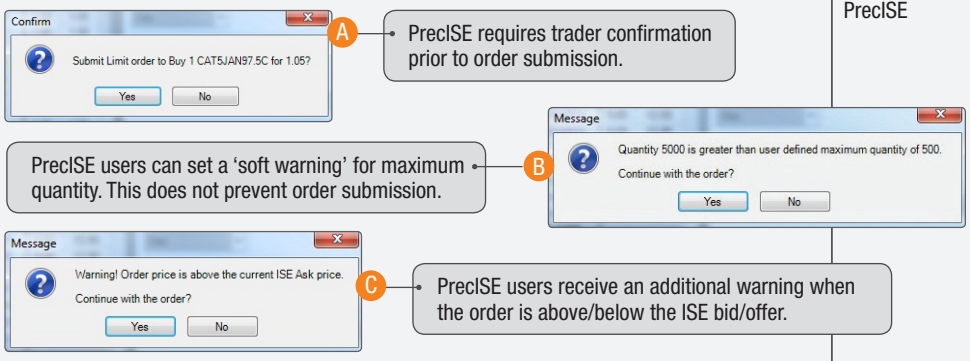
ISE Risk Management

ISE Holdings leads the industry in offering a comprehensive portfolio of risk management capabilities for orders that are routed to ISE and ISE Gemini™. In addition to our extensive elective risk management features, which enable firms to customize their risk protections, ISE and ISE Gemini also offer "built-in" protections that are automatically deployed for every order that is routed to our exchanges.

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.**

Elective Risk Management Features		Interface: DTI (API), FIX, PrecISE	Trigger
Feature	**Description**		
Risk Administrator PrecISE Terminal	• Designated PrecISE User with real-time access to risk management settings and controls	PrecISE	N/A
Supervisor PrecISE Terminal	• Designated PrecISE User able to view and manage all PrecISE, FIX and DTI entered orders and trades	All	N/A
Execution-Based Order Entry Limits	• **Maximum Quantity per Order:** Prevents orders that exceed a pre-defined maximum quantity per order from being accepted by the Exchange • **Maximum Quantity per Day:** Prevents orders that exceed a pre-defined total quantity per trading day from being accepted by the Exchange • **Maximum Notional Value per Order:** Prevents orders that exceed a pre-defined maximum option notional value per order from being accepted by the Exchange. Market orders will be rejected for FIX connections with maximum notional value defined. • **Maximum Notional Value per Day:** Prevents orders that exceed a pre-defined total option notional value per trading day from being accepted by the Exchange. Market orders will be rejected for FIX connections with maximum notional value defined. • **Restricted Securities (PrecISE):** Prevents orders that are a part of a specified restricted list of securities • **Reject Pre-Open Orders (PrecISE):** Prevents orders that are entered before the open of the market • **Locate Code Required (PrecISE):** Requires a locate code value for orders with a short-sale stock component prior to submission to the Exchange • **All settings adjustable in real-time**	FIX PrecISE	Automatic (Configured by Member or ISE)
Kill Switch	• Simultaneously cancels all orders and prevents new orders from being accepted without disconnect • PrecISE can be used to activate Kill Switch for DTI, FIX and PrecISE Business Units	All	Member Initiated
PrecISE GUI Pop-Up Warnings		PrecISE	Automatic
Compliance Acknowledgement Message	• Forces users to acknowledge compliance with internal risk policies and procedures prior to application startup	PrecISE	Automatic*
Order and Trade Drop-Copy Reporting	• 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*

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Elective Risk Management Features (CONTINUED)		Interface: DTI (API), FIX, PrecISE	Trigger
Feature	**Description**		
PrecISE User Report	• Posted to the member FTP site, includes user account information for audit records. The report includes access type, maximum quantity per order and per day, maximum notional value per order and per day, restricted product lists and the Risk Admin who edited the settings.	PrecISE	Member Initiated
Daily Products and Instruments Files	• Provides an independent resource for checking data integrity between member reference data and ISE reference data	DTI	Member Initiated
Do Not Trade Through (DNTT)	• 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)
Cancel on Disconnect	• All orders for a session are automatically deleted when that session disconnects	FIX DTI	Automatic*
Coming Soon: Underlying Price Contingency (UPC) for Complex Orders	• 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 specific to ISE and ISE Gemini.

Automatic Risk Management Features		Interface: DTI (API), FIX, PrecISE	Trigger
Feature	**Description**		
Price Limit Check	• 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	• 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)	• Prevents Market orders from executing and Stop orders from triggering during Limit Up Limit Down states	All	Automatic
Vertical Spread Check	• 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 • Coming soon: – 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	• 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	• 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	• 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	• All quotes for a session are automatically deleted when that session disconnects	DTI	Automatic
Coming Soon: Calendar Spread Check	• 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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