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Subject: Elimination of Second Market

The SEC approved an ISE rule change (SR-ISE-2012-53) eliminating the Second Market and moving all Second Market option classes to the First Market. Starting on July 11, 2012, all option classes will have the same quoting obligations based on Membership type and will be subject to the quoting requirements in ISE Rules 506, 803(b)(4), 804(e)(1), 804(e)(2)(iii), 805(b)(2), and 805(b)(3).

Quoting Obligations Summary

Requirements	Competitive Market Maker (CMM)	Primary Market Maker (PMM)
Minimum Number of Series Required to be Continuously Quoted	60% until the close of trading, unless preferred, then must quote 90%	100% until the close of trading
Minimum Number of LEAPS Required to be Continuously Quoted	No requirement to quote 100%	Required to quote all LEAPS
Bid/Ask Spread Differential At the Open * Check updated RICs for quote spread exemptions for certain option classes and exemptions granted at the open.	Bid less than \$2 → 0.25 Bid less than \$5 → 0.40 Bid less than \$10 → 0.50 Bid less than \$20 → 0.80 Bid equal or greater than \$20 → 1.00	Bid less than \$2 → 0.25 Bid less than \$5 → 0.40 Bid less than \$10 → 0.50 Bid less than \$20 → 0.80 Bid equal or greater than \$20 → 1.00
Bid/Ask Spread Differential After the Open	\$5 (see RIC for quote spread exemptions in NDX and RUT)	\$5 (see RIC for quote spread exemptions in NDX and RUT)
Bid/Ask Spread Differential LEAPS	No Requirements	Double the legal width
Opening Participation	50% of the symbols quoted during the day	100% of the symbols quoted during the day
Trading in non-appointed symbols	Not to exceed 25% of overall CMM's volume during a quarter.	Not to exceed 10% of overall PMM's volume during a quarter.