
Memorandum

To:	ISE Members
From:	Office of the CFO
Date:	June 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 06/01/2006
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.

New Fee Structure

Linkage fees: ~~Effective June 1, 2006 through July 31, 2006, the execution fee for Linkage Principal (P) orders, except for Satisfaction Orders, is \$0.24. Linkage Principal Acting as Agent (P/A) execution fee continues to be \$0.15 per contract. [Updated. Please see Fee Notice dated June 7, 2006]~~

Facilitation Mechanism fees: Effective June 1, 2006 through November 30, 2006, the execution fee for trades entered into the Facilitation Mechanism are reduced by \$0.10 for a member's monthly average daily volume ("ADV") in the Facilitation Mechanism above 15,000 contracts/sides and the execution and comparison fees are waived entirely for a member's monthly ADV in the Facilitation Mechanism above 20,000 contracts/sides.



QQQQ transaction fees: Effective June 1, 2006 through November 30, 2006, execution fees for transactions in QQQQ are reduced by \$0.10 for a member's monthly ADV above 10,000 contracts/sides and execution and comparison fees are waived entirely for a member's monthly ADV above 12,000 contracts/sides.

PrecISE VPN fee: ISE is implementing a means for Electronic Access Members to access ISE over the internet through a secure virtual private network using PrecISE terminals. A monthly fee of \$250 is applicable on each PrecISE through VPN terminal and there will be no separate API/Session fee.

PrecISE sponsored customer fee: This fee of \$250 per terminal is applicable on sponsored customers of non-affiliated members.

New Products

In May, ISE added the following 2 new products to its list of "Premium Products":

- Mini FTSE™ 100 Index (UKX)
- Mini FTSE™ 250 Index (FTZ)

The amount of the transaction fees for all market participants for options on these new Premium Products are the same as those transaction fees that currently apply for all other Premium Products. In addition, there is a surcharge fee of \$0.10 per contract on all market maker and firm proprietary transactions in those products. Lastly, there is no Payment for Order Flow fee for transactions in these products. The amount of the transaction fees for all market participants for options on these new Premium Products are the same as those transaction fees that currently apply for all other Premium Products.

Fee Waiver Extension

Customer (other than Premium Products): Execution and comparison fee waivers are extended through June 30, 2007.

Click: Fees for a member's second and subsequent Click terminal and session/API are waived through June 30, 2007.

Fee Waiver

PrecISE: Effective immediately, PrecISE fees are waived for the first 2 months when an existing member uses PrecISE Trade terminals concurrently with Click Trade Terminals. This fee waiver is to allow members to transition from Click Trade to PrecISE Trade.



Market Data: Effective June 1, 2006 through August 31, 2006, market data fees for ISE's Enhanced Sentiment Data Offering are waived.

Temporary Collections Change

Cancel Fee: ISE will not be billing or collecting its "cancellation fee" for canceled transactions in May. These fees will be billed and collected as part of June's transaction billing.

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

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