

**Regulatory Information Circular – 2002-20**

**To:** ISE Members

**Date:** November 11, 2002

**Re: Complex Order Pricing Increments**

ISE Rule 722 governs the trading of complex orders such as spreads and straddles. While the rule provides that complex orders may be expressed in any decimal price regardless of the minimum increments otherwise appropriate to the individual legs of the order, it also states that orders entered with decimal prices that are not consistent with the increments for the individual legs are not entitled to the same special priority over quotes and orders in the market.

The ISE complex order functionality is not currently capable of applying different priority rules to complex orders based on the net price. Thus, complex orders must be entered with net prices in \$0.05 and \$0.10 increments, consistent with the trading increments applicable to the individual legs of the orders. Thus, if a complex order consists of two options legs and one leg is priced below \$3, the net price may be entered in \$0.05 increments, but if both legs are priced at \$3 or above, the net price must be entered in \$0.10 increments.

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Questions regarding this circular may be directed to Jim Sampson, Vice President Market Supervision, at 212/897-0235