

Text of the proposed rule change (Additions are underlined; deletions are in [brackets].)

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**Rule 312. Limitation on Affiliation between the Exchange and Members**

(a) – (b) No change.

(c) No change.

(1) No change.

(2) The Exchange [shall] has (a) entered into a plan pursuant to Rule 17d-2 under the Exchange Act with a non-affiliated SRO to relieve the Exchange of regulatory responsibilities for Ballista Securities LLC with respect to rules that are common rules between the Exchange and the SRO, and (b) entered into a regulatory services contract with a non-affiliated SRO to perform certain regulatory responsibilities for Ballista Securities LLC for unique Exchange rules.

(3) The regulatory services contract in paragraph 2(b) [shall] requires the Exchange to provide the non-affiliated SRO with information, in an easily accessible manner, regarding all Exceptions in which Ballista Securities LLC is identified as a participant that has potentially violated Exchange or SEC rules, and [shall] requires that the nonaffiliated SRO provide a report to the Exchange quantifying Exceptions on not less than a quarterly basis.

(4) The Exchange and Ballista Securities LLC, [shall] have established and maintains procedures and internal controls reasonably designed to ensure that Ballista Securities LLC and its affiliates do not have access to nonpublic information relating to the Exchange, obtained as a result of ISE Holdings' ownership interest in Ballista Securities LLC, until such information is available generally to similarly situated members of the Exchange in connection with the provision of inbound order routing to the Exchange.

(5) The ownership interest of ISE Holdings, Inc. in Ballista Securities LLC is subject to this paragraph (c) and is granted on a temporary basis, for not longer than one year from (DATE OF SEC APPROVAL) [September 1, 2009].

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