

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-57182; File No. SR-ISE-2007-109)

January 22, 2008

Self-Regulatory Organizations; International Securities Exchange, LLC; Order Approving Proposed Rule Change, as Modified by Amendment No. 1 Thereto, Relating to Rule 2213, Market Maker Trading Licenses

I. Introduction

On November 14, 2007, the International Securities Exchange, LLC (“ISE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to eliminate the limitation in ISE Rule 2213, “Market Maker Trading Licenses,” that a foreign exchange options primary market maker (“FXPMM”) in the Exchange’s foreign currency options (“FX options”) cannot hold FXPMM trading licenses in more than four currency pairs. On December 13, 2007, the Exchange filed Amendment No. 1 to the proposed rule change. The proposed rule change, as modified by Amendment No. 1, was published for comment in the Federal Register on December 21, 2007.³ The Commission received no comments on the proposal. This order approves the proposed rule change, as modified by Amendment No. 1.

II. Description of the Proposal

ISE Rule 2213 currently provides that an FXPMM in the Exchange’s FX options will be limited to holding no more than four FXPMM trading licenses across all currency pairs. The

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 72808 (December 17, 2007), 72 FR 72808.

Exchange proposes to eliminate this restriction on the number of FXPMM trading licenses that a member can hold. The Exchange states that there is currently only one FXPMM trading in the four FX options presently listed on the Exchange.⁴ As such, this FXPMM is precluded from serving as an FXPMM in any additional currency pairs. The Exchange represents that it intends to launch additional currency pairs in the near future and would like to allow the current FXPMM to participate in the auction for FXPMM trading licenses in these additional currency pairs.

III. Discussion

After careful review, the Commission finds that the proposed rule change, as amended, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange and, in particular, with Section 6(b)(5) of the Act,⁵ which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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.⁶

The Commission believes that eliminating the limitation in ISE Rule 2213 prohibiting a member from acting as an FXPMM in more than four currency pairs could assist the Exchange in listing additional currency pairs by allowing the only current FXPMM to participate in the auction for FXPMM trading licenses in these additional currency pairs. At the same time, the

⁴ The Exchange currently lists options on the euro, the British pound, the Japanese yen, and the Canadian dollar. See Securities Exchange Act Release No. 55575 (April 3, 2007), 72 FR 17963 (April 10, 2007) (SR-ISE-2006-59).

⁵ 15 U.S.C. 78f(b)(5).

⁶ In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

Commission believes that the existing process for obtaining FXPMM trading licenses in ISE Rule 2213(f) pursuant to a sealed bid auction should continue to ensure that trading licenses are awarded in a fair and reasonable manner and provide fair access to the exchange.⁷

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁸ that the proposed rule change (SR-ISE-2007-109), as modified by Amendment No. 1, be, and hereby is, approved.

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

Florence E. Harmon
Deputy Secretary

⁷ See ISE Rule 2213(f). See also Securities Exchange Act Release No. 55575 (April 3, 2007), 72 FR 17963, 17966 (April 10, 2007) (SR-ISE-2006-59) (noting that the Commission believed that the sealed bid auction for FXPMM trading licenses was reasonably calculated to award trading licenses in a fair and reasonable manner and provide fair access to the Exchange).

⁸ 15 U.S.C. 78s(b)(2).

⁹ 17 CFR 200.30-3(a)(12).