



International Securities Exchange.

TECHNICAL INFORMATION CIRCULAR

Circular number: 2014-04 **Contact:** Technology Member Services
Date: January 22, 2014 **Telephone:** 212-897-0244

The purpose of this bulletin is to inform members that ISE is implementing a new market maker risk management feature, the Market Wide Speed Bump (MWSB), which will be available on both ISE and ISE Gemini.

MWSB will be available in production starting **February 18, 2014 (Pending regulatory clearance)**.

Market Wide Speed Bump (MWSB)

MWSB assists a market maker by limiting their total exposure across a market when they receive multiple product curtailments. Existing product specific curtailment functionality counts the number of contracts per product while MWSB counts the number of curtailments across all products, market wide. All quotes for a specific Business Unit (BU) are inactivated if the specified number of curtailment events is *exceeded* within the specified time period.

A Private Quote Broadcast (**PQB**) is sent to advise the market maker that the quotes were inactivated because the MWSB was triggered.

There are **no** changes to the direct trading interface (**DTI**) except for the new Quote Event Reason code added to the PQB.

Additional Information:

- Defining MWSB parameters is mandatory for all market makers.
- MWSB cannot be set via **DTI**. MWSB is configured by ISE Market Operations as defined by the market maker.
- There are no defaults for MWSB. Each market maker must set the following two parameters for each Business Unit (BU):
 - o Number of Curtailments.
 - o Time window in seconds.
- MWSB for ISE and ISE Gemini exchanges must be set independently.
- Curtailments in simple and complex instruments are counted as two separate curtailments.
- **Any** new quotes sent by market makers after MWSB has been triggered will remain inactive.
- Quotes in all products for all instrument types remain inactive and *locked* until the market maker instructs ISE Market Operations to *unlock* them.
 - A market maker cannot reactivate quotes using *Quote Activation* Request when quotes are in *locked* state. Once ISE Market Operations unlocks a BU, the market maker can reactivate their quotes using *Quote Action* Request.

Additional technical details are described in the ***DTI Programming Manual v 8.0.2 or higher***, available on the Members Area site at <https://members.ise.com>.

Conformance Testing

MWSB functionality is currently available in ISE's member test environment (MT1). Please call ISE Technology Member Services to configure and test the MWSB. Conformance testing for MWSB is ***optional***.

Further Information

To set up MWSB in production, please contact ISE Market Operations at 1-877-473-9989 or write to helpdesk@ise.com.

If you have any questions regarding this bulletin, please contact TMS at (212)-897-0244 or write to tms@ise.com.

For documentation and the latest information regarding ISE's trading system, please login to our secure Members Area website at <https://members.ise.com>.