August 29, 2005

Mr. Christopher Cox
Chairman Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0609

Re: File # SR-2005-31

Dear Mr. Cox:

As a relatively new arrival to the options industry, I find the myriad of restrictive rules and prohibitory fees imposed by the various options exchanges to deter public trading, fundamentally troubling. Particularly disturbing is the International Securities Exchange's purposed new cancellation fee, and its belabored efforts to hide the true nature of the fee.

Once examined one can see that the fee is simply a deterrent to anyone trading with experience and frequency. The ISE is quietly attempting to limit the public's access to competitively buy and sell options on their exchange. As there is no other way to update your option price than to cancel the bid or offer, a trader is forced to either accept an inferior price as the underlying moves against the trader, or cancel the order and receive a penalty. Thus the participants on the ISE exchange are broken down into two categories, those who can participate freely, and those who constantly accrue a penalty with the potential to become a monetary fee. Obviously the discrimination against public customers is to the benefit of those who have no such worry of a fee. ISE specialists directly profit from this fee by a decrease in option price competition. To further eliminate competition it is in the interest of those who have no potential of a cancellation fee to increase the parameters of the fee to be more inclusive and to increase the magnitude of the fee. The end results of the fee and all its iterations are less depth, less liquidity, and less competitive markets.

In the current version of the cancellation fee, the ISE has adjusted the criteria for imposition of the fee. While many will not fall within the criteria of imposition, the fee still remains as an unnecessary and anticompetitive deterrent, as the trader is constantly forced to account for the number of cancellations they have accumulated versus the number of fills they have received.

While the ISE cites the impetus behind the fee implementation is the cost and overuse of bandwidth, anyone who has a limited knowledge of computers and networking knows this reason is dubious at best. The cost of bandwidth has been ever decreasing over the past five years. If bandwidth were truly at the heart of this cancellation fee I would propose this solution, simply charge a monthly bandwidth fee based on the amount of bandwidth used by each customer. In this manner the exchange could increase their bandwidth to handle its order flow without stifling competition. With the number of orders I enter and execute on the ISE, my bandwidth usage is paltry and, as an ISE shareholder, I would be happy to offset the expense rather than watch the exchange limit its trading participants with a cancellation fee.

In conclusion, I have not been able to determine how this particular rule benefits options prices, the securities markets, and the public at large. I do, in fact, see the benefit to a select few who have a financial interest in eroding competition in the options markets. As a participant in the United States' securities markets, I request the Securities and Exchange Commission, as stewards of those markets, to answer those questions I have not been able to. I request this due to the very impact this fee has had on options markets and will have in the future. The collusive nature of the options markets guarantees, that if the ISE can charge an anticompetitive, and burdensome fee, the other exchanges will quickly follow suit. Thank you for your time and please feel free to contact me at any time to discuss the points mentioned in this letter, at drew51502002@yahoo.com.

Regards,

Andrew C. Carr