



NASDAQ ISE INET SYSTEM SETTINGS

1. Hours of Operation

6:00 a.m. ET – System begins accepting orders.

9:30 a.m. ET – System begins disseminating imbalance and price information for the opening auction, including FX products.

9:30 a.m. ET – System begins executing orders.

4:00 p.m. ET – System stops accepting and executing equity orders.

4:15 p.m. ET – System stops accepting and executing ETF, FX, and Index options orders.

2. OPENING

- The ISE Opening Process utilizes the Primary Listing Market for the Underlying Security. The underlying security must be open on the primary market for 100ms for the Opening Process to commence.
- **Open Delay** – 5 seconds – A delay imposed if at least two CMMs or the PMM have not submitted quotes and the market for the underlying has an opening trade or quote.
- **Quality Opening Market Differentials Table** – The table of values defined as an acceptable bid/ask differential in order to establish a “quality opening market.”
 - **Non-Penny Issues:**

Price low end of range	Price high end of range	Maximum bid/ask differential
\$0.00	\$1.00	\$0.15
\$1.01	\$2.00	\$0.22
\$2.01	\$3.00	\$0.30
\$3.01	\$5.00	\$0.45
\$5.01	\$7.00	\$0.60
\$7.01	\$10.00	\$0.75
\$10.01	\$20.00	\$0.90
\$20.01	\$30.00	\$1.20
\$30.01	\$40.00	\$1.50
\$40.01	40.01+	\$2.25

- **Standard Penny Issues (excluding SPY/IWM/QQQQ):**

Price low end of range	Price high end of range	Maximum bid/ask differential
\$0.00	\$1.00	\$0.10
\$1.01	\$2.00	\$0.10

\$2.01	\$3.00	\$0.14
\$3.01	\$5.00	\$0.20
\$5.01	\$7.00	\$0.30
\$7.01	\$10.00	\$0.40
\$10.01	\$15.00	\$0.60
\$15.01	\$20.00	\$0.80
\$20.01	\$30.00	\$1.20
\$30.01	\$40.00	\$1.60
\$40.01	\$40.01+	\$2.00

○ **Special Penny Issues (SPY/IWM/QQQQ)**

Price low end of range	Price high end of range	Maximum bid/ask differential
\$0.00	\$0.40	\$0.06
\$0.41	\$1.00	\$0.10
\$1.01	\$2.00	\$0.12
\$2.01	\$3.00	\$0.14
\$3.01	\$5.00	\$0.18
\$5.01	\$7.00	\$0.24
\$7.01	\$10.00	\$0.40
\$10.01	\$15.00	\$0.60
\$15.01	\$20.00	\$0.80
\$20.01	\$30.00	\$1.00
\$30.01	\$40.00	\$1.20
\$40.01	\$40.01+	\$1.60

● **Imbalance Timer – 250 milliseconds** – Amount of time the system may wait before opening an option with an imbalance after broadcasting an Imbalance Message.

● **Opening Quote Range Table** – The table of values added to the offer and subtracted from the bid to establish ISE’s maximum Opening Quote Range.

○ **Non-Penny Issues:**

Price low end of range	Price high end of range	Acceptable range (highest bid – X or lowest ask + X)	Range Multiplier for options that expire >9 months away
\$0.00	\$1.00	\$0.10	1.5X
\$1.01	\$2.00	\$0.15	1.5X
\$2.01	\$3.00	\$0.20	1.5X
\$3.01	\$5.00	\$0.30	1.5X
\$5.01	\$7.00	\$0.40	1.5X
\$7.01	\$10.00	\$0.50	1.5X
\$10.01	\$20.00	\$0.60	1.5X
\$20.01	\$30.00	\$0.80	1.5X

\$30.01	\$40.00	\$1.00	1.5X
\$40.01	+	\$1.50	1.5X

○ **Standard Penny Issues (excluding SPY/IWM/QQQQ):**

Price low end of range	Price high end of range	Acceptable range (highest bid – X or lowest ask + X)	Acceptable Range for options that expire >9 months away
\$0.00	\$1.00	\$0.05	\$0.10
\$1.01	\$2.00	\$0.05	\$0.14
\$2.01	\$3.00	\$0.07	\$0.18
\$3.01	\$5.00	\$0.10	\$0.40
\$5.01	\$7.00	\$0.15	\$0.50
\$7.01	\$10.00	\$0.20	\$0.60
\$10.01	\$15.00	\$0.30	\$0.75
\$15.01	\$20.00	\$0.40	\$0.90
\$20.01	\$30.00	\$0.60	\$1.20
\$30.01	\$40.00	\$0.80	\$1.50
\$40.01	+	\$1.00	\$2.25

