SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-64423; File No. SR-ISE-2011-28)

May 6, 2011

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing of Proposed Rule Change by International Securities Exchange to Amend ISE Rule 2102

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 May 5, 2011, 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 and II 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 Rule 2102 (Hours of Business) to expand the applicability of Trading Pauses to cover all NMS Stocks.

The text of the proposed rule change is available on the Exchange's Internet website at http://www.ise.com, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b-4.

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 Exchange proposes to amend ISE Rule 2102 to expand the applicability of Trading Pauses to cover all NMS Stocks.[3] Initial amendments to ISE Rule 2102 to allow the Exchange to pause trading in an individual stock when the primary listing market for such stock issues a trading pause were approved by the Commission on June 10, 2010 on a pilot basis.[4] The Exchange noted in its filing to adopt the initial amendments to Rule 2102 that during the pilot period it would continue to assess whether additional securities need to be added and whether the parameters of the trading pause would need to be modified to accommodate trading characteristics of different securities. On September 10, 2010, ISE Rule 2102 was amended again to expand the pilot rule to apply to the Russell 1000® Index and other specified exchange traded products.[5]

The Exchange has continued to assess whether additional securities need to be added to the pilot and whether the parameters of Rule 2102 need to be modified to accommodate trading

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3 See ISE Rule 2100(c)(13).

4 See Securities Exchange Act Release Nos. 62252 (June 10, 2010), 75 FR 34186 (June 16, 2010) (SR-ISE-2010-48) (Approving the pilot with an expiration date of December 10, 2010); 63506 (December 9, 2010), 75 FR 78301 (December 15, 2010) (SR-ISE-2010-117) (Extending the date by which the pilot rule will expire to April 11, 2011); 64193 (April 5, 2011), 76 FR 20062 (April 11, 2011) (SR-ISE-2011-17) (Extending the date by which the pilot rule will expire to the earlier of August 11, 2011 or the date on which a limit up / limit down mechanism to address extraordinary market volatility, if adopted, applies).

5 See Securities Exchange Act Release No. 62884 (September 10, 2010), 75 FR 56618 (September 16, 2010) (SR-ISE-2010-66).

characteristics of different securities. In consultation with other markets and the staff of the Commission, the Exchange now proposes to include all NMS Stocks within the pilot that are not already included therein and to apply a wider Threshold Move percentage to the newly added securities. In particular, the proposed additional stocks are those not currently included in the S&P 500 Index, Russell 1000 Index, or specified ETPs, and therefore are more likely to be less liquid securities or securities with lower trading volumes. Accordingly, the Exchange believes that broader Threshold Move percentages would be appropriate. Similarly, because leveraged ETPs trade at a ratio against the associated index, a broader Threshold Move percentage would also be appropriate for leveraged ETPs. The Exchange proposes that the Threshold Move required to trigger a Trading Pause for the proposed new securities be 30% or more for such securities priced at $1 or higher and 50% or more for such securities priced less than $1.[6] The Exchange believes that this threshold differentiation is appropriate because lower priced securities tend to be more volatile, which amounts to a higher percentage move than a similar price change in a higher-priced stock. The Exchange is not proposing a change to the Threshold Move percentage applicable to securities currently included within the current pilot.

Accordingly, with respect to expanding the applicability of Trading Pauses to include all NMS Stocks, the Exchange is proposing to amend Section (f)(4) of ISE Rule 2102 to reflect this change. With respect to widening the Threshold Move percentage for the newly added securities, the Exchange is not proposing a change to its rule text because the ISE is not a primary listing market for equity securities and is therefore not responsible for calculating the Threshold Moves to trigger a Trading Pause. The current rule text provides that the Exchange

6 Under the proposed rule change, the price of a security would be based on the closing price on the previous trading day, or, if no closing price exists, the last sale reported to the Consolidate Tape on the previous trading day.

shall immediately institute a Trading Pause anytime an exchange-listed security moves by 10% or more within a five-minute period, as calculated by the primary listing market, therefore the widening of the Threshold Move percentages need not be reflected in the ISE's rule text as the newly proposed process conforms with the current rule text.

2. Statutory Basis

The statutory basis for the proposed rule change is Section 6(b)(5) of the Act,[7] which requires the rules of an exchange 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. The proposed rule change also is designed to support the principles of Section 11A(a)(1)[8] of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets. The Exchange believes that the proposed rule meets these requirements in that it promotes uniformity across markets concerning decisions to pause trading in a security when there are significant price movements.

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.

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7 15 U.S.C. 78f(b)(5).

8 15 U.S.C. 78k-1(a)(1).

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

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. Please include File Number SR-ISE-2011-28 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-2011-28. 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 website (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 that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website 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 such filing also will be available for inspection and copying at the principal office of the Exchange. 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 publicly available. All submissions should refer to File Number SR-ISE-2011-28 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]

Elizabeth M. Murphy
Secretary

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[9] 17 CFR 200.30-3(a)(12).