



December 7, 2015

Brent J. Fields  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-0609

Re: Response to Wolverine Trading's Comment on Proposed  
New ISE Mercury Exchange

Dear Mr. Fields:

ISE Mercury, LLC ("ISE Mercury" or the "Exchange") appreciates the opportunity to respond to the comment letter submitted to the U.S. Securities and Exchange Commission ("Commission") in response to the publication of ISE Mercury's Form 1 Application.<sup>1</sup>

Wolverine Trading's ("Wolverine") comment letter does not raise any new issues unique to the creation of ISE Mercury. Instead, Wolverine's main arguments are that the creation of a thirteenth options exchange<sup>2</sup> would 1) further fragment existing options liquidity and 2) impose additional Options Regulatory Fees. Neither argument warrants the denial of ISE Mercury's Form 1 application.

The creation of new exchanges provides innovation, choice, and competition in the market. Most pertinently, adding new options exchanges compares favorably to the equity market, where off-board trading is permitted. In the equity market, the use of Alternative Trading Systems ("ATs") and Electronic Communications Networks ("ECNs") provides customers with more choice in trading venues with different structures related to fees and venue functionality. These structures can contribute to, among other things, both price discovery and quote quality.

As opposed to the market for equity securities, new options exchanges must be created to provide customers with additional choices related to fees and market structure. This is because a market must be a participant exchange of

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<sup>1</sup> Letter dated October 23, 2014 from Kurt Eckert, Principal, Wolverine Trading ("Wolverine"), to Elizabeth M. Murphy, Secretary, Commission.

<sup>2</sup> Since Wolverine submitted its letter, EDGE Options Exchange has begun operations and ISE Mercury will be the fourteenth options exchange.

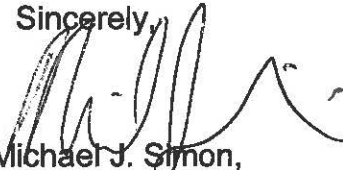
The Options Clearing Corporation ("OCC") and only registered national securities exchanges can be such participants. Indeed, there are much fewer options exchanges in comparison to the many registered equity exchanges, ECNs, and ATSS, and this is partly why there continues to be an influx of new options exchanges. We believe that this market structure is superior to equity market structure, since all OCC-issued options must trade in a competitive, fully transparent, and linked market environment.

Finally, Options Regulatory Fees ("ORFs") are not specific to ISE Mercury and are not grounds for denial of ISE Mercury's Form 1. Instead ORFs are consistently applied across the industry and are designed to make options regulatory structure stronger. Moreover, if ISE Mercury determines to propose an ORF for its market, Wolverine and all other market participants will have an opportunity to comment on such proposal at that time.

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We thank the Commission for the opportunity to respond to Wolverine's comment letter and respectfully request that the Commission approve ISE Mercury's Form 1 Application. If you have any additional questions, or if we can be of further assistance in this matter, please do not hesitate to contact us.

Sincerely,



Michael J. Simon,  
Secretary and General Counsel