

16

Goldman  
Sachs

July 14, 2003

**Ms. Annette Nazareth**  
Director  
Division of Market Regulation  
Securities and Exchange Commission  
450 Fifth Street  
Washington, DC 20544

4-349



**Re: ISE Rule-Making Petition on Index Options**

Dear Ms. Nazareth:

In November 2002, the International Securities Exchange, Inc. ("ISE") submitted a petition to the Commission that would preclude options exchanges from entering into exclusive **index** license agreements. **We** are writing to express our **support** for this petition, which would allow competitive trading **of** equity index options.

Goldman, Sachs & Co. is an Electronic **Access** Member of the ISE, and its affiliate, SLK-Hull Derivatives LLC ("SHD") is a Primary Market Maker and a Competitive Market Maker on the ISE. SHD is also a specialist and market maker on the American Stock Exchange, the Chicago Board Options Exchange, the Pacific Exchange and the Philadelphia Stock Exchange.

**As** noted in the ISE Petition, although there are no regulatory barriers to the multiple trading of index options, most index options currently trade on only one options exchange. **This** single listing occurs because exchanges have entered into exclusive licensing arrangements with index providers, precluding other exchanges from trading the related options. **If these** exclusive licensing arrangements **were** prohibited, multiple **exchanges** could **list** the same options, **creating** increased competition and **the** opportunity for **tighter** markets, more liquidity, and lower trading **fees** for customers. For these reasons, **we** ask that the Commission implement the ISE's Petition.

if **we** can provide any further information in connection with this matter, please do not hesitate to contact the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Scott S. Prince".

Scott S. Prince  
Managing Director

cc: Mr. Jonathan G. Katz