
Memorandum

To:	ISE Members
From:	Office of the CFO
Date:	August 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 \$0.14 per contract, \$0.07 per contract less than standard rate.

Fee	Standard Rate	Current Rate	Rate as of 08/01/2006
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

Cancellation Fee: Effective immediately, the cancellation fee will be increased from \$1.00 to \$1.25.

Fee Extension

Linkage fees: The Linkage fee pilot program has been extended through July 31, 2007. The fees ISE charges for Linkage orders are: the Firm Proprietary execution fee of \$0.15 per contract; a surcharge of between \$.05 and \$.15 for trading certain licensed products; and a \$.03 comparison fee.



New Products

In July, ISE added the following 9 new products to its list of “Premium Products”:

- PowerShares Water Resource Portfolio (PHO) ¹
- SPDR Homebuilders ETF (XHB)²
- iShares Trust FTSE/Xinhua China 25 Index Fund (FXI)³
- iShares Dow Jones Select Dividend Index Fund (DVY)⁴
- iShares Trust Russell 1000 Index Fund (IWB)
- iShares Russell 1000 Value Index Fund (IWD)
- Health Care Select Sector SPDR Fund (XLV)
- Utilities Select Sector SPDR Fund (XLU)
- Technology Select Sector SPDR Fund (XLK)

The amount of the transaction fees for all market participants for options on these 9 new Premium Products are the same as those transaction fees that currently apply for all other Premium Products. Lastly, Payment for Order Flow fee is applicable to transactions in these products.

In addition, there is a surcharge fee of \$0.10 per contract on all market maker and firm proprietary transactions in the following 5 products: IWB, IWD, XLV, XLU and XLK.

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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.

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