

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-55751; File No. SR-ISE-2007-29)

May 11, 2007

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto Relating to Conforming Certain Rules with Comparable NASD Rules

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 1, 2007, the International Securities Exchange, LLC (“ISE” or “Exchange”), filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been substantially prepared by the ISE. On May 8, 2007, the Exchange filed Amendment No. 1 to the proposed rule change. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend certain ISE rules to conform them to the rules of the National Association of Securities Dealers, Inc. (“NASD”) for purposes of the Plan for the Allocation of Regulatory Responsibilities Pursuant to Rule 17d-2³ under the Act entered into between the parties (“17d-2 Agreement”).⁴ The text of the proposed rule change is available on the Exchange’s Web site (<http://www.iseoptions.com>), at the Exchange, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.17d-2.

⁴ See Securities Exchange Act Release No. 55367 (February 27, 2007), 72 FR 9983 (March 6, 2007) (approving and declaring effective the 17d-2 Agreement between ISE and NASD) (“17d-2 Order”).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend certain ISE rules to conform them to the rules of the NASD for purposes of the 17d-2 Agreement between the parties and the related certification by the Exchange which states that the requirements contained in certain ISE rules are identical to, or substantially similar to, certain NASD rules that have been identified as comparable.⁵ Specifically, the Exchange proposes to amend Rules 604, 624, 626, and 1407.

The Exchange proposes to amend ISE Rule 604, "Continuing Education for Registered Persons," to remove the provision that exempts certain registered persons from the continuing education requirements if they have been continuously registered for ten (10) years as of July 1, 1998 and have not been the subject of a disciplinary action during the last ten (10) years so that it is consistent with NASD Rule 1120, "Continuing Education Requirements."

The Exchange proposes to amend ISE Rule 624, "Brokers' Blanket Bonds," by changing the number of days to make necessary adjustments to the minimum coverage from thirty (30)

⁵ See 17d-2 Order, supra note 4.

days to sixty (60) days following the anniversary to mirror the requirements in NASD Rule 3020, “Fidelity Bonds.”

The Exchange proposes to amend ISE Rule 626, “Telephone Solicitation,” by changing the number of months from twelve (12) to eighteen (18) that an associated person must be servicing an account to establish such account as a “customer account” for the purpose of being exempt from the call restrictions set forth in the rule. This amendment will mirror the requirements set forth in NASD Rule 2212, “Telemarketing.”

The Exchange proposes to amend ISE Rule 1407, “Short Sales in Nasdaq National Market Securities,” to change the cross-reference in the rule from NASD 3350 to NASD Rule 5100 to reflect the recent numbering change.

2. Statutory Basis

The basis under the Act for this proposed rule change is found in Section 6(b)(5).⁶ Specifically, the Exchange believes the proposed rule change is consistent with Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, serve to remove impediments to and perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest.

B. Self-Regulatory Organization’s Statement on Burden on Competition

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

⁶ 15 U.S.C. 78f(b)(5).

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the proposed rule change: (1) does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁷ and Rule 19b-4(f)(6) thereunder.⁸

The Exchange has asked the Commission to waive the 30-day operative delay and allow the proposed rule change to become operative immediately. The Commission hereby grants that request.⁹ The Commission believes that it is consistent with the protection of investors and the public interest to waive the 30-day operative delay so that the ISE may immediately conform its rules to the NASD's rules to facilitate the effectiveness of the 17d-2 Agreement recently approved by the Commission.

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(6). As required by Rule 19b-4(f)(6)(iii) under the Act, the Exchange also provided with the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of the proposed rule change.

⁹ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.¹⁰

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-ISE-2007-29 on the subject line.

Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-ISE-2007-29. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be

¹⁰ For purposes of calculating the 60-day abrogation period, the Commission considers the proposed rule change to have been filed on May 8, 2007, the date the ISE filed Amendment No. 1.

available for inspection and copying in the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of the ISE. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-ISE-2007-29 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Florence E. Harmon
Deputy Secretary

¹¹ 17 CFR 200.30-3(a)(12).