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May 17, 2010

David A. Stawick
Secretary
U.S. Commodities Futures Trading Commission
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Options and Securities Futures on ETFS Gold and Silver Products

Dear Mr. Stawick:

The International Securities Exchange, LLC ("ISE") appreciates the opportunity to comment on the Commission's proposal to exempt from certain provisions of the Commodities Exchange Act the trading and clearing of options contracts on ETFS Physical Swiss Gold Shares and ETFS Physical Silver Shares (collectively, the "Products").[1] The ISE supports the Commission's issuance of the proposed exemption. We limit our comments to one issue: the request for comment on possible large-trader reporting of positions in the Products to the Commission. As discussed below, we do not believe that such additional reporting requirements are needed to meet the Commission's regulatory objectives.

As an initial matter, we fully agree with the Commission that the cash and derivative markets for gold and silver products are highly interconnected, and that trades in one market can affect the prices of products in other markets. We further agree that there should be consistent reporting and other controls in the various markets to foster an overall rational and effective regulatory structure for the trading of the Products. In this regard, we believe that such a structure already exists.

As the Release details, the Commission has in place a large trader reporting requirement for trades in futures and options on futures in the Products.[2] The securities options exchanges regulated by the Securities and Exchange Commission have established complementary regulatory protections. As with all the securities options exchanges, the ISE has a large option position reporting requirement ("LOPR")[3] in place. The LOPR requirements mandate that our members report customer positions of 200 or more contracts in all options contracts we trade, including contracts on the Products. We and the other options exchanges also have adopted position and exercise limits[4] for all our traded instruments. The position and exercise limits for the Products would be 25,000 contracts if we were to list these Products today.

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[1] 75 F.R. 19619, April 15, 2010, the "Release."
[2] Release at Note 17 and accompanying text.
[3] *See* ISE Rule 415.
[4] *See* ISE Rules 412 and 414.

We believe that these existing protections provide the framework to address the Commission's very legitimate concern regarding effective regulation of interconnected markets. The only additional step that we view as necessary to close any gaps in regulation is to work towards the effective coordination of these protections between the Commission, the Securities and Exchange Commission, and the regulated markets and clearing entities operating in these markets. For example, the Commission may need ready access to the LOPR reports on the Products, either on a regular or as-needed basis. We believe that all the involved parties can work together to coordinate their surveillance and regulatory activities in this area without the need for the imposition of additional regulatory requirements.

We again thank you for the opportunity to comment on the Release. If you have any questions on our comments, please do not hesitate to contact me.

Sincerely,

Michael J. Simon
Secretary