodity required to be deposited to the Trust in connection with issuance of Commodity-Based Trust Shares, resulting from any negligent act or omission by the Exchange, or any agent of the Exchange, or any act, condition or cause beyond the reasonable control of the Exchange, its agent, including, but not limited to, an act of God, fire, flood, extraordinary weather conditions, war, insurrection, riot, strike, accident, action of government, communications or power failure, equipment or software malfunction or any error, omission or delay in the reports of transactions in an underlying commodity.

Supplementary Material to Rule 2125

.01 A Commodity-Based Trust Share is a Trust Issued Receipt that holds a specified commodity deposited with the Trust.

.02 The Exchange will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before trading, either by listing or pursuant to unlisted trading privileges, Commodity-Based Trust Shares.

Rule 2126. Currency Trust Shares

(a) The Exchange will consider for trading, whether by listing or pursuant to unlisted trading privileges, Currency Trust Shares that meet the criteria of this Rule.

(b) *Applicability*. This rule is applicable only to Currency Trust Shares.

(c) *Prospectus Delivery*. Equity EAMs must provide to all purchasers of newly issued Currency Trust Receipts a prospectus for the series of Commodity-Based Trust Shares.

(d) *Trading Hours.* Transactions in Currency Trust Shares will occur between 9:30 a.m. and either 4:00 p.m. or 4:15 p.m. for each series, as specified by the Exchange.

(e) *Definition.* "Currency Trust Shares" mean a security that (i) that is issued by a trust that holds a specified non-U.S. currency deposited with the trust; (ii) when aggregated in some specified minimum number may be surrendered to the trust by the beneficial owner to receive the specified non U.S. currency; and (iii) pays beneficial owners interest and other distributions on the deposited non-U.S. currency, if any, declared and paid by the trust. Currency Trust Shares are included within the definition of "security" or "securities" as such terms are used in the Rules of the Exchange.

(f) *Designation of Non-U.S. Currency.* The Exchange may trade through its ISE Stock Exchange facility, pursuant to unlisted trading privileges, Currency Trust Shares that hold a specified non-U.S. currency or currencies. Each issue of a Currency Trust Share shall be designated as a separate series and shall be identified by a unique symbol.

(g) *Initial and Continued Listing.* Currency Trust Shares will be listed and traded on the Exchange subject to application of the following criteria:

(1) Initial Listing. The Exchange will establish a minimum number of Currency Trust Shares required to be outstanding at the time of commencement of trading on the Exchange.

(2) Continued Listing. Following the initial 12 month period following commencement of trading on the Exchange of Currency Trust Shares, the Exchange will consider the suspension of trading in or removal from listing of such series under any of the following circumstances:

(i) if the Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Currency Trust Shares for 30 or more consecutive trading days; or

(ii) if the Trust has fewer than 50,000 Currency Trust Shares issued and outstanding; or

(iii) if the market value of all Currency Trust Shares issued and outstanding is less than \$1,000,000; or

(iv) if the value of the applicable non-U.S. currency is no longer calculated or available on at least a 15-second delayed basis from a source unaffiliated with the sponsor, Trust, custodian or the Exchange or the Exchange stops providing a hyperlink on its

Web site to any such unaffiliated applicable non-U.S. currency value;

(v) if the Indicative Trust Value is no longer made available on at least a 15-second delayed basis; or

(vi) if such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

If the Exchange is trading Currency Trust Shares pursuant to unlisted trading privileges, it will cease trading the Currency Trust Shares if the primary listing exchange ceases trading such Shares for any of the above reasons.

Upon termination of a Trust, the Exchange requires that Currency Trust Shares issued in connection with such entity Trust be removed from Exchange listing. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of the Trust falls below a specified amount.

(h) *Term.* The stated term of the Trust shall be as stated in the Trust prospectus. However, a Trust may be terminated under such earlier circumstances as may be specified in the Trust prospectus.