○ **Special Penny Issues (SPY/IWM/QQQQ)**

Price low end of range	Price high end of range	Acceptable range (highest bid – X or lowest ask + X)	Range Multiplier for options that expire >9 months away
\$0.00	\$0.40	\$0.03	2.0X
\$0.41	\$1.00	\$0.05	2.0X
\$1.01	\$2.00	\$0.06	2.0X
\$2.01	\$3.00	\$0.07	2.0X
\$3.01	\$5.00	\$0.09	2.0X
\$5.01	\$7.00	\$0.12	2.0X
\$7.01	\$10.00	\$0.20	2.0X
\$10.01	\$15.00	\$0.30	1.5X
\$15.01	\$20.00	\$0.40	1.5X
\$20.01	\$30.00	\$0.50	1.5X
\$30.01	\$40.00	\$0.60	1.5X
\$40.01	+	\$0.80	1.5X

- **Number of Imbalance Process Iterations before an Opening with an Imbalance** – 4 iterations – Number of times the system will repeat the imbalance process before opening with a remaining imbalance.
- **Opening Route Timer** – 250 ms – Amount of time the system waits before routing to an away market as part of the opening process.

3. ACCEPTABLE TRADE RANGE & ORDER PROTECTIONS

- **Max number of Acceptable Trade Range Iterations** - 1 iteration – Number of iterations that ATR may occur before an aggressively priced order or quote will be cancelled back to the sending participant.
- **Acceptable Trade Range (ATR)** – Acceptable Trade Range boundaries limiting the range of prices incoming Simple Orders and quotes (except for All-or-None Orders) will be allowed to execute.

Non-Penny Issues		
Price low end of range	Price high end of range	Acceptable Range from Reference Price
\$0.00	\$3.00	\$0.25
\$3.01	+	\$0.50

Standard Penny Issues (excluding SPY/IWM/QQQQ):		
Price low end of range	Price high end of range	Acceptable Range From Reference Price
\$0.00	\$3.00	\$0.05
\$3.01	+	\$0.25

Special Penny Issues (SPY/IWM/QQQQ)		
Price low end of range	Price high end of range	Acceptable Range From Reference Price

\$0.00	\$3.00	\$0.05
\$3.01	+	\$0.05

- **Market Order Spread Protection** - \$5.00 – Maximum bid/ask differential permissible for a Market Order to be accepted by the trading system; if the bid/ask differential is wider than \$5.00, a Market Order submitted into the system will be rejected; this protection is not applicable to complex orders.
- **Complex Limit Order Price Protection** - \$1.00 and 1% – Complex Orders with a net limit price more than \$1.00 and more than 1% through the contra side net price available from the individual options series on the Exchange will be rejected.
- **Complex Order Execution Limit** – \$0.05 - The maximum amount the System will permit any leg (including stock) of a Complex Order to execute through the NBBO for the series or NBBO of the underlying.
- **Vertical Spread Price Protection** – Lesser of \$1.00 or 5% - Vertical spread orders will be rejected when entered with a negative net price or a net price greater than the absolute difference of the strikes plus the lesser of \$1.00 or 5% of the absolute difference of the strikes. Vertical spreads entered as MKT orders to sell are prevented from legging at a negative net price; vertical spreads entered as MKT orders to buy are prevented from executing at a net price that is greater than the absolute difference of the strikes plus the protection value. This protection does not apply to complex crossing orders.
- **Calendar Spread Price Protection** - \$0.02 - Calendar spreads entered with a net price lower than \$0.02 below zero will be rejected. Calendar spreads to sell with a MKT price will be restricted from executing outside of this protection range. This protection does not apply to complex crossing orders.
- **Butterfly Spread Protection Maximum Buffer** - \$0.00 and 0% – Acceptable range for a Butterfly Spread to above the intrinsic value of the spread defined as the difference in in the strike prices of the middle and outer leg for a Butterfly spread.
- **Butterfly Spread Protection Minimum Buffer** - \$0.00– Acceptable range for a Butterfly Spread to trade below zero.
- **Box Spread Protection Maximum Buffer** - \$0.00 and 0% – Acceptable range for a Box Spread to above the intrinsic value of the spread defined as the difference in in the strike prices of the middle and outer leg for a Box spread.
- **Box Spread Protection Minimum Buffer** - \$0.00– Acceptable range for a Box Spread to trade below zero.

4. Auctions

- **Auction Timers** – Below are the auction timer configurations for ISE:

Auction Type	Duration
Facilitation	100 milliseconds
Flash	150 milliseconds
PIM	100 milliseconds
Solicitation	100 milliseconds
Complex Exposure	100 milliseconds
Block	100 milliseconds

