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INTERNATIONAL SECURITIES EXCHANGE,

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December 10, 2007

Ms. Nancy N. Morris
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

**Re: Amendment No. 1 to the Options Price Protection and Locked/Crossed
Market Plan; Implementation**

Dear Ms. Morris:

International Securities Exchange, LLC ("ISE") hereby submits this Amendment No. 1 ("Amendment No.1" or "Amendment") to the proposed Options Price Protection and Locked/Crossed Market Plan (the "Plan"). We submitted the proposed Plan on September 12, 2007. Enclosed for use by the Commission staff are five additional, unexecuted copies of the Amendment. In the following paragraphs we respond to those requirements of Rule 608 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that apply to this Amendment No. 1. All capitalized and undefined terms used in this letter have the same meanings assigned to them in the Plan.

1. Purpose of Amendment

The purpose of this amendment is to provide more specificity on the implementation of the Plan. Currently, only the ISE and NYSE Arca, Inc. ("NYSE Arca") have submitted the Plan to the Commission. Both the ISE and NYSE Arca, as well as the other four options exchanges, also are participants in the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage ("Old Plan"). It is our intention to withdraw from the Old Plan upon implementation of this Plan. However, we realize that not all of the other exchanges may join the Plan, and thus it may be necessary for both plans to operate simultaneously. Amendment No. 1 will ensure that the two plans can operate together seamlessly.

The Old Plan states that a participant in that plan may withdraw from that plan, provided that the withdrawing exchange specifies how that exchange "plans to accomplish, by alternate means, the goals of the [Old Plan] regarding limiting Trade-Throughs of prices on other exchanges trading the same options classes."¹ We plan to accomplish this both by ensuring that exchanges not participating in the Plan can reach us to protect our orders, and that we can reach non-participating exchanges to protect their orders.

With respect to other exchanges reaching us, the terms of the Plan require that all exchanges retain connectivity to the "hub" operated by The Options Clearing Corporation under the Old Plan in order to receive orders.² Thus, we will be able to receive any orders such exchanges send to us prior to such exchanges trading through our quotations. In this regard, we will not propose to repeal the rules currently on our books specifying our obligation to execute incoming orders under the Old Plan until all exchanges have withdrawn from the Old Plan and become Participants in the Plan.³

With respect to us reaching other exchanges, the Plan is "rules-based," and not "system-based," and thus does not require any specific infrastructure to comply with the Plan's terms. As such, our members will be able to protect away-market quotations by sending orders to non-participating exchanges through existing, non-linkage, portals. However, we recognize that a key to the operation of the price protection provision of the Plan is the use of Intermarket Sweep Orders, or ISO's. Specifically, our members will be able to trade at a price inferior to another market's disseminated quotation as long as the member sends an ISO to such market for the full size of quotation. Unless that market recognizes the incoming order as an ISO, it is theoretically possible that an execution could cause a trade-through and the market would not fill the order.⁴

To address this theoretical possibility and to ensure that all orders are properly protected, Amendment No. 1 provides that we will not implement the Plan until all options exchanges either become Participants to the Plan or develop the ability to recognize incoming ISO's. Having all exchanges either participate in the Plan or read incoming orders as ISO's will ensure their ability to protect their disseminated quotations against inferior executions on other exchanges. The Amendment also provides the ability of Commission to waive this requirement, based on factors that may arise subsequent to the adoption of the Plan, as amended.

¹ Section 5(c)(iii) of the Old Plan.

² Section 7(b) of the Plan.

³ See ISE Rule 1901.

⁴ We believe that this problem would arise only in very limited situations. Most often the market with the better quote would be at the national best bid or offer ("NBBO") and would automatically trade at its disseminated price. However, it is possible that there could be two markets at different prices better than our quotation, and our member would need to send ISO's to both markets. While the market at the NBBO would execute the incoming order, the market with a quote superior to us but inferior to the NBBO might reject the order if the market could not read the ISO "tag."