(i) *Trustee.* The following requirements apply:

(1) The trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, a qualified trust company or banking institution must be appointed co-trustee.

(2) No change is to be made in the trustee of a listed issue without prior notice to and approval of the primary listing exchange.

(j) *Voting.* Voting rights shall be as set forth in the applicable Trust prospectus.

(k) *Limitation on Liability.* Neither the Exchange nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any applicable non-U.S. currency value, the current value of the applicable non-U.S. currency required to be deposited to the Trust in connection with issuance of

Currency Trust Shares, net asset value, or any other information relating to the purchase, redemption, or trading of the Currency Trust Shares, resulting from any negligent act or omission by the Exchange, or any agent of the Exchange, or any act, condition or cause beyond the reasonable control of the Exchange, its agent, including, but not limited to, an act of God, fire, flood, extraordinary weather conditions, war, insurrection, riot, strike, accident, action of government, communications or power failure, equipment or software malfunction, or any error, omission or delay in the reports of transactions in an applicable non-U.S. currency.

Supplementary Material to Rule 2126

.01 A Currency Trust Share is a Trust Issued Receipt that holds a specified non-U.S. currency deposited with the Trust.

.02 The Exchange will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before trading, either by listing or pursuant to unlisted trading privileges, Currency Trust Shares.

Rule 2127. Partnership Units

(a) The Exchange will consider for trading, whether by listing or pursuant to unlisted trading privileges, Partnership Units that meet the criteria of this Rule.

(b) *Definitions.* The following terms as used in the Rule shall, unless the context otherwise requires, have the meanings herein specified:

(1) Commodity. The term "commodity" is defined in Section 1(a)(4) of the Commodity Exchange Act.

(2) Partnership Units. The term "Partnership Units" for purposes of this Rule means a security (a) that is issued by a partnership that invests in any combination of futures contracts, options on futures contracts, forward contracts, commodities and/or securities; and (b) that is issued and redeemed daily in specified aggregate amounts at net asset value.

(c) *Designation.* The Exchange may list and trade Partnership Units based on an underlying asset, commodity or security. Each issue of a Partnership Unit shall be designated as a separate series and shall be identified by a unique symbol.

(d) *Trading Hours.* Transactions in Currency Trust Shares will occur between 9:30 a.m. and either 4:00 p.m. or 4:15 p.m. for each series, as specified by the Exchange.

(e) *Initial and Continued Listing.* Partnership Units will be listed and/or traded on the Exchange subject to application of the following criteria:

(1) Initial Listing. The Exchange will establish a minimum number of Partnership Units required to be outstanding at the time of commencement of trading on the Exchange.

(2) Continued Listing. The Exchange will consider removing from listing Partnership Units under any of the following circumstances:

(i) if following the initial twelve month period following the commencement of trading of Partnership Units, (A) the partnership has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Partnership Units for 30 or more consecutive trading days; (B) if the partnership has fewer than 50,000 Partnership Units issued and outstanding; or (C) if the market value of all Partnership Units issued and outstanding is less than \$1,000,000;

(ii) if the value of the underlying benchmark investment, commodity or asset is no longer calculated or available on at least a 15-second delayed basis or the Exchange stops providing a hyperlink on its website to any such investment, commodity, or asset value;

(iii) if the Indicative Partnership Value is no longer made available on at least a 15-second delayed basis; or

(iv) if such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

If the Exchange is trading Partnership Units pursuant to unlisted trading privileges, it will cease trading the Partnership Units if the primary listing exchange ceases trading such Units for any of the above reasons.

Upon termination of a partnership, the Exchange requires that Partnership Units issued in connection with such partnership be removed from Exchange listing. A partnership will terminate in accordance with the provisions of the partnership prospectus.

(3) Term. The stated term of the partnership shall be as stated in the prospectus. However, such entity may be terminated under such earlier circumstances as may be specified in the Partnership prospectus.

