



Regulatory Information Circular			
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Subject: Bid/Ask Differentials for NDX Options

ISE Rule 803(b)(4) requires market makers to maintain bid/ask spreads no wider than \$5. In consideration of the amount of deep in-the-money Nasdaq 100 Index (NDX) options with expirations out to 2007, and in accordance with Rule 803(b)(4), the Exchange has determined to provide the following bid/ask differential relief for options bid \$20 or higher.

- If the bid is under \$20, the bid/ask spread may be up to \$5.
- If the bid is from \$20 to \$39.90, the bid/ask spread may be up to \$6 wide.
- If the bid is from \$40 to \$79.90, the bid/ask spread may be up to \$12 wide.
- If the bid is from \$80 to \$199.90, the bid/ask spread may be up to \$18 wide.
- If the bid is \$200 or greater, the bid/ask spread may be up to \$22 wide.

Prior to the opening rotation, Rule 803(b)(4) requires market makers to maintain quotations that are narrower than \$5. The bid/ask differential listed above for options bid \$20 or greater will be applicable prior to the opening. For options bid less than \$20, the following bid/ask differentials will apply prior to the opening:

- If the bid is less than \$2, the bid/ask spread may be up to \$.75 wide.
- If the bid is from \$2 to \$4.90, the bid/ask spread may be up to \$1 wide.
- If the bid is from \$5 to \$9.90, the bid/ask spread may be up to \$1.50 wide.
- If the bid is from \$10 to \$19.90, the bid/ask spread may be up to \$3 wide.

This relief is granted through the September 2005 Expiration Cycle.