

Market Operations Information Circular			
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Date:	August 1, 2005	Telephone:	212/897-0235

Subject: Changes to the Rapid Opening Mechanism criteria

As you know, the ISE incorporates a piece of functionality called the Rapid Opening Mechanism (“ROM”), that when activated, takes over the opening rotation function from the Primary Market Maker. While the opening rotation process remains the responsibility of the PMM, ROM supplements the PMMs functionality when the need arises.

ROM will automatically open eligible options series once a set of market conditions exist including adequate CMM coverage. There are also two configurable timers that must elapse before ROM runs. Currently, ROM has a 9:35 a.m. (ET) “floor” meaning that under no circumstances will ROM open a series prior to that time. Additionally, the underlying security must be open for a minimum of 3 minutes.¹

In an effort to open all series within all options classes as timely as possible, the ISE periodically reviews ROM’s parameters, with the goal of further time reduction if that analysis concludes that it is appropriate to do so. The purpose of this MIC is to inform you that it is our intention to implement further reductions to ROM’s automated opening timers. The calendar and corresponding adjustments are as follows:

- Wednesday, August 3, 2005
ROM commencement: 9:34 a.m. (ET) and underlying open for 3 minutes
- Wednesday, August 10, 2005
ROM commencement: 9:33 a.m. (ET) and underlying open for 2 minutes
- Wednesday, August 17, 2005
ROM commencement: 9:31 a.m. (ET) and underlying open for 2 minutes

Please call the Market Operations Help Desk with any questions at 877/473-9989.

¹ To illustrate, currently if the underlying security opens at 9:31 a.m., eligible series will commence an opening rotation at 9:35 a.m. as long as the other opening criteria are met. Further, if the underlying security opens at 9:36 a.m., the rotation will commence at 9:39 a.m.