2. Governing or Constitutional Documents

Not applicable.

3. Implementation of Amendments

The Amendment will become effective when each current Participant submits the Amendment and the Commission approves the Plan, as amended.

4. Development and Implementation Phases

The Participant will implement the Plan, as amended, pursuant to the terms of this Amendment.

5. Analysis of Impact on Competition

The implementation of the Amendment will impose no burden on competition.

6. Written Understandings or Agreements relating to Interpretation of, or Participation in, Plan

Not applicable.

7. Approval by Sponsors in Accordance with Plan

Under Section 5(c) of the Plan, the requisite approval of the Amendment is achieved by execution of the Amendment on behalf of each current Participant.

8. Description of Operation of Facility Contemplated by the Proposed Amendment

Not applicable.

9. Terms and Conditions of Access

Not applicable.

10. Method of Determination and Imposition, and Amount of, Fees and Charges

Not applicable.

11. Method of Frequency of Processor Evaluation

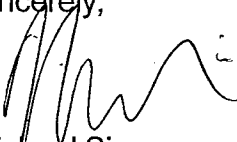
Not applicable.

12. Dispute Resolution

Not applicable.

If you have any questions on this proposed amendment, please contact me.

Sincerely,



Michael Simon
Secretary

Enclosure

cc: Elizabeth King
David Liu
Jennifer Colihan

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220 Montgomery Street | Suite 200
San Francisco, California 94104

SEC / MR December 10, 2007

Ms. Nancy N. Morris
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

**Re: Amendment No. 1 to the Options Price Protection and Locked/Crossed
Market Plan; Implementation**

Dear Ms. Morris:

NYSE Arca Inc. ("NYSE Arca" or "Exchange") hereby submits this Amendment No. 1 ("Amendment No. 1" or "Amendment") to the Options Price Protection and Locked/Crossed Market Plan (the "Plan"). We submitted the proposed Plan on September 17, 2007. Enclosed for use by the Commission staff are five additional, unexecuted copies of the Amendment. In the following paragraphs we respond to those requirements of Rule 608 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that apply to this Amendment No. 1. All capitalized and undefined terms used in this letter have the same meanings assigned to them in the Plan.

1. Purpose of Amendment

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2. Governing or Constitutional Documents

Not applicable.

² Section 7(b) of the Plan.

³ See NYSE Arca Rule 6.93.

⁴ We believe that this is problem would arise only in very limited situations. Most often the market with the better quote would be at the national best bid or offer ("NBBO") and would automatically trade at its disseminated price. However, it is possible that there could be two markets at different prices better than our quotation, and our member would need to send ISO's to both markets. While the market at the NBBO would execute the incoming order, the market with a quote superior to us but inferior to the NBBO might reject the order if the market could not read the ISO "tag."

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Not applicable.

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11. Method of Frequency of Processor Evaluation

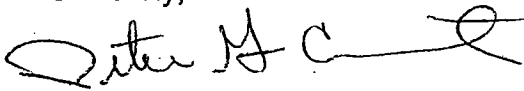
Not applicable.

12. Dispute Resolution

Not applicable.

If you have any questions on this proposed amendment, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter G. Armstrong". The signature is fluid and cursive, with a long horizontal stroke at the end.

Peter G. Armstrong
Managing Director, Options

Enclosure

cc: Elizabeth King
David Liu
Jennifer Colihan

**Amendment No. 1 to the Options Price Protection and Locked/Crossed Market
Plan**

Underlining indicates additions; [brackets] indicate deletions.

Section 8 – Implementation

The Parties shall implement this Plan on a date upon which all Parties agree, but no later than October 31, 2008; provided that, unless the SEC otherwise authorizes, the Parties shall not implement this Plan unless all Eligible Exchanges either (1) have become parties to this Plan or (2) have developed the ability to recognize incoming Intermarket Sweep Orders.

* * *

Section 9 [8] – Counterparts and Signatures

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