The logo for Group One Trading LP features the words "GROUP ONE" in a large, blue, serif font. Below this, the words "TRADING LP" are written in a smaller, blue, sans-serif font, with each letter separated by a thin horizontal line. The entire logo is centered on the page.

# GROUP ONE

TRADING LP

October 5, 2009

Ms. Elizabeth M. Murphy, Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: File Number SR-ISE-2009-35

Dear Ms. Murphy:

Group One Trading, L.P. ("Group One"), would like to thank the Commission for allowing us the opportunity to comment on the recently approved Qualified Contingent Cross Order proposal. Group One is a proprietary options market maker that makes markets on five Exchanges and is a Specialist, Designated Primary Market Maker, or Lead Market Maker in about 3,000 options classes. More specifically, Group One is a Competitive Market Maker in approximately 1750 products at the International Securities Exchange, LLC ("ISE"). Group One would like to make the following points in support of CBOE's Petition for Review.

**Customer Priority:**

First, as stated, this rule filing would allow options cross orders to be filled without affording priority to any resting public customer orders. This will inevitably make it more difficult for resting public customer orders to be filled because they will lose priority. It's important to note that this filing will eliminate a fundamental aspect of market structure historically afforded to public customers by the Commission and the Exchanges.

**Price Improvement:**

ISE commented that the *majority* of orders executed in the options marketplace are automatically executed *without* an opportunity for price improvement and there is nothing special about orders presented as crosses. ISE further points out that the CBOE itself allows customer-to-customer crosses without any exposure.<sup>1</sup>

This argument is disingenuous, as there is an inherent conflict of interest that exists in a broker facilitated customer cross that does not exist in a customer to customer cross. Price discovery and transparency are crucial components of our capital markets and processes that encourage market integrity. Where a broker

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<sup>1</sup> Reply in Support of ISE's Motion to Lift the Commission Rule 431(e) Automatic Stay of Delegated Action, September 22, 2009

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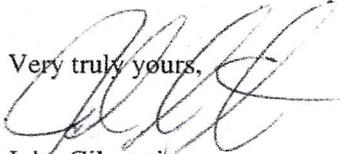
Ms. Elizabeth M. Murphy, Secretary

facilitated order is crossed without market exposure, there is simply no incentive to give the customer the best price. It is imperative that customers be afforded an opportunity for price improvement.

For the reasons set forth above, we believe the Commission should seriously reconsider its approval of this proposal and carefully evaluate the comments made in the petitions recently filed by CBOE and NASDAQ OMX PHLX.

Group One appreciates the opportunity to present our views and we would be happy to discuss this further with the Commission and its staff.

Very truly yours,



John Gilmartin  
Co-CEO



Ben Londergan  
Co-CEO