

CORRECTED TO CONFORM TO FEDERAL REGISTER VERSION

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-62430; File No. SR-ISE-2010-69)

July 1, 2010

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Amending the Direct Edge ECN Fee Schedule

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 30, 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 self-regulatory organization. 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 Direct Edge ECN's (“DECN”) fee schedule for ISE Members<sup>3</sup> to (i) eliminate a trading volume threshold found in footnote 4 to the fee schedule and (ii) add clarifying material to explain how certain volume thresholds will be adjusted during the month of July 2010. All of the changes described herein are applicable to ISE Members.

The text of the proposed rule change is available on the Exchange's Internet Web site at <http://www.ise.com>, on the Commission's Internet Web site at <http://www.sec.gov>, at ISE, and at the Commission's Public Reference Room.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> References to ISE Members in this filing refer to DECN Subscribers who are ISE Members.

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 self-regulatory organization 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

DECN, a facility of ISE, operates two trading platforms, EDGX and EDGA.<sup>4</sup>

The EDGA and EDGX Exchanges<sup>5</sup> expect to begin operating as national securities exchanges on July 2, 2010. Following the launch date there will be a two week, phase-in period during which securities currently trading on DECEN will be moved from DECEN to EDGA and EDGX Exchanges. Once a symbol is migrated from DECEN to EDGA and EDGX Exchanges, it will no longer be available for trading on DECEN and will only be available for trading on the EDGA and EDGX Exchanges. Once the EDGA and EDGX Exchanges begin trading their first security, they will thus operate in conjunction with DECEN until all symbols are fully migrated.

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<sup>4</sup> This fee filing relates to the trading facility operated by ISE and not EDGA Exchange, Inc. and EDGX Exchange, Inc. Direct Edge ECN LLC (EDGA and EDGX) will cease to operate in its capacity as an electronic communications network following the commencement of operations of EDGA Exchange, Inc. and EDGX Exchange, Inc. as national securities exchanges.

<sup>5</sup> See SR-EDGA-2010-04 and SR-EDGX-2010-04 for EDGA and EDGX Exchange fee schedules.

As a result of the phased migration of symbols from DECN to EDGA and EDGX Exchanges, three volume thresholds will need to be adjusted for the month of July 2010 only to reflect the portion of the volume that occurs on DECN during the month. The Exchange is proposing to place clarifying language about how these rebates are calculated in footnote numbers 1 and 2 to the DECN fee schedule. First, the removal rate on EDGA (a rebate of \$0.0002 per share) is currently contingent on the attributed MPID adding (including hidden) and/or routing a minimum average daily share volume, measured monthly, of 50,000 shares on EDGA. Any attributed MPID not meeting the aforementioned minimum will be charged \$0.0030 per share for removing liquidity from EDGA (0.20% of dollar value for stocks priced less than \$1.00). However, the Exchange is proposing that for the month of July 2010 only, the 50,000 average daily volume threshold will be multiplied by a fraction, the numerator of which shall be the sum of the daily consolidated volumes for each DECN-traded symbol for all days that such symbol is traded on the DECN during the month of July and the denominator of which shall be the monthly consolidated volume for all DECN-traded symbols during the month of July.

Secondly, Members can qualify for a rebate of \$0.0032 per share for all liquidity posted on EDGX if they add or route at least 5,000,000 shares of average daily volume prior to 9:30 AM or after 4:00 PM (includes all flags except 6) AND add a minimum of 50,000,000 shares of average daily volume on EDGX in total, including during both market hours and pre and post-trading hours. The Exchange is proposing that for the month of July 2010 only, these average daily volume thresholds (5,000,000 and 50,000,000), will be multiplied by a fraction, the numerator of which shall be the sum of the daily consolidated volumes for each DECN-traded symbol for all days that such symbol is traded on the DECN during the month of July and the

denominator of which shall be the monthly consolidated volume for all DECN-traded symbols during the month of July.

Third, the rebate for adding hidden orders is currently contingent upon Members adding greater than 1,000,000 shares on a daily basis, measured monthly. Members not meeting this minimum will be charged \$0.0030 per share. For the month of July 2010 only, the 1,000,000 monthly share volume threshold will be multiplied by a fraction, the numerator of which shall be the sum of the daily consolidated volumes for each DECN-traded symbol for all days that such symbol is traded on the DECN during the month of July and the denominator of which shall be the monthly consolidated volume for all DECN-traded symbols during the month of July.

Finally, the Exchange is proposing to eliminate the trading volume threshold found in footnote 4 of the DECN fee schedule relating to Flags E and 5. Currently, the lower rate of \$0.000025 per share is contingent upon meeting a 1,000,000 share volume threshold on a daily basis, measured monthly. The Exchange proposes to eliminate the 1,000,000 share threshold in footnote 4 to the fee schedule and add “intentionally omitted” to the footnote in order to keep the current footnote numbering intact. The Exchange believes that the elimination of such threshold will enable it to avoid having to adjust the threshold calculation for the month of July 2010. This will result in an administratively easier process for both the Exchange and Members during the migration of symbols from DECN to EDGA and EDGX Exchanges.

The changes discussed in this filing will become operative on July 1, 2010.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of

Section 6 of the Act,<sup>6</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>7</sup> in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its members and other persons using its facilities. ISE notes that DECN operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The proposed rule change reflects a competitive pricing structure designed to incent market participants to direct their order flow to DECN. ISE believes the fees and credits remain competitive with those charged by other venues and therefore continue to be reasonable and equitably allocated to those members that opt to direct orders to DECN rather than competing venues. The ISE also believes that the proposed rates are equitable in that they apply uniformly to all Members.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3) of the Act<sup>8</sup>

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<sup>6</sup> 15 U.S.C. 78f.

<sup>7</sup> 15 U.S.C. 78f(b)(4).

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A). [sic]

and Rule 19b-4(f)(2)<sup>9</sup> thereunder. At any time within 60 days of the filing of such 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 proposed rule change 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](mailto:rule-comments@sec.gov). Please include File Number SR-ISE-2010-69 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.

All submissions should refer to File Number SR-ISE-2010-69. 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 change between the Commission and any person, other than those

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<sup>9</sup> 17 CFR 19b-4(f)(2).

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 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the 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 Number SR-ISE-2010-69 and should be submitted on or before [insert date 21 days after publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

Elizabeth M. Murphy  
Secretary

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<sup>10</sup> 17 CFR 200.30-3(a)(12).