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SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-65861; File No. SR-ISE-2011-77)

December 1, 2011

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Network and Gateway Fees

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that, on November 17, 2011, the International Securities Exchange, LLC (the “Exchange” or the “ISE”) 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 ISE is proposing to amend its network and gateway fees. The text of the proposed rule change is available on the Exchange’s website (<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 self-regulatory organization 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, B and C below, of the most significant aspects of such statements.

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

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

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this proposed rule change is to amend the Exchange's network and gateway fees.

Network Fees

The Exchange recently transitioned to new data centers. The Exchange's primary data center is at Equinix, while Telx serves as the back-up data center. At its old data center, ISE offered a number of connectivity options, including two Dedicated Line Connections and an Ethernet/Managed Service Provider connection with multiple Megabit connection options. At the new data centers, however, the Exchange only offers two Ethernet connection options, a one Gigabit (GB) connection at a cost of \$500 per month and a ten GB connection at a cost of \$4,000 per month. As a result, the Exchange proposes to remove from its Schedule of Fees the other existing Ethernet/Managed Service Provider Megabit connection options<sup>3</sup> as well as the two Dedicated Line Connection options<sup>4</sup> as these are no longer available at the new data centers. With the unavailability of Dedicated Line Connections, the Exchange also no longer provides the Order Routing Service<sup>5</sup> and proposes to remove this fee from its Schedule of Fees. Additionally, at the new data centers, members are no longer able to connect to the Exchange via third-party

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<sup>3</sup> The Ethernet/Managed Service Provider connection costs are identified on the Exchange's Schedule of Fees as follows: \$100 per month for 1 – 10 Megabits (MB); \$250 per month for 11 – 100 MBs; \$500 per month for 101 MBs – 1 Gigabit (GB); and \$4,000 per month for 10GBs.

<sup>4</sup> The Dedicated Line Connection costs are identified on the Exchange's Schedule of Fees as follows: for a T-1 and smaller connections, \$300 per line per month; for T-3 connections, \$1,500 per line per month.

<sup>5</sup> The Order Routing Service is identified on the Exchange's Schedule of Fees as follows: \$100 per line per month.

managed service providers. The Exchange, therefore, proposes to remove reference to Managed Service Provider from its Schedule of fees also.

Finally, in addition to ISE, the new data centers house a number of firms, some of whom are ISE members and others that are not. Non-ISE members at Equinix and Telx include software vendors who have developed a front end application that provides its customers a connection to ISE. These customers are members of ISE and instead of connecting to ISE directly choose to connect to the Exchange through these software vendors. To allow these and other prospective non-ISE members to cross-connect their servers to ISE servers, we propose to offer the same connectivity options that we currently offer to ISE members.

#### Gateway Fees

Up until the transition to the new data centers, members were able to lease “gateway” equipment, i.e., Routers, Switches and Servers, through ISE in order to establish a connection to the Exchange. As noted on the Exchange’s Schedule of Fees, the cost of leasing this equipment was 4.75% of ISE’s equipment costs. The Exchange also charged a one-time fee of \$500 to members who wanted the Exchange to install, move, add, change or remove any such equipment. The Exchange no longer leases any such equipment and proposes to remove these fees from its Schedule of Fees.

The Exchange has designated this proposal to be operative on December 1, 2011.

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>6</sup> in general, and with Section 6(b)(4) of the Act,<sup>7</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among Exchange

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<sup>6</sup> 15 U.S.C. 78f .

<sup>7</sup> 15 U.S.C. 78f(b)(4).

members and other persons using its facilities. In particular, the proposed rule change will provide greater transparency into the connectivity options available to market participants. The proposed rule change treats similarly situated market participants in the same manner by assessing the same fees to all market participants, whether or not they are a member of the Exchange, based on their connectivity needs. The Exchange notes that the one GB and the ten GB connectivity options are similar to those currently in place at other exchanges. For example, NASDAQ OMX PHLX, Inc. (“PHLX”) currently offers a one GB and a ten GB network connection option to market participants that connect to that exchange.<sup>8</sup>

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.<sup>9</sup> At any time within 60 days of the filing of such 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. If the Commission takes such action, the

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<sup>8</sup> See PHLX Fee Schedule at <http://www.nasdaqtrader.com/content/marketregulation/membership/phlx/feesched.pdf>.

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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 Exchange 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](mailto:rule-comments@sec.gov). Please include File Number SR-ISE-2011-77 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-2011-77. 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, 100 F Street, NE, Washington, DC 20549, 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-2011-77 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>10</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>10</sup> 17 CFR 200.30-3(a)(12).