

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-56225; File No. SR-ISE-2007-32)

August 8, 2007

Self-Regulatory Organizations; International Securities Exchange, LLC; Order Approving Proposed Rule Change as Modified by Amendment No. 1 Thereto to Remove Certain Rules from its Rulebook

On May 9, 2007, the International Securities Exchange, LLC (the "Exchange" or the "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 remove certain ISE rules. On June 8, 2007, ISE filed Amendment No. 1 to the proposed rule change. The proposed rule change was published for comment in the Federal Register on June 27, 2007.³ The Commission received no comments on the proposal.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered securities exchange.⁴ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,⁵ which requires, among other things, that the Exchange's rules be designed 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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 55936 (June 21, 2007), 72 FR 35276 ("Notice").

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

⁵ 15 U.S.C. 78f(b)(5).

The ISE proposes to remove Rule 403 (Nominal Employment), Rule 605 (Other Affiliations of Registered Persons), and Rule 615 (Addressing of Communications to Customers). The Exchange believes that the concern addressed by Rule 403, which prohibits members from obtaining business by employing a person in a nominal position, is adequately addressed in existing Rule 406, which limits gratuities.⁶ The Exchange also believes that Rule 605, which effectively prohibits registered persons of its members from engaging in outside business activities unless approved by the Exchange or the member's designated examining authority, is no longer necessary given significant market structure changes.⁷ Lastly, the Exchange believes that Rule 615 is unnecessary as ISE members are also subject to ISE Rules 600 and 2114, which effectively require ISE members that do a public business to be registered with FINRA, and the Exchange believes that the FINRA rules pertaining to the customer communication policies for its members conducting a public business should sufficiently address the topic covered by Rule 615. The Commission therefore believes it is consistent with the Act for the Exchange to delete these rules.

⁶ Rule 406 prohibits a member from giving any compensation or gratuity in any one year in excess of \$50.00 to any employee of the Exchange or in excess of \$100.00 to any employee of any other member or of any non-member broker, dealer, bank or institution, without the prior consent of the employer and of the Exchange.

⁷ The Exchange also notes that rules of the Financial Industry Regulatory Authority Inc. ("FINRA")(f/k/a the National Association of Securities Dealers, Inc.) governing its members' dealing with the public do not have a comparable provision.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁸ that the proposed rule change (File No. SR-ISE-2007-32), as modified by Amendment No. 1, be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Florence E. Harmon
Deputy Secretary

⁸ 15 U.S.C. 78s(b)(2).

⁹ 17 CFR 200.30-3(a)(12).