



Market Maker Risk Management

ISE Holdings leads the industry in offering a comprehensive portfolio of risk management capabilities to Market Makers for the utmost control and confidence when quoting on ISE and ISE Gemini™. Our offerings include mandatory risk management parameters, automatically deployed exchange protections, and a suite of elective features to allow Market Makers to customize their risk exposure and controls.

For more information on any of these features or for assistance in establishing or adjusting your risk settings, please contact the Business Development Team at bizdev@ise.com.

Mandatory Risk Management Features		Interface: DTI (API), FIX, PrecISE	Trigger
Feature	Description		
Market Maker Curtailments (Speed Bumps)	<ul style="list-style-type: none"> When triggered, speed bump inactivates all quotes in a symbol for the Business Unit Quotes are manually reactivated via separate DTI transaction Established per symbol for each instrument type: simple or complex All Curtailment Parameters must be set <ul style="list-style-type: none"> Cumulative Count – total contracts traded Percentage Count – traded quantity as percentage of total quantity Delta – long vs. short, evaluated as absolute value put & call Vega – bought vs. sold, evaluated as absolute value Adjustable time intervals – configurable in milliseconds, from 500ms to 30 seconds All settings adjustable in real-time 	DTI	Automatic (Configured by Member)
Market-Wide Speed Bump (MWSB)	<ul style="list-style-type: none"> When triggered, MWSB inactivates all quotes and prevents new or existing quotes from being activated Quote reactivation and re-entry into the market requires action by ISE Market Operations Curtailment parameter is aggregate curtailment events (MM Curtailments) within a specified time period across the entire market Thresholds are established and calculated independently for the ISE and ISE Gemini markets Coming soon <ul style="list-style-type: none"> Cross-Market Wide Speed Bump, allowing a common threshold to be set across ISE and ISE Gemini (pending SEC approval) 	DTI	Automatic*

*Configured by ISE.

Elective Risk Management Features		Interface: DTI (API), FIX, PrecISE	Trigger
Feature	Description		
Kill Switch	<ul style="list-style-type: none"> Simultaneously cancel all orders and prevent new orders from being accepted via DTI, FIX, or PrecISE <ul style="list-style-type: none"> Does not require disconnect to be triggered PrecISE can be used to activate Kill Switch for DTI, FIX and PrecISE Business Units 	All	Member Initiated
Delete All Quotes	<ul style="list-style-type: none"> Delete all quotes for all series in one symbol with one transaction Can target specific Business Unit or MM user 	DTI	Member Initiated
MM Quote Inactivation	<ul style="list-style-type: none"> Manually inactivate all quotes in a symbol, a list of symbols, or market wide with a single transaction for the entire Business Unit Quotes are manually reactivated using same DTI transaction 	DTI	Member Initiated
Delete All Orders Request	<ul style="list-style-type: none"> Delete all orders in a series, symbol, list of symbols, partition, or market wide with a single transaction for the entire Business Unit Can target specific Business Unit or MM user 	DTI	Member Initiated
Order and Trade Drop-Copy Reporting	<ul style="list-style-type: none"> FIX Order and Trade Drop Copy reports are available for orders routed via DTI, FIX, and PrecISE, allowing for enhanced risk management and more efficient order and trade information maintenance 	All	Automatic*
Daily Products and Instruments Files	<ul style="list-style-type: none"> Provides an independent resource for validating data integrity between member and ISE reference data, including product and series information 	DTI	Member Initiated
Cancel on Disconnect	<ul style="list-style-type: none"> All orders for a session are automatically deleted when that session disconnects 	DTI, FIX	Automatic*

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Elective Risk Management Features (CONTINUED)		Interface: DTI (API), FIX, PrecISE	Trigger
Feature	Description		
Do Not Trade Through (DNTT)	<ul style="list-style-type: none"> Non-crossing multi-leg orders designated as DNTT will not trade through the NBBO on any leg of the order, including stock 	All	Automatic (Configured by Member or ISE)
Coming Soon: Underlying Price Contingency (UPC) for Complex Orders	<ul style="list-style-type: none"> Complex orders entered with underlying price contingencies will only execute if the underlying instrument is trading within the specified price range 	All	Automatic (Configured by Member)

*Configured by ISE.

ISE's innovative trading architecture T7™ automatically provides additional risk management features on ISE and ISE Gemini.

Automatic Risk Management Features		Interface: DTI (API), FIX, PrecISE	Trigger
Feature	Description		
Trade-Against-Order Protection	<ul style="list-style-type: none"> Prevents regular MM IOC orders from matching against MM quotes from the same Business Unit Prevents quotes from the same Business Unit from crossing 	DTI	Automatic
Price Limit Check	<ul style="list-style-type: none"> Regular or Complex orders entered through the exchange BBO by the greater of \$1.00 or 1% during the regular market trading state will be rejected 	All	Automatic
Market Order Lock	<ul style="list-style-type: none"> Remaining quantity of a Customer market order will be locked to the PMM for controlled order handling if it exhausts the ISE or ISE Gemini book. Professional Customer and non-Customer orders are cancelled. 	All	Automatic
Limit Up Limit Down Protections (LULD)	<ul style="list-style-type: none"> Prevents Market orders from executing and Stop orders from triggering during Limit Up Limit Down states 	All	Automatic
Vertical Spread Check	<ul style="list-style-type: none"> Non-crossing vertical spreads entered with a negative limit price will be rejected Non-crossing vertical spreads to sell are prevented from legging if the net trade would result in a negative price Non-crossing vertical spreads with a net price greater than the value of the higher strike price minus the lower strike price will be rejected Non-crossing vertical spreads entered as market orders to buy will not execute at a price that is greater than the value of the higher strike price minus the lower strike price 	All	Automatic
Spread Trade Through Limit	<ul style="list-style-type: none"> Individual spread legs will not trade through the NBBO by more than \$0.05 on each leg, including stock 	All	Automatic
Away Market Better Lock	<ul style="list-style-type: none"> A Limit or Market order that would execute through the away market BBO will not trade upon entry. Customer and Professional Customer orders are routed away via linkage. Non-Customer orders are cancelled. 	All	Automatic
Three-Tick Lock	<ul style="list-style-type: none"> A Limit or Market order that would execute at multiple prices upon entry will trade a maximum of three consecutive price ticks. For Priority Customer orders, remaining quantity is locked to the PMM for controlled order handling. Remaining quantity for Professional Customer and non-Customer orders is cancelled. 	All	Automatic
Session Disconnect	<ul style="list-style-type: none"> All quotes for a session are automatically deleted when that session disconnects 	DTI	Automatic
Calendar Spread Check	<ul style="list-style-type: none"> Non-crossing calendar spreads entered with a net price less than zero will be rejected Non-crossing calendar spreads entered as market orders to sell will not execute at a price that is less than zero. A pre-set price buffer may be applied to the net price value. 	All	Automatic



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