(4) General Partner. The following requirements apply:

(i) The general partner of a partnership must be an entity having substantial capital and surplus and the experience and facilities for handling partnership business. In cases where, for any reason, an individual has been appointed as general partner, a qualified entity must also be appointed as general partner.

(ii) No change is to be made in the general partner of a listed issue without prior notice to and approval of the primary listing exchange.

(5) Voting. Voting rights shall be as set forth in the applicable partnership prospectus.

(f) *Limitation of Liability*. Neither the Exchange nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any underlying asset or commodity value, the current value of the underlying asset or commodity if required to be deposited to the partnership in connection with issuance of Partnership Units, net asset value, or other information relating to the purchase, redemption or trading of Partnership Units, resulting from any negligent act or omission by the Exchange or any agent of the Exchange, or any act, condition or cause beyond the reasonable control of the Exchange or its agent, including, but not limited to, an act of God, fire, flood, extraordinary weather conditions, war, insurrection, riot, strike, accident, action of government, communications or power failure, equipment or software malfunction, or any error, omission or delay in the reports of transactions in an underlying asset or commodity.

(g) The Exchange will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before listing and trading separate and distinct Partnership Units designated on different underlying investments, commodities and/or assets.

Supplementary Material to Rule 2127

.01 The Exchange requires Equity EAMs to provide to all purchasers of newly issued Partnership Units a prospectus for the series of Partnership Units.

Rule 2128. Clearly Erroneous Trades

(a) *Market Control.* Persons designated in the Exchange's market control center ("Market Control") shall, pursuant to the procedures set forth below, have the authority to review any transaction effected on the ISE Stock Exchange that is claimed to be clearly erroneous arising out of the use or operation of the ISE Stock Exchange. A member of the regulatory staff shall advise and participate in all steps of Market Control's review of the transaction.

(b) *Clearly Erroneous Procedures.* Any Equity EAM who seeks to have one or more transactions reviewed as clearly erroneous shall submit the matter to Market Control within 30 minutes of the transaction. Once a complaint has been received, the complainant shall have up to 30 minutes, or such longer period as Market Control may specify, to submit any supporting written information concerning the complaint necessary for a review of the transaction. Such supporting information must include the approximate time of the transaction(s), security symbol, number of shares, price(s), and the reason review is being sought. Market Control then shall provide the other Equity EAM(s) that were part of the trade up to thirty minutes after being notified of the complaint, or such longer period as specified by Market Control, to submit any supporting written information concerning the complaint necessary for a review of the transaction. Any Equity EAM that is a party to a disputed trade may request the written information provided by the other Equity EAMs pursuant to this paragraph (b). Once an Equity EAM communicates that it does not intend to submit any further information concerning a complaint, the Equity EAM may not thereafter provide additional information unless requested to do so by Market Control. If the Equity EAMs involved in a disputed trade indicate that they have no further information to provide concerning the complaint before their 30-minute information submission periods have elapsed, then the matter may be immediately considered by Market Control. Equity EAMs or persons associated with Equity EAMs involved in the transaction shall provide Market Control with any information requested in order to resolve the matter on a timely basis notwithstanding the time parameters set forth above. Once an Equity EAM has applied to Market Control for a ruling, Market Control shall review the transaction, with the advice and participation of a member of the regulatory staff, and make a ruling unless all Equity EAMs on the transaction agree to withdraw the application for review prior to the time that Market Control makes the ruling.

(c) *Review of Trades.* In reviewing a trade that is claimed to be clearly erroneous, Market Control shall review the transaction with a view toward maintaining a fair and orderly market and the protection of investors and the public interest. A member of the regulatory staff shall advise and participate in all steps of Market Control's review of the transaction. Based upon this review, Market Control shall decline to "break" a disputed transaction if Market Control believes that the transaction under dispute is not clearly erroneous. However, if Market Control determines the transaction in dispute is clearly erroneous, Market

Control shall declare that the transaction is null and void or modify one or more terms of the transaction. When adjusting the terms of a transaction, Market Control shall seek to adjust the price and/or size of the transaction to achieve an equitable rectification of the error that would place the parties to a transaction in the same position, or as close as possible to the same position, as they would have been in had the error not occurred. For the purposes of this Rule, the terms of a transaction are clearly erroneous when there is an obvious error in any term, such as price, number of shares or other unit of trading, or identification of the security. An Equity EAM may seek review of Market Control's ruling pursuant to Paragraph (e) below.

