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

RE: Release 34-64853 Notice of Filing of Proposed Rule Change Relating to Complex Orders by the International Securities Exchange (SR-ISE-2011-39)

Dear Ms Murphy,

We welcome the opportunity to comment on the proposal by the International Securities Exchange ('the ISE') to amend its rules to provide, *inter alia*, for market maker quotes on the Complex Order Book ('COB'). We are very concerned that with its current systems implementation the ISE lacks the systems capacity to handle the additional volume which market maker complex order quotes would produce. We urge the Commission not to approve this proposed rule change unless the ISE is able to demonstrate that its systems would be able to handle the change without adversely affecting the operation of the COB.

We make frequent use of the ISE COB as customers. In recent discussions that we have had with the ISE, the exchange has informed us that since the transition to the new PrecISE matching engine, their systems incur overhead to create a new instrument whenever a complex order is created for a new spread, regardless of whether any trades occur in the given spread during a trading day. The exchange has further indicated to us that this overhead may become problematic for them even at the level of a few tens of thousands of spreads.

With the set of options currently traded at the ISE, there are over 24 000 000 valid two legged spreads alone¹, only counting valid vertical and time spreads. Including other strategies such as straddles/strangles, three- and four-legged spreads, and permissible stock/option combinations would increase this number to many hundreds of millions. Were ISE market makers collectively to choose to quote even a tiny fraction of these spreads – less than one tenth of one percent – the ISE systems would apparently be unable to keep up with the volume of instruments quoted. This would apparently be true even if only a single quote per instrument per day were submitted.

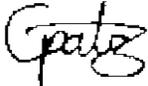
Even if one assume that market makers as a group would restrict themselves to only the more liquid instruments, the number of potential spreads is large. Considering only spreads involving the three closest to the money strikes (one at the money, one in the money, one out of the money) for the more liquid option series on the ISE primary market, this would be in excess of 250 000 spreads. While in principle it would certainly be possible to

¹ Data based on list of ISE traded options as of 2011/07/27

develop a system capable of handling quotes on this number of spread instruments, the ISE has made no representations whatsoever in its proposal that it has the systems capacity to handle even a fraction of these quotes. If indeed the proposal succeeds in its goal to increase liquidity on the complex order book,

The ISE is proposing a significant change to their COB operating procedures, and this presents a serious risk of causing an unacceptable degradation of exchange infrastructure to the detriment of all users, both current and potential, of the ISE Complex Order Book. We urge the Commission not to approve this change unless and until the ISE is able to provide adequate assurances that its systems will not be adversely affected by the change. Without these assurances, the proposal has the potential to create a significant impediment to the operation of a free and open market on the ISE complex order book.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Gpatz", written in a cursive style.

Geva Patz
Principal