
Memorandum

To:	ISE Members
From:	Office of the CFO
Date:	March 1, 2006
Re:	Fee Notice

Transaction Fee

Per the average daily volume formula presented in the current ISE Fee Schedule, the transaction fee for ISE market makers will be \$0.07 per contract less than standard rate.

Fee	Standard Rate	Current Rate	Rate as of 03/01/2006
Market Maker Execution Fee	\$0.21	\$0.14	\$0.14

The above rates do not include a \$.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 the licensed products that are listed in the surcharge fee items contained in the ISE Fee Schedule.

Fee Change

Effective immediately, the method of charging API or login fees to Market Makers is based upon three categories of logins: (1) quoting, allowing user to enter quotes, orders and perform all other miscellaneous functions; (2) order entry, allowing user to enter orders and perform all other miscellaneous functions (but not quote); and (3) listening, allowing user only to the query system and to respond to other broadcasts.

Each Market Maker receives an allocation of 1,000,000 quotes per day per user. If a Market Maker submits more than 1,000,000 quotes, the firm will be charged for additional users depending upon the number of quotes submitted. Each month, the total number of quotes submitted by a market maker firm across all bins will be divided by the number of trading days, resulting in the average quotes per day. This number will be divided by 1,000,000 and rounded up to the nearest whole number, resulting in the number of users based on quotes. For



example, a firm with 20 users has an allocation of 20 million quotes per day. If that firm submit an average of 18 million quotes per day than the firm will be invoiced for all 20 users. If that firm submits an average of 21.3 million quotes per day, it will be invoiced for 22 users (21.3 users rounded up).

The fees for the three categories are as follows: (1) \$950 per month for each quoting session; (2) \$750 per month for each order entry session; and (3) \$175 per month for each listening session.

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ISE's fee schedule is available at: http://www.iseoptions.com/legal/pdf/fee/fee_schedule.pdf

Please call Meinie Cheok at (212) 897-0246 or Amit Muni at (212) 897-0211 if you have any questions.