



Memorandum

To:	ISE Members
From:	Office of the CFO
Date:	January 02, 2008
Re:	Fee Notice

OPTIONS EXCHANGE

Transaction Fee

Per the average daily volume formula presented in the current ISE Fee Schedule, the transaction fee for ISE market makers will be \$0.13 per contract, \$0.08 per contract less than the standard rate.

Fee	Standard Rate	Current Rate	Rate as of 01/02/2008
Market Maker Execution Fee	\$0.21	\$0.13	\$0.13

The above rate does not include a \$0.03 per contract comparison fee that is assessed on all transactions (unless otherwise waived) and a licensing surcharge that is assessed on all transactions (unless otherwise waived) in products that are listed in the surcharge fee item contained in the ISE Fee Schedule.

New Products

In December 2007, ISE added the following 6 new product to its list of "Premium Products":

- ProShares UltraShort QQQ Fund (QID)
- ProShares Ultra QQQ Fund (QLD)
- ProShares UltraShort S&P 500 Fund (SDS)
- ProShares Ultra S&P500 Fund (SSO)
- ProShares UltraShort Russell2000 Fund (TWM)
- ProShares Ultra Russell2000 Fund (UWM)



The amount of the transaction fees for all market participants for options on these new Premium Products is the same as those transaction fees that currently apply for all other Premium Products.

Fee Changes

Surcharge Fee: Effective January 2, 2008, ISE is increasing the surcharge fee for transactions in options on the Nasdaq-100 Stock Index, both full value (NDX) and 1/10 value (MNX). ISE recently renewed its license agreement with NASDAQ pursuant to which ISE is now being charged a higher license fee. Accordingly, to defray the increased licensing costs, ISE is increasing the surcharge fee by \$0.01 from \$0.15 to \$0.16 per contract for trading in options in NDX and MNX.

Fee Cap for Facilitation Mechanism: For a pilot period ending June 30, 2008, ISE is adopting a fee discount for certain orders of 7,500 contracts or more that are executed in the Facilitation Mechanism. The execution and comparison fees is waived on incremental volume above 7,500 for Firm Proprietary orders, Non-ISE Market Maker orders and Customer orders in a) Premium Products and b) Second Market options. The number of contracts at or under the threshold is charged as per the Exchange's Schedule of Fees. Further, the fee cap applies only to non-discounted volume i.e., it does not apply to orders previously discounted by other pricing incentives that currently appear on the Exchange's Schedule of Fees.

Market Data

Historical ISE Open/Close Trade Profile: Effective December 11, 2007, ISE is selling the historical ISE Open/Close Trade Profile to both members and non-members, on an ad-hoc basis or as a complete set that dates back to May 2005. Ad-hoc subscribers will be able to purchase this data for any number of months, beginning from May 2005 through the current month. Alternatively, subscribers will be able to purchase the entire set of this data, beginning from May 2005 through the current month. The data will be compiled and formatted by ISE and sold as a zipped file. Fees for this new offering will be \$600 per request for every month of data. For subscribers that want the complete set of data from May 2005 to the present, ISE is charging a discounted fee of \$500.00 per month of data.

STOCK EXCHANGE

Transaction Fee Changes

Effective January 2, 2008, there is (1) a distinction of transaction fees related to equity orders and equity orders submitted on an order delivery basis; (2) an increase in rebate for equity orders that add liquidity for securities at or above \$1.00 from \$0.0025 to \$0.0032; (3) an increase in the rebate for equity orders submitted on an order delivery basis that add liquidity for



securities at or above \$1.00 from \$0.0025 to \$0.0027; (4) cessation of sharing market data revenue except with respect to orders submitted on an order delivery basis.

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ISE's fee schedule is available at: <http://www.ise.com/fees>.
Please call Meinie Cheok at (212) 897-0246 or Amit Muni at (212) 897-0211 if you have any questions.