



November 14, 2014

Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-0609

Re: File No. SR-ISE-2014-43

Dear Mr. Fields:

We submit this letter in response to comments submitted to the U.S. Securities and Exchange Commission ("Commission") on the above-referenced rule filing in which the International Securities Exchange, LLC ("ISE") proposes to amend its information barrier rules.¹

Group One's comment letter does not raise any new issues unique to the implementation of "one-way" information barriers on ISE, and we believe their concerns have already been fully addressed in the proposed rule change. Most pertinently, nothing in the proposed rule change relieves members of their best execution obligation to obtain the most favorable terms reasonably available for customer orders.² As noted by the Commission on several occasions, this may require an evaluation of factors such as the likelihood of execution and opportunity for price improvement, in addition to price.³ As a national securities exchange, ISE has a comprehensive surveillance program to monitor member compliance with applicable securities laws and regulations including best execution. If the proposed rule change is approved, ISE will continue to monitor for abnormalities in interaction rates between members, and will investigate and take appropriate regulatory action against members that fail to comply with their best execution obligations.⁴ We believe these surveillance tools will allow ISE to comply with its regulatory responsibilities, consistent with treatment across competitor options exchanges.

¹ See letter dated October 27, 2014 from John Kinahan, Chief Executive Officer, Group One Trading, L.P. ("Group One"), to Brent J. Fields, Secretary, Commission.

² See e.g. Securities Exchange Act Release No. 37619 (September 6, 1996), 61 FR 48290, 48322 (September 12, 1996).

³ *Id.* at 48323.

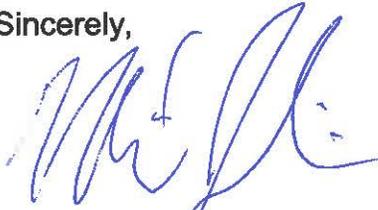
⁴ ISE will also continue to monitor market maker quotation adjustments ahead of the entry of customer orders to ensure that EAMs are not impermissibly sharing customer order information with affiliated market makers.

In addition, the proposed rule change is a competitive filing introduced to allow ISE members, like their counterparts on other options exchanges, to share market maker quotation information with affiliated Electronic Access Members. Other options exchanges currently interpret their rules to permit members to make routing decisions based on information shared between affiliated business units through this form of "one-way" information barrier. The proposed rule change would give the same latitude to broker dealers that trade on ISE, thus allowing members to make routing decisions based on the same information across multiple markets.

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We thank the Commission for the opportunity to respond to the Group One comment letter and respectfully request that the Commission approve the proposed rule change for the reasons discussed above. 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