(d) *Disruption, Malfunction or Extraordinary Circumstances.* In the event of (1) a disruption or malfunction in the use or operation of the ISE Stock Exchange or (2) extraordinary market conditions or other circumstances in which the nullification or modification of transactions executed on the ISE Stock Exchange may be necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest, Market Control on its own motion may review any transactions arising out of or reported through the ISE Stock Exchange. A member of the regulatory staff shall advise and participate in all steps of Market Control's review of the transaction. Market Control acting pursuant to this paragraph may declare any ISE Stock Exchange transaction null and void or modify the terms of any such transactions if Market Control determines that (1) the transaction is clearly erroneous, or (2) such actions are necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest; provided, however, Market Control shall take action pursuant to this subsection within 30 minutes of detection of the transaction, except in the event of extraordinary circumstances, in which Market Control must take action no later than 3:00 p.m., Eastern Time, on the next trading day following the date of the trades at issue. An Equity EAM may seek review of Market Control's ruling pursuant to Paragraph (e) below.

(e) *Clearly Erroneous Trade Panel.*

(1) Composition. The Exchange shall designate at least ten (10) Equity EAM representatives to be called upon to serve on Clearly Erroneous Trade Panels as needed. A Clearly Erroneous Trade Panel will be comprised of representatives from three (3) Equity EAMs that were not involved in any of the transactions under review, nor related to a party to the trades in question. To the extent reasonably possible, the Exchange shall call upon the designated representatives to participate on a Clearly Erroneous Trade Panel on an equally frequent basis.

(2) Scope of Panel's Review. If a party affected by a determination made under this Rule so requests within the time permitted in (3) below, the Clearly Erroneous Trade Panel will review decisions made by Market Control under this Rule. A party may also request that the Clearly Erroneous Trade Panel provide relief as provided in this Rule

in cases where the party failed to provide the notification required in paragraph (b) and Market Control declined to grant an extension, but unusual circumstances must merit special consideration.

(3) Procedure for Requesting Review. A request for review must be made in writing within thirty (30) minutes after a party receives verbal notification of a final determination by Market Control under this Rule, except that if notification is made after 3:30 p.m. Eastern Time, either party has until 9:30 a.m. Eastern Time the next trading day to request review. Once a written appeal has been received, the Exchange will notify the counterparty to the trade that is the subject of the appeal, and both parties shall be permitted to submit any additional supporting written information until the time the appeal is considered by the Clearly Erroneous Trade Panel. Either party to a disputed trade may request the written information provided by the other party during the appeal process. An appeal to the Clearly Erroneous Trade Panel shall not operate as a stay of the determination being appealed, and the scope of the appeal shall be limited to trades to which the person making the appeal is a party. Once a party has appealed a determination to the Clearly Erroneous Trade Panel, the panel shall review the matter and render a decision unless (i) both parties to the transaction agree to withdraw the appeal prior to the time the Clearly Erroneous Trade Panel renders a decision or (ii) the party filing the appeal withdraws it prior to the notification of the counterparty under this paragraph.

(4) Panel Decision. The Clearly Erroneous Trade Panel shall review the facts and render a decision on the day of the transaction, or the next trade day in the case where a request is properly made after 3:30 on the day of the transaction or where the request is properly made the next trade day. The Clearly Erroneous Trade Panel may overturn or modify an action taken by Market Control under this Rule upon agreement by a majority of the Panel representatives based on the standards of maintaining a fair and orderly market, the protection of investors and the public interest. All determinations by the Clearly Erroneous Trade Panel shall constitute final Exchange action on the matter at issue.

