

Regulatory Information Circular – 2001-05

To: ISE Electronic Access Members

Date: March 15, 2001

Re: Order Frequency Restriction

On February 28, 2001 the SEC approved the proposed rule change to ISE Rule 717(h), stating that members shall not cause the entry of more than one order every fifteen seconds for the account of the same beneficial owner in options on the same underlying security (release no. 34-44017). Accordingly, this restriction is now effective and member firms are required to institute appropriate procedures to ensure its compliance. The restriction does not apply if the multiple orders are part of a spread strategy.

For further information on order frequency, or if you have any questions, please contact Patrick Gillespie, Associate Director – Trading Analysis at 212-897-8130, or Jim Sampson, Director, Market Surveillance and Regulation at 212-897-0235.