



INTERNATIONAL SECURITIES EXCHANGE.

60 Broad Street, New York, NY 10004  
TEL: 212 943-2400  
FAX: 212 425-4926  
www.ise.com

September 26, 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 BOX Options Exchange LLC ("BOX")<sup>1</sup> on the above-referenced rule filing in which the International Securities Exchange, LLC ("ISE" or the "Exchange") proposes to list and trade options contracts overlying 10 shares of a security ("Mini Options").<sup>2</sup> While the BOX Letter supports the objective of the ISE filing, BOX raises three issues.

First, BOX questions whether Mini Options overlay the same underlying security as a standard option. The answer is yes, as the underlying equity security is the same and it is merely the number of shares being bought or sold that is different. In this respect, the Exchange notes that the strike prices for Mini Options will be the same as for standard options and that the reference in the BOX letter to a Mini Option for AAPL at \$70 is incorrect.<sup>3</sup> Mini Options will be distinguished from standard options through the level of the options premium, which is the cost of an options contract expressed on a per share basis.

Second, BOX notes that market participants should have the ability for full cross-margining at OCC between Mini Options and standard options on the same underlying security. ISE agrees and believes that OCC will allow for Mini

---

<sup>1</sup> Letter from Anthony D. McCormick, Chief Executive Officer, BOX, dated September 24, 2012 ("BOX Letter").

<sup>2</sup> Securities Exchange Act Release No. 67284 (June 27, 2012), 77 FR 39545 (July 3, 2012) (Notice for ISE-2012-58).

<sup>3</sup> The strike price is the price of the underlying security at which an investor is willing to buy or sell the number of shares specified in the options contract. The number of shares being bought or sold does not change the price of the shares being bought or sold. Indeed, while an option to purchase 10 shares of AAPL at \$70 would be very valuable, no investor would agree to sell 10 shares of AAPL at \$70.

Options and standard options on the same underlying security to be cross-margined.

Finally, BOX cites to the lack of knowledge regarding trading fees applicable to Mini Options. ISE notes that it has submitted a partial amendment to the Mini Options filing noting that the Exchange's current fee schedule does not apply to Mini Options and that the Exchange will not begin to trade Mini Options without a prior submission of a proposed rule change to adopt transaction fees for Mini Options.

\* \* \*

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,

A handwritten signature in black ink, appearing to read "Katherine Simmons", written over a horizontal line.

Katherine Simmons  
Deputy General Counsel