

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-55836; File No. SR-ISE-2007-31)

May 31, 2007

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Fee Changes

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 2, 2007, the International Securities Exchange, LLC (“ISE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been substantially prepared by the ISE. The ISE has designated this proposal as one establishing or changing a due, fee, or other charge applicable only to a member under Section 19(b)(3)(A)(ii) of the Act,³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposal 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 is proposing to amend its Schedule of Fees to establish fees for transactions in options on two Premium Products.⁵ The text of the proposed rule change is available at the Exchange, the Commission’s Public Reference Room, and at www.iseoptions.com.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ “Premium Products” is defined in the Schedule of Fees as the products enumerated therein.

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 ISE 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 Exchange is proposing to amend its Schedule of Fees to establish fees for transactions in options on the following two Premium Products: Rydex S&P Equal Weight ETF (“RSP”)⁶ and iShares Goldman Sachs Semiconductor Index Fund (“IGW”).⁷ The Exchange

⁶ “Standard & Poor’s®,” “S&P®,” “S&P 500®,” “Standard & Poor’s 500,” “500,” and “S&P 500 Equal Weight Index” are trademarks of The McGraw-Hill Companies, Inc. (“McGraw-Hill”) and have been licensed for use by Rydex Global Advisors and its affiliates (“Rydex”). RSP is not sponsored, sold, promoted or endorsed by S&P, a division of McGraw-Hill, and S&P makes no representation regarding the advisability of investing in RSP. All other trademarks, service marks, or registered trademarks are the property of their respective owners. Neither Rydex nor S&P have licensed or authorized ISE to (i) engage in the creation, listing, provision of a market for trading, marketing, and promotion of options on RSP or (ii) use and refer to any of their trademarks or service marks in connection with the listing, provision of a market for trading, marketing, and promotion of options on RSP or with making disclosures concerning options on RSP under any applicable federal or state laws, rules or regulations. Rydex and S&P do not sponsor, endorse, or promote such activity by ISE and are not affiliated in any manner with ISE.

⁷ iShares® is a registered trademