SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-57777; File No. SR-ISE-2008-25)

May 5, 2008

Self-Regulatory Organizations; International Securities Exchange, LLC; Order Approving Proposed Rule Change, as Modified by Amendment No. 1, Relating to the Rescission of the "No MPM" Order Type

On March 5, 2008, the International Securities Exchange, LLC ("ISE") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),[1] and Rule 19b-4 thereunder,[2] a proposed rule change to amend its rules governing ISE Stock Exchange to rescind the "No MPM" order type. On March 17, 2008, ISE filed Amendment No. 1 to the proposed rule change. The proposed rule change, as modified by Amendment No. 1, was published for comment in the Federal Register on April 1, 2008.[3] The Commission received no comment letters on the proposed rule change. This order approves the proposed rule change, as modified by Amendment No. 1.

The best bids and offers on the ISE Stock Exchange are displayed to the marketplace on a continuous basis. In addition, the ISE offers incoming orders an opportunity to receive price improvement at the midpoint of the National Best Bid or Offer ("NBBO") through its MidPoint Match ("MPM") process. Specifically, before executing incoming orders against the ISE's displayed bid or offer, the system checks MPM to see if there is contra-side interest that can provide price improvement. However, under ISE's current rules, Equity Electronic Access Members may specify on orders that

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

2 17 CFR 240.19b-4.

3 See Securities Exchange Act Release No. 57557 (March 26, 2008), 73 FR 17386.

they do not want the orders to execute against MPM interest, thereby denying such orders the opportunity for price improvement.

The Exchange proposes to amend Rules 2104 and 2106 to eliminate the "No MPM" order type, and to clarify in Rule 2107 that all inbound orders will be exposed to MPM interest and be afforded price improvement, when available, before executing against the ISE's displayed quotations. The Exchange also proposes to amend Rule 2129 to clarify that MPM is a process by which ISE members may receive an execution price that is at the midpoint of the NBBO.

After careful review, the Commission finds that the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.[4] Specifically, the Commission finds that the proposed rule change is consistent with Section 6(b)(5)[5] of the Act, which requires that, among other things, the rules of an exchange be designed 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 Commission believes that exposing all inbound orders to MPM interest should afford such orders an opportunity for price improvement by providing customers the opportunity to interact with an additional source of liquidity.

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4 In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

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

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR-ISE-2008-25), as modified by Amendment No. 1, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[6]

Florence E. Harmon
Deputy Secretary

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6 17 CFR 200.30-3(a)(12).