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Subject: Multiple Market Maker Quotes

The SEC has approved an ISE rule change (SR-ISE-2012-52) which allows members to use their Competitive Market Maker (“CMM”) membership points to enter multiple quotes in an option class. Each set of quotes has independent quoting obligations. Members may begin to enter multiple quotes on August 16, 2012.

Frequently Asked Questions

1. Q. If a CMM wants to enter multiple CMM quotes in a single options class, how are the total CMM membership points affected?
A. Thirty CMM membership points are needed for a CMM to enter two CMM quotes in “ABC” which has a point value of 15.
2. Q. Can a market maker enter both a Primary Market Maker (“PMM”) quote and a CMM quote in the same options class?
A. Yes. While there only can be one PMM quote in each options class, so long as a market maker has sufficient CMM membership points, it can enter CMM quotes in options for which it is the PMM.
3. Q. If a market maker is entering two quotes in the same option class, can the quotes be aggregated to satisfy the continuous quoting or the bid/ask spread requirements?
A. No. Each set of market maker quotes must comply with the bid/ask spread requirements and each must continuously quote 60% of the option series for non-preferenced CMMs and 90% of the option series for preferenced CMMs.
4. Q. Do market makers have to separately select option classes for each set of quotes using the Member Area’s website?
A. Yes. Each set of quotes will be set up as a different Business Unit so market makers will need to make selections for each set of quotes. Any changes must be submitted to the ISE before 9:00 AM to be valid for that trading day.
5. Q. Can a market maker use two different affiliated broker-dealers to enter two quotes in the same options class?
A. Yes, but each of the broker-dealers would need to be an ISE member that is a CMM and/or PMM.