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July 30, 2010

Elizabeth Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: SR-ISE-2010-73

Dear Ms. Murphy:

LiquidPoint, LLC ("LiquidPoint")[1] appreciates the opportunity to comment on the International Securities Exchange ("ISE") rule filing SR-ISE-2010-73. This proposed rule would permit the crossing of option orders subject to the Qualified Contingent Cross ("QCC") without prior exposure of the matched orders to the market, for interaction with those liquidity providers with an obligation to provide quotes.

As noted in LiquidPoint's comment upon filing SR-ISE-2009-35, the QCC is a significant departure from long-established rules of options exchanges, Commission policies regarding options trading, and the bedrock principles relied on by all participants in the U.S. options markets. The Qualified Contingent Cross in its current form will do significant harm to the integrity of the listed-options markets. LiquidPoint wishes to stress that the changes to

[1] LiquidPoint, a wholly owned subsidiary of BNY ConvergEx Group, LLC, specializes in providing derivatives technology and execution solutions for U.S. listed options traders, including institutional customers and other broker-dealers. LiquidPoint provides electronic direct market access to every U.S. options exchange, as well as advanced trading capabilities that include order execution, order management, order routing and optimization, quality assurance review, and a variety of reporting and books and records capabilities. ConvergEx Group is a premier provider of investment technology solutions and global agency brokerage services to institutional clients worldwide. Our three key business lines – investment technologies, liquidity and execution management, and intermediary and clearing services – specialize in providing a full array of leading technologies and an integrated platform of performance driven, global trading capabilities supported by a culture of extraordinary client service.

the original filing incorporated in this filing do not appropriately address the key issues expressed in our prior comment on this matter.

Additionally, LiquidPoint wishes to emphasize that the function of the listed-option market requires that all series be quoted – a requirement best met by dedicated liquidity providers with an obligation and incentive to provide dynamic quotes. The incentive is the inclusion of these market makers in the price discovery process. The QCC removes this quoting incentive and shifts price discovery to liquidity providers without quoting obligations.

The function of the listed-option for investors is similar to insurance upon real property (the underlying equity financial instrument). Investors need to compare the prices of the various "term policies" provided by the multiple option series. Fortunately, these series are all part of a structure that allows quoting liquidity providers to enjoy the benefit of having a quote taken with the ability to offset the associated risks with a related series – which constantly creates liquidity. This structure is markedly different than the equity markets where a finite number of shares limit liquidity and offsetting risk is more difficult. For this elegant risk mitigation product to provide benefits to the investors who directly use the product and the equity markets in general, there has to be an incentive for the obligated quoting liquidity provider.

The incentive for obligated quoting is being able to participate in price discovery. In the case of QCC transactions, even though the QCC option trade is within the bounds of the current market, the QCT exempt stock trade may be priced without regard to the current market for the stock. The effect is a valuation for the stock/option package (the implied volatility) unrestricted by competition, not readily transparent and unavailable to the obligated marker makers that provide publically disseminated quotes. Without the participation by *obligated* liquidity providers dynamically quoting, the listed-option market ceases to function efficiently. If not able to have a chance to participate in ALL price discovery opportunities, obligated liquidity providers will be left to participate in price discovery "opportunities" that are less-desirable. This negative selection leads to increased risk, a higher probability of unprofitable trades and a reticence to post their best markets.

The listed-option market has provided effective risk mitigation to investors and helped alleviate systemic risk to the broader equity markets based upon a structure that continuously creates liquidity where needed. This structure is unlike the equity markets and requires the incentive for obligated quoting by market makers. The continuing efforts of option exchanges to remove incentives for obligated quoting such as the QCC proposal and to increase incentives to rely on posted orders for liquidity is driven by the need to increase revenues – not the best interests of investors.

The adoption of the Qualified Contingent Cross as proposed adds to the disturbing trend of removing incentives for the *obligated* quoting of option market makers. Changing the elegant simplicity of combined price discovery and trade reporting with obligated quoting, will ultimately harm the listed-option industry. Eventually, investors who take liquidity to satisfy their specific risk mitigation needs, often during periods of increased volatility, will no longer find the virtually unlimited supply of liquidity shared across all option series that they currently enjoy.

Sincerely,

Anthony J. Saliba
Chief Executive Officer
LiquidPoint, LLC