

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-61522; File No. SR-ISE-2010-12)

February 16, 2010

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify Trading Hours for Foreign Currency Options

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on February 2, 2010, the International Securities Exchange, LLC (the “Exchange” or the “ISE”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change, as described in Items I, II, and III below, which items have been prepared by the Exchange. The Exchange has filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend ISE Rule 2210 regarding the trading hours for foreign currency options (“FX Options”) traded on the Exchange. The text of the proposed rule change is available on the Exchange’s Web site www.ise.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in sections A, B and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this filing is to amend ISE Rule 2210 regarding the trading hours for FX Options traded on the Exchange. Currently, under ISE Rule 2210(a), FX Options may be traded on the Exchange between the hours of 9:30 a.m. and 4:15 p.m. Eastern time, except on the last day of trading during expiration week, in which case trading ceases at 12.00 p.m. Eastern time. ISE now proposes to open trading in FX Options at 7:30 a.m. Eastern time, two hours earlier than the current opening time. In support of this proposed rule change, ISE will ensure that quotes and trades are disseminated over the Options Price Reporting Authority during the time FX Options are open for trading on the Exchange. Further, the Exchange notes that FX Options are listed and traded only on ISE. As such, (1) FX Options are not fungible with foreign currency options listed by any other exchange, and (2) orders in FX Options will not trade at inferior prices, thus preserving intermarket protection against trade-throughs.

In support of this proposed rule change, the Exchange notes that there are several market centers that account for a significant portion of all foreign exchange transactions and which are active in the foreign exchange markets prior to the Exchange's current opening time. By

opening trading in FX Options at 7:30 a.m. Eastern time, ISE hopes to attract new participants and liquidity from Western Europe, specifically the United Kingdom. According to the Bank for International Settlements' Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity in 2007, trading activity in the United Kingdom accounts for approximately 34% of foreign exchange transactions. Although foreign exchange trading occurs 24 hours a day, trading activity at each market center is consolidated into approximately 8-10 hours per day. In the United Kingdom, specifically in London, the most active trading times correspond to between 2:00 a.m. Eastern time and 12:00 p.m. Eastern time. In the United States, specifically in New York, trading is most active between 8:00 a.m. Eastern time and 5:00 p.m. Eastern time. The overlap in trading hours between the two market centers results in a period of concentrated liquidity and is often considered a peak time for transactions in the foreign exchange market. That hypothesis is also supported by the fact that key economic statistics for North America are traditionally released prior to 9:30 a.m. Eastern time.⁵

Foreign currency futures listed on the Chicago Mercantile Exchange ("CME") and the Intercontinental Exchange ("ICE") are available for trading virtually 24 hours a day. The CME also provides virtually an all day market for trading in options contracts on foreign currency futures.⁶ Several ISE members are also members of CME and ICE, and actively trade foreign exchange derivative products at those two exchanges. ISE believes amending its rule to allow for an earlier opening will attract greater participation in the Exchange's FX Options.

⁵ The Bureau of Labor Statistics releases Consumer Price Index (CPI) data at 8:30 a.m. Eastern time, and the Bureau of Economic Analysis releases quarterly Gross Domestic Product data at 8:30 a.m. Eastern time. Similarly, Statistics Canada releases Canadian CPI data at 7:00 a.m. Eastern time.

⁶ CME's trading hours are available at http://www.cmegroup.com/trading_hours/fx-hours.html.

2. Statutory Basis

The basis under the Securities Exchange Act of 1934 (“Exchange Act”) for this proposed rule change is found in Section 6(b)(5). Specifically, the Exchange believes the proposed rule change is consistent with Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, serve to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. In particular, permitting trading to begin earlier in the day will permit investors greater opportunity to participate in the market, thereby removing an impediment to trading.

B. Self-Regulatory Organization’s Statement on Burden on Competition

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not significantly affect the protection of investors or the public interest, does not impose any significant burden on competition, and, by its terms, does not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section

19(b)(3)(A)⁷ of the Act and Rule 19b-4(f)(6)⁸ thereunder. The Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing the proposed rule change.

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposal is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-ISE-2010-12 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 C.F.R. 240.19b-4(f)(6).

All submissions should refer to File No. SR-ISE-2010-12. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule changes between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at the principal office of ISE. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that

you wish to make available publicly. All submissions should refer to File No. SR-ISE-2010-12 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁹

Florence E. Harmon
Deputy Secretary

⁹ 17 CFR 200.30-3(a)(12).