

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54335; File No. SR-ISE-2006-47)

August 18, 2006

Self-Regulatory Organizations; International Securities Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Extension of a Pilot Period to Increase Position Limits and Exercise Limits for Equity Options and Options on the Nasdaq-100 Tracking Stock

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 10, 2006, the International Securities Exchange, Inc. (“ISE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the ISE. The Exchange has filed the proposal as a “non-controversial” rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders it effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The ISE proposes to extend the time period for the ISE Rule 412 and ISE Rule 414 position and exercise limits pilot program for equity option contracts and options on the Nasdaq-100 Index Tracking Stock (“QQQQ”) (“Pilot Program”). The text of the proposed rule change is available on the ISE’s Web site (<http://www.iseoptions.com>), at the ISE’s principal office, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the ISE included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Pilot Program provides for an increase to the standard position and exercise limits for equity option contracts and for options on QQQQs.⁵ The Pilot Program, after being extended on two prior occasions, is set to expire on September 1, 2006.⁶ Specifically, the Pilot Program increased the applicable position and exercise limits for equity options and options on the QQQQ to the following levels:

Current Equity Option Contract Limit⁷	Pilot Program Equity Option Contract Limit
13,500 contracts	25,000 contracts
22,500 contracts	50,000 contracts
31,500 contracts	75,000 contracts

⁵ See Securities Exchange Act Release No. 51295 (March 2, 2005), 70 FR 11292 (March 8, 2005) (notice of filing and immediate effectiveness of SR-ISE-2005-14) ("Pilot Program Notice").

⁶ See Securities Exchange Act Release Nos. 53345 (February 22, 2006), 71 FR 10579 (March 1, 2006) (notice of filing and immediate effectiveness of SR-ISE-2006-10); and 52265 (August 15, 2005), 70 FR 48996 (August 22, 2005) (notice of filing and immediate effectiveness of SR-ISE-2005-39).

⁷ Except when the Pilot Program is in effect.

