
Memorandum

To:	ISE Members
From:	Office of the CFO
Date:	September 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 09/01/2006
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 Changes

Linkage fees: Effective September 1, 2006, the execution fee for inbound Linkage Principal (P) Orders, except for Satisfaction Orders, is \$0.24. The execution fee for Linkage Principal Acting as Agent (P/A) Orders continues to be \$0.15 per contract.

New Fees

Special Order Fees: Effective September 1, 2006, we will begin to charge an execution fee of \$0.15 per side and a comparison fee of \$0.03 per side for Customer orders executed in response to a special order broadcast. Special order broadcasts include facilitation, solicitation, block orders and PIM orders.



New Products

In August, ISE added the following 5 new products to its list of "Premium Products":

- iShares Russell 1000 Growth Index Fund (IWF)
- iShares Russell MidCap Growth Index Fund (IWP)
- iShares Russell MidCap Value Index Fund (IWS)
- iShares Russell 3000 Index Fund (IWV)
- iShares S&P SmallCap 600 Value Index Fund (IJS)

The amount of the transaction fees for all market participants for options on these 5 new Premium Products are the same as those transaction fees that currently apply for all other Premium Products. Payment for Order Flow fee is applicable to transactions in these products as well as a surcharge fee of \$0.10 per contract on all market maker and firm proprietary transactions.

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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.