

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-68570; File No. SR-ISE-2012-82)

January 3, 2013

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Make Non-Substantive, Technical Corrections to ISE Rules

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 December 21, 2012, the International Securities Exchange, LLC (the “Exchange” or “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 the Substance of the Proposed Rule Change

The Exchange proposes to make a number of non-substantive, technical corrections to its rules. Examples of such technical corrections include updating ISE rule number citations and cross references, correcting typographical errors, deleting obsolete rule text, and updating references to outdated terms, such as changing references from the National Association of Securities Dealers (“NASD”) to Financial Industry Regulatory Authority (“FINRA”). 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 the Statutory Basis for, the Proposed Rule Change

---

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

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

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 Exchange 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange is proposing to make a number of non-substantive, technical corrections to its rules. Examples of such technical corrections include updating ISE rule number citations and cross references, correcting typographical errors, deleting obsolete rule text, and updating references to outdated terms, such as changing references from NASD to FINRA. Following is a narrative description of each of the corrections:

- The Table of Contents to the ISE Rules is being amended to reflect that ISE Rule 718 is now "Reserved" since ISE Rule 718 (Accommodation Liquidations (Cabinet Trades)) was deleted.
- The Table of Contents is being amended to make conforming changes to the title of ISE Rule 720 (Obvious and Catastrophic Errors) so that it matches the title as it appears in the rules.
- ISE Rule 210 (Liability for Payment of Fees) is being amended to update an incorrect rule cross-reference number in paragraph (a).
- ISE Rule 312 (Limitation on Affiliation between the Exchange and Members) is being amended to delete references in paragraph (a) to Maple Merger Sub LLC because that subsidiary no longer exists. Paragraphs (b) and (c) are being deleted since the Exchange

is no longer affiliated with Direct Edge ECN LLC (“DE ECN”), DE ECN is no longer a facility of the Exchange, and ISE (including its affiliates) no longer maintains an ownership interest in Ballista Securities LLC. Since paragraphs (b) and (c) are being deleted, the opening paragraph no longer needs to be designated as paragraph (a), so the (a) is being deleted.

- ISE Rule 604 (Continuing Education for Registered Persons) is being amended to change a reference in paragraph (b) from NASD to FINRA and brackets are being changed to parentheses wherever they appear throughout the rule.
- ISE Rule 704 (Collection and Dissemination of Quotations) is being amended to change references in paragraphs (a) and (b) from Rule 11Ac1-1 to Rule 602 of Regulation NMS.
- ISE Rule 713 (Priority of Quotes and Orders) is being amended to update an incorrect rule cross-reference number in paragraph (a), as well as to add non-substantive words to correct the sentence structure of paragraph (a). Additionally, Supplementary Material .03 to ISE Rule 713 was amended to update an incorrect rule cross-reference number in paragraph (d).
- ISE Rule 715 (Types of Orders) is being amended to correct the defined term of “Priority Customer Orders” in paragraph (g), and to correct the defined term of “Add Liquidity Order” in paragraph (n). In addition, Supplementary Material .02 to ISE Rule 713 is being moved into ISE Rule 713 itself as new paragraphs (o), (p), and (q), since ISE has fully-migrated to its new trading system, Optimise. Thus, it is no longer necessary to separately maintain those order types in the Supplementary Material.

- ISE Rule 718 (Accommodation Liquidations (Cabinet Trades)) is being deleted in its entirety, since that trading functionality is not offered in Optimise, and therefore not possible on the Exchange. ISE Rule 718 is now “Reserved.”
- ISE Rule 722 (Complex Orders) is being amended to delete the obsolete clause to ISE’s Optimise platform in Supplementary Material .03 and .04. In addition, ISE Supplementary Material .05 is being amended to correct the defined term “Priority Customer Orders”, to insert a missing word, and to update an incorrect rule cross-reference number.
- ISE Rule 723 (Price Improvement Mechanism for Crossing Transactions) is being amended to delete paragraph (d)(6) since that trading functionality is not offered in Optimise. As a result, the corresponding sentence that cross-referenced paragraph (d)(6) is being deleted from Supplementary Material .05 and .09.
- ISE Rule 802 (Appointment of Market Makers) is being amended to delete obsolete references to “Second Market Primary Market Makers” in Supplementary Material .02, since ISE no longer operates a “Second Market.”
- ISE Rule 804 (Market Maker Quotations) is being amended to delete obsolete rule text in paragraph (g), since that rule text related to ‘Automated Quotation Adjustments’ functionality contained in ISE’s prior trading system which has been retired. The rule text that is contained in Supplementary Material .01 relates to ‘Automated Quotation Adjustments’ functionality contained in ISE’s current trading system, Optimise. Accordingly, the Exchange has moved the rule text in Supplementary Material .01 into paragraph (g) of ISE Rule 804 itself, since there is only one method for such functionality.

- ISE Rule 1503 (Failure to Obtain Reinstatement) is being amended to update an incorrect rule cross-reference number.
- ISE Rule 1615 (Disciplinary Functions) is being amended to change references in Supplementary Material .01 from NASD to FINRA.
- ISE Rule 1800 (Arbitration) is being amended to change references in paragraph (a) from the NASD Code of Arbitration to the FINRA Code of Arbitration, as well as update a number of corresponding FINRA rule cross-reference numbers contained in paragraphs (a), (c), and (d). Paragraph (b) is being amended to change a reference from NASD to FINRA.
- ISE Rule 2114 (Doing Business with the Public) is being amended to change a reference from NASD to FINRA.

## 2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>3</sup> that an exchange have rules that are 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 for a free and open market and a national market system, and, in general, to protect investors and the public interest. The Exchange believes it is appropriate to make these technical corrections to its rules so that Exchange members and investors have a clear and accurate understanding of the meaning of the Exchange's rules. By removing obsolete rule text, the Exchange is eliminating any potential for confusion about how its systems operate, particularly since the Exchange recently operated two trading systems while it migrated from its prior system to Optimise, its new trading system. By updating references from NASD to FINRA

---

<sup>3</sup> 15 U.S.C. 78f(b)(5).

and related, corresponding rules, the Exchange is eliminating any inaccuracies in its rules. The Exchange further believes that the proposed rule change is not unfairly discriminatory because it treats all market participants equally and will not have an adverse impact on any market participant.

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

The proposed rule changes are non-substantive and therefore do not implicate the competition analysis.

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)<sup>4</sup> of the Act and Rule 19b-4(f)(6)<sup>5</sup> 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.

---

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>5</sup> 17 CFR 240.19b-4(f)(6).

A proposed rule change filed under Rule 19b-4(f)(6)<sup>6</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>7</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest.

The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest because this rule change is not proposing any substantive changes and is merely correcting inaccuracies in the Exchange's rules. Additionally, the Exchange will be able to immediately remove obsolete rule text and correct inaccurate references and cross references in the Exchange's rules which will eliminate member confusion and provide clarity on how the rules apply. Therefore, the Commission designates the proposal operative upon filing.<sup>8</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend 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:

---

<sup>6</sup> 17 CFR 240.19b-4(f)(6).

<sup>7</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>8</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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-2012-82 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-2012-82. 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 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 offices 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 available publicly. All submissions



should refer to File Number SR-ISE-2012-82, 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.<sup>9</sup>

Kevin M. O'Neill  
Deputy Secretary

---

<sup>9</sup> 17 CFR 200.30-3(a)(12).