Supplementary Material to Rule 2128

.01 The Exchange shall report all trades corrected pursuant to this rule to the Consolidated Tape Association or the Joint Self-Regulatory Organization Plan Governing The Collection, Consolidation And Dissemination Of Quotation And Transaction Information For Nasdaq-Listed Securities Traded On Exchanges On An Unlisted Trading Privilege Basis, as the case may be as soon as practical following such correction.

.02 All determinations made by the Exchange, Market Control or a Clearly Erroneous Trade Panel under this Rule shall be rendered without prejudice as to the rights of the parties to the transaction to submit a dispute to arbitration.

Rule 2129. MidPoint Match

The MidPoint Match (“MPM”) is a process by which Members can seek an execution price that is at the midpoint of the NBBO.

(a) *Opening Process.* All eligible orders will participate in the opening process, as set forth in Rule 2106.

(b) *Order Entry.* All MPM orders are unpriced orders to buy or to sell an Equity Security at the midpoint of the NBBO. An MPM order may be entered with a boundary price, and the System will not execute such order outside of the boundary price. Any boundary price must be in whole penny increments.

(c) *Types of Orders.* MPM orders may be Day Orders, Fill-or-Kill, or Immediate-or-Cancel. An MPM day order can be marked all-or-none (“AON”), which means that the order is to be executed in its entirety or not at all.

(d) *Dissemination of Order Information.*

(1) Standard Orders. Unless specifically authorized by the entering Equity EAM, the System will not disseminate any information regarding an order pending on the ISE Stock Exchange’s MPM. Orders where no information is disseminated are “Standard Orders.” An FOK or IOC Standard Order that is not executed immediately upon receipt will be canceled.

(2) Solicitations of Interest. If the entering Equity EAM so authorizes, the System will disseminate an indication as to the name of the Equity Security in which the order is entered. Such orders are “Solicitations of Interest” and an Equity EAM must enter a Solicitation of Interest with a minimum size of at least 2000 shares. An Equity EAM entering a Solicitation of Interest may not cancel the order for 5 seconds. In addition, if a Solicitation of Interest is not executed within 10 seconds, the System shall convert the Solicitation of Interest to a Standard Order; however, in establishing time priority of orders, the System will consider the time of entry of such Standard Order as the time of entry of the original Solicitation of Interest. An IOC Solicitation of Interest that is not executed within the 5-second no-cancellation period will be automatically canceled.

(e) *Order Specifications.*

(1) All orders that are not immediately executed will be Day Orders.

(2) Solicitation of Interests with a boundary price that is not then currently-executable are not accepted.

(3) FOK or AON Orders may be Standard Orders only, not Solicitations of Interest.

(f) *Order Execution.* The System will monitor for buy and sell orders in a security, and, when identifying a match, will execute a trade at the prevailing NBBO midpoint. MPM Orders may be executed and reported in increments as small as one-half of the Minimum Price Variation.

(1) Solicitations of Interest have priority on a first-in, first-served basis over previously-entered Standard Orders on the same side of the market for 10 seconds upon receipt.

(2) If there are no Solicitations of Interest, or once all Solicitations of Interest are executed, the System will match Standard Orders on a first-in, first-served basis.

(3) Notwithstanding subparagraphs (1) and (2) above, the System will execute orders outside of time and order type priority to the extent such treatment would maximize possible executions at a given price, but only after first executing all possible orders within priority until reaching an AON order that cannot be filled in its entirety in the normal priority.

(4) The System will not execute a trade at a price inferior to the NBBO. The System also will not effect any transactions when the market for a security is "crossed," that is, when the best national bid in the security is greater than the best national offer in that security. If the market for a security is "locked," that is, the best national bid in the security equals the best national offer in that security, the System will execute the trade at the price of the locked quotation. In addition, the System will not effect any transaction when the bid price for a security is less than \$1 or when either the best national bid price or the best national offer price are not in full \$.01 increments.

(5) An order that is canceled in part will retain its original priority.

(g) *Short Sales.* Sell short Solicitations of Interests are not permitted. No Equity EAM shall, for its own account or the account of any other person, effect any short sale Solicitation of Interest.

* * *

Appendix A

Rule

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Arbitration

- 1800 Arbitration

Text of proposed rule changes to other Exchange rules.
 Additions are underlined; deletions are [bracketed]

Rule 100. Definitions

(a)(4) The term “**bid**” means a quote or limit order to buy one or more options contracts, except that with respect to an Equity Security, it means an order to buy such security.

* * *

(a)(7) The term “**Clearing Corporation**” means The Options Clearing Corporation except that when used in reference to Equity Securities (as that term is defined in Rule 2100), the term means a securities clearing agency that is registered as such with the SEC under Section 17A of the Exchange Act and maintains facilities through which transactions in such securities may be compared or settled.

* * *

(a) (24) The term “**offer**” means a quote or limit order to sell one or more options contracts, except that with respect to an Equity Security (as that term is defined in Rule 2100), it means an order to sell such security.

* * *

(a)(29) The term “**order**” means a commitment to buy or sell securities as defined in Rule 715 [(types of orders)] for options and Rule 2104 for Equity Securities (as that term is defined in Rule 2100).

* * *

Rule 500. Designation of Securities

Other than pursuant to Chapter 21 of the Rules, the Exchange [Securities traded on the Exchange are] trades options contracts, each of which is designated by reference to the issuer of the underlying security, expiration month, exercise price and type (put or call).

* * *

Rule 702. Trading Halts

(a) *Halts.* An Exchange official designated by the Board may halt trading in any security in the interests of a fair and orderly market.

(1) The following are among the factors that may be

considered in determining whether the trading in a stock option should be halted:

- (i) trading in the underlying security has been halted or suspended in the primary market.
- (ii) the opening of such underlying security has been delayed because of unusual circumstances.
- (iii) other unusual conditions or circumstances are present.

(2) The following are among the factors that may be considered in determining whether the trading in an Equity Security (as defined in Rule 2100) should be halted:

- (i) the opening of such security has been delayed due to order imbalances.
- (ii) the Exchange has been advised that the issuer of the security is about to make an important announcement affecting such issue.
- (iii) other unusual conditions or circumstances are present.
- (iv) trading in such security has been halted or suspended in the primary market for such security.

[(2)](3) A designated Exchange official will halt trading (including a rotation) for a class or classes of options contracts whenever there is a halt of trading in an underlying security in the primary market. In such event, without the need for action by the Primary Market Maker, all trading in the effected class or classes of options shall be halted. The Exchange shall disseminate through its trading facilities and over OPRA a symbol in respect of such class or classes of options indicating that trading has been halted, and a record of the time and duration of the halt shall be made available to vendors. Similarly, a designated Exchange official will halt trading for an Equity Security whenever there is a halt of trading in that security in the primary market.

[(3)](4) No Member or person associated with a Member shall effect a trade on the Exchange in any security in which trading has been halted under the provisions of this Rule during the time in which the halt remains in effect.

(b) *Resumptions.* Trading in a stock option that has been the subject of a halt under paragraph (a)(1) above, or trading in an Equity Security

that has been the subject of a halt under paragraph (a)(2) above, may be resumed upon the determination by an Exchange official designated by the Board that the conditions which led to the halt are no longer present or that the interests of a fair and orderly market are best served by a resumption of trading.

* * *

Rule 703. Trading Halts Due To Extraordinary Market Volatility

The Exchange shall halt trading in all [options]securities whenever a marketwide trading halt (commonly known as a circuit breaker) is initiated on the New York Stock Exchange in response to extraordinary market conditions.

* * *