

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-62817; File No. SR-ISE-2010-92)

September 1, 2010

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Exchange's MRVP

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 August 26, 2010, the International Securities Exchange, LLC ("ISE" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. 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 ISE Rule 1614 (Imposition of Fines for Minor Rule Violations) to incorporate a violation of ISE Rule 415 (Reports Related to Position Limits) into the Minor Rule Violation Plan. The text of the proposed rule change is available on the Exchange's Web site (<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 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 self-regulatory organization has prepared summaries, set forth in Sections A,

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 purpose of the proposed rule change is to amend ISE Rule 1614 to incorporate violations for failing to accurately report position and account information in accordance with ISE Rule 415 into the Minor Rule Violation Plan. The Exchange believes most of these violations are inadvertent and technical in nature. Processing routine violations under the Minor Rule Violation Plan would decrease the administrative burden of regulatory and enforcement staff as well as that of the Business Conduct Committee. In addition, staff would be able to more expeditiously process routine violations under the Minor Rule Violation Plan.

ISE is proposing to assess a \$500 fine for a first offense, a \$1,000 fine for a second offense and a \$2,500 fine for a third offense. Any subsequent offenses would be assessed a \$5,000 fine. The number of offenses will be calculated on a rolling twenty-four month period. ISE believes that establishing a rolling twenty-four month period for cumulative violations will serve as an effective deterrent to future violative conduct. As with other violations covered under the Exchange's Minor Rule Violation Plan, any egregious activity may be referred to the Exchange's Business Conduct Committee.

Among other things, ISE Rule 415 requires each member to report to the Exchange the account and position information of any customer who, acting alone, or in concert with others, on the previous business day maintained aggregate long or short positions on the same side of the market of 200 or more contracts of any single class of option contracts dealt in on the Exchange. Members report this information on the Large Option Position Report. ISE, as a member of the Intermarket Surveillance Group (the "ISG"), as well as certain other self-regulatory

organizations (“SROs”) executed and filed on October 29, 2007 with the Commission, a final version of the Agreement pursuant to Section 17(d) of the Act (the “Agreement”)³ and as amended on April 11, 2008⁴ and October 9, 2008.⁵ The participants to the Agreement incorporated the surveillance and sanctions of large options position reporting violations into the Agreement as of November 1, 2008. As such, the SROs have agreed that their respective rules concerning the reporting of large options positions are common rules. As a result, this amendment to the Minor Rule Violation Plan will further result in the consistency of the sanctions among the SROs who are signatories to the Agreement with respect to regulatory actions arising from large option position reporting surveillance.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act⁷ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, and 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, allowing the Exchange to have consistency between its Minor Rule Violation Plan and the Minor Rule Violation Plan of other SROs.

³ See Securities and Exchange Act Release No. 34-56941 (December 11, 2007).

⁴ See Securities and Exchange Act Release No. 34-57649 (April 11, 2008).

⁵ See Securities and Exchange Act Release No. 34-58765 (October 9, 2008).

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

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

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)⁸ of the Act and Rule 19b-4(f)(6)⁹ 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.

At any time within the 60-day period beginning on the date 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

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6).

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-2010-92 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-2010-92. 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 the 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 available publicly. All submissions should refer to File Number SR-ISE-2010-92 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.¹⁰

Florence E. Harmon
Deputy Secretary

¹⁰ 17 CFR 200.30-3(a)(12); 17 CFR 200.30-3(a)(44).