



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 width of the market in the basket of stocks underlying the Nasdaq 100 Index (NDX), 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 June 2005 Expiration Cycle.