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September 20, 2012

Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-0609

Re: File No. SR-ISE-2012-58

Dear Ms. Murphy:

We submit this letter in response to the comments submitted to the U.S. Securities and Exchange Commission ("SEC" or "Commission") by the Chicago Board Options Exchange, Incorporated ("CBOE")[1] on the above-referenced rule filing in which the International Securities Exchange, LLC ("ISE" or the "Exchange") proposes to list and trade option contracts overlying 10 shares of a security ("Mini Options").[2] While the CBOE Letter supports the objective of the ISE filing, CBOE raises two issues.

First, CBOE states that approval of Mini Options would be inconsistent with a Commission policy that restricts side-by-side trading of full-value and reduced-value options because of issues related to price protection between the products. CBOE compares the ISE proposal to list and trade Mini Options to a 2008 CBOE proposal to list and trade full-value and reduced-value options on the CBOE S&P500 BuyWrite Index ("BXM Options"), which the Commission did not approve. CBOE believes that the same issues that prevented the approval of BXM Options are present in the Mini Options filing. ISE disagrees.

The Exchange is not in a position to precisely state the Commission's policy to which the CBOE refers in its letter, and no one other than the Commission can best articulate that policy. However, ISE believes that the listing of mini options on five of the most actively-traded securities, each with a robust trading history, will not create a fragmented market between standard options and mini options in these securities. With respect to the CBOE's proposed BXM Options, those products did not have any trading history and the likelihood that a bifurcated market would exist was much greater. We believe

[1] Letter from Edward T. Tilly, President and Chief Operating Officer, CBOE, dated July 24, 2012 ("CBOE Letter").
[2] Securities Exchange Act Release No. 67284 (June 27, 2012), 77 FR 39545 (July 3, 2012) (Notice for ISE-2012-58).

that having mini options traded together with full-value options will lead to natural arbitrage opportunities that will provide more efficient pricing.

Second, CBOE seeks clarification on whether Mini Options for non-traditional expiration dates, i.e., weekly options, quarterly options and LEAPs, would be permitted. ISE notes that nothing in the Mini Options filing, including the proposed rule text, suggests that non-traditional expiration dates on mini options would not be permitted. To the extent that ISE rules regarding various industry listing programs that permit non-traditional expirations allow the listing of mini options with non-traditional expirations, the Exchange may do so.

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For the reasons set forth above, the Exchange respectfully requests that the Commission approve the Mini Options filing. 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