

91-728

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 19b-4(e)

AUG 22 2006

Information Required of a Self-Regulatory Organization Listing and Trading a New
Derivative Securities Product Pursuant to Rule 19b-4(e) Under the Securities Exchange Act of 1934

READ ALL INSTRUCTIONS PRIOR TO COMPLETING FORM

Part I Initial Listing Report

1. Name of Self-Regulatory Organization Listing New Derivative Securities Product:
International Securities Exchange, Inc.
2. Type of Issuer of New Derivative Securities Product (e.g., clearinghouse, broker-dealer, corporation, etc.):
Clearinghouse
3. Class of New Derivative Securities Product:
Securities Options
4. Name of Underlying Instrument:
ISE-B&S Water Index
5. If Underlying Instrument is an Index, State Whether it is Broad-Based or Narrow-based:
The index referred to in Item 4 above is Narrow-Based
6. Ticker Symbol(s) of New Derivative Securities Product:
ISE-B&S Water Index - HHO
7. Market or Markets Upon Which Securities Comprising Underlying Instrument Trades:
New York Stock Exchange, Nasdaq National Market and American Stock Exchange
8. Settlement Methodology of New Derivative Securities Product:
A.M., Cash-Settled
9. Position Limits of New Derivative Securities Product (if applicable):
31,500 Contracts - HHO

Part II Execution

The undersigned represents that the governing body of the above-referenced Self-Regulatory Organization has duly approved, or has duly delegated its approval to the undersigned for, the listing and trading of the above-referenced new derivative securities product according to its relevant trading rules, procedures, surveillance programs and listing standards.

Name of Official Responsible for Form: **Michael J. Simon**
 Title: **General Counsel and Secretary**
 Telephone Number: **212-897-0230**
 Manual Signature of Official Responsible for Form: *[Signature]*
 Date: **August 21, 2006**

PROCESSED

AUG 28 2006

THOMSON
FINANCIAL

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|----------------------|---------------------------------|
| Act | Securities Exchange Act of 1934 |
| Section | 19b-4 |
| Rule | 19b-4(e) |
| Public Availability: | August 22, 2006 |

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INTERNATIONAL SECURITIES EXCHANGE.

60 Broad Street New York, NY 10004
TEL: 212 943-2400
FAX: 212 425-4926
www.iseoptions.com

SECURITIES AND EXCHANGE COMMISSION
RECEIVED

AUG 22 2006

DIVISION OF MARKET REGULATION

August 21, 2006

By Facsimile and Overnight Courier

Gail S. Jackson
Paralegal Specialist
US Securities and Exchange Commission
Division of Market Regulation
100 F Street, NE – Room 6628
Washington, DC 20549

Re: Form 19b-4(e) ISE-B&S Water Index

Dear Ms. Jackson:

The International Securities Exchange, Inc. hereby files Form 19b-4(e), with respect to the ISE-B&S Water Index. This security is a narrow-based index listed for trading pursuant to ISE Rule 2002.

Sincerely,

Michael J. Simon
General Counsel and Secretary

Attachment

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|----------------------|---------------------------------|
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| Section | 19b-4 |
| Rule | 19b-4(e) |
| Public Availability: | AUGUST 22, 2006 |