



<b>Regulatory Information Circular</b>			
<b>Circular Number:</b>	2004-11	<b>Contact:</b>	Jim Sampson, VP Market Supervision
<b>Date:</b>	September 9, 2004	<b>Telephone:</b>	212/897-0235

**Subject: OCC Rule Change – Automatic Exercise Thresholds**

The Options Clearing Corporation (“OCC”) recently received approval to reduce the automatic exercise thresholds for equity options. The OCC expects to implement this change with the September 2004 expiration, effective Saturday, September 18, 2004.

Under the new expiration procedures, equity options will be exercised automatically if they are in-the-money by more than \$0.25 for customer accounts, and by more than \$0.15 for broker-dealer and firm accounts (the previous thresholds were \$0.75 and \$0.25 respectively).

As a result of this change, all notifications of standing instructions currently on file with the ISE’s Market Surveillance Department will be considered void. Going forward, member firms wishing to notify the ISE of new standing instructions may do so by mailing or faxing such instructions to:

International Securities Exchange  
Market Surveillance Department  
Attn: Willie Wong  
60 Broad Street  
New York, NY 10004  
Fax: 212/425-4890

Any questions regarding the foregoing may be directed to the attention of Jim Sampson, Vice President Market Supervision, at 212/897-0235.