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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-73440; File No. SR-ISE-2014-48)

October 27, 2014

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

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 October 15, 2014, the International Securities Exchange, LLC (the “Exchange” or the “ISE”) filed with the Securities and Exchange Commission the proposed rule change, as described in Items I, II, and III below, which items have been prepared by the self-regulatory organization. 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 Schedule of Fees to adopt a limited waiver of PrecISE 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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.

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

1. Purpose

The purpose of the proposed rule change is to amend the Schedule of Fees to adopt a limited waiver of PrecISE Trade[®] (“PrecISE”) fees for Electronic Access Members (“EAMs”) and sponsored customers that execute a high volume of Crossing Orders in a given month.³ The Exchange designates this filing to become effective on October 16, 2014.⁴

PrecISE is the Exchange’s proprietary front-end order routing terminal used by EAMs and/or their sponsored customers to send order flow to ISE.⁵ The Exchange charges EAMs and sponsored customers that use PrecISE a monthly fee of \$350 per user for the first 10 users, and \$100 per user for each subsequent user. To give new users time to become familiar and fully acclimated with all of the functionality that PrecISE offers, and as an incentive to encourage firms to use PrecISE, the Exchange currently waives these PrecISE fees for the first two months for all new users.⁶ The Exchange now proposes to introduce a further incentive for firms to try PrecISE that is tied to Crossing Order volume, which comprises a significant portion of volume

³ Crossing Orders include Qualified Contingent Cross orders and orders executed in the Facilitation, Solicitation, Price Improvement, or Block Order Mechanisms.

⁴ PrecISE fees are billed based on a billing period that begins on the 16th of the month and ends on the 15th of the following month. The first billing period subject to the proposed fee waiver would begin on October 16, 2014 and end on November 15, 2014.

⁵ A “sponsored customer” is a non-member that trades under a sponsoring member’s execution and clearing identity. See Securities Exchange Act Release No. 55586 (April 5, 2007), 72 FR 18701 (April 13, 2007) (SR-ISE-2007-19). Market Makers must connect to the Exchange via API and are therefore not eligible to use PrecISE.

⁶ See Securities Exchange Act Release No. 62053 (May 6, 2010), 75 FR 27033 (May 13, 2010) (SR-ISE-2010-35).

traded via PrecISE. Specifically, the Exchange proposes to waive the PrecISE fees described above for an EAM or sponsored customer's first five (5) users if that EAM or sponsored customer executes a minimum of 1.5 million crossing contracts during the prior calendar month.⁷ For the first billing cycle that this waiver is effective only,⁸ the Exchange proposes to waive these fees based on a prorated volume threshold of 750,000 crossing contracts executed in the period beginning on the effective date of this filing and ending on October 31, 2014. For firms that find the PrecISE functionality useful, and choose to purchase additional terminals above the free ones offered here, the free terminals will count towards the first 10 users otherwise subject to the higher \$350 per user fee.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁹ in general, and Section 6(b)(4) of the Act,¹⁰ in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities. The Exchange believes that the proposed fee change is reasonable and equitable as it will give firms with a high volume of Crossing Orders the opportunity to properly evaluate PrecISE over an indefinite period. While PrecISE is not limited to Crossing Orders, this volume accounts for a significant portion of PrecISE use today. As such, the Exchange believes that providing free terminals to firms that submit a substantial volume of Crossing Order flow will encourage those firms to purchase additional paid terminals to support their trading needs. The proposed fee waiver will also act as

⁷ For example, PrecISE fees will be waived based on the full November crossing volume for the November 16, 2014 to December 15, 2014 billing cycle.

⁸ See note 4 *supra*.

⁹ 15 U.S.C. 78f.

¹⁰ 15 U.S.C. 78f(b)(4).

an inducement for firms that wish to use PrecISE to bring additional Crossing Order volume to the Exchange in order to qualify for the free terminals. The Exchange notes that it is adopting a prorated crossing volume threshold for the first billing cycle, as the proposed fee change would become effective during the middle of a calendar month, and would therefore only include volume from half of that month. Furthermore, the Exchange believes that the proposed fee change is not unfairly discriminatory as all firms that meet the crossing volume threshold, including EAMs and sponsored customers that already use PrecISE for trading and those who are trying PrecISE for the first time, will be eligible to receive the free PrecISE terminals.

B. Self-Regulatory Organization's Statement on Burden on Competition

In accordance with Section 6(b)(8) of the Act,¹¹ the Exchange does not believe that the proposed rule change will impose any burden on intermarket or intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the Exchange believes that the proposed fee change offers a competitive incentive for firms to bring Crossing Order flow to the ISE and migrate to the Exchange's front-end order routing terminal. The Exchange operates in a highly competitive market in which market participants can readily direct their order flow to competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed fee changes reflect this competitive environment.

¹¹ 15 U.S.C. 78f(b)(8).

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 Act¹² and subparagraph (f)(2) of Rule 19b-4 thereunder,¹³ because it establishes a due, fee, or other charge imposed by ISE.

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 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 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

¹² 15 U.S.C. 78s(b)(3)(A)(ii).

¹³ 17 CFR 240.19b-4(f)(2).

- Send an E-mail to rule-comments@sec.gov. Please include File No. SR-ISE-2014-48 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-ISE-2014-48. 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 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at the principal office of the ISE. 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-2014-48 and should be submitted by [insert date 21 days from the date of publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Kevin M. O'Neill
Deputy Secretary

[FR Doc. 2014-25881 Filed 10/30/2014 at 8:45 am; Publication Date: 10/31/2014]

¹⁴ 17 CFR 200.30-3(a)(12).