



## 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](mailto:bizdev@ise.com).

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

\*Configured by ISE.

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

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Elective Risk Management Features (CONTINUED)		Interface: DTI (API), FIX, PrecISE	Trigger
Feature	Description		
<b>Do Not Trade Through (DNTT)</b>	<ul style="list-style-type: none"> <li>Non-crossing multi-leg orders designated as DNTT will not trade through the NBBO on any leg of the order, including stock</li> </ul>	All	Automatic (Configured by Member or ISE)
<b>MM Protections Report</b>	<ul style="list-style-type: none"> <li>Daily report posted to the FTP site reflecting MM protection settings</li> </ul>	DTI	Automatic
<b>Coming Soon: Underlying Price Contingency (UPC) for Complex Orders</b>	<ul style="list-style-type: none"> <li>Complex orders entered with underlying price contingencies will only execute if the underlying instrument is trading within the specified price range</li> </ul>	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		
<b>Trade-Against-Order Protection</b>	<ul style="list-style-type: none"> <li>Prevents regular MM IOC orders from matching against MM quotes from the same Business Unit</li> <li>Prevents quotes from the same Business Unit from crossing</li> </ul>	DTI	Automatic
<b>Price Limit Check</b>	<ul style="list-style-type: none"> <li>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</li> </ul>	All	Automatic
<b>Market Order Lock</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	All	Automatic
<b>Limit Up Limit Down Protections (LULD)</b>	<ul style="list-style-type: none"> <li>Prevents Market orders from executing and Stop orders from triggering during Limit Up Limit Down states</li> </ul>	All	Automatic
<b>Vertical Spread Check</b>	<ul style="list-style-type: none"> <li>Non-crossing vertical spreads entered with a negative limit price will be rejected</li> <li>Non-crossing vertical spreads to sell are prevented from legging if the net trade would result in a negative price</li> <li>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</li> <li>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</li> </ul>	All	Automatic
<b>Calendar Spread Check</b>	<ul style="list-style-type: none"> <li>Non-crossing calendar spreads entered with a net price less than zero will be rejected</li> <li>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.</li> </ul>	All	Automatic
<b>Spread Trade Through Limit</b>	<ul style="list-style-type: none"> <li>Individual spread legs will not trade through the NBBO by more than \$0.05 per leg, including stock</li> </ul>	All	Automatic
<b>Away Market Better Lock</b>	<ul style="list-style-type: none"> <li>A Limit or Market order that would execute through the away market BBO will not trade upon entry. Orders for all client categories are eligible to be routed away via linkage.</li> </ul>	All	Automatic
<b>Three-Tick Lock</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	All	Automatic
<b>Session Disconnect</b>	<ul style="list-style-type: none"> <li>All quotes for a session are automatically deleted when that session disconnects</li> </ul>	DTI	Automatic



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#### ISE Business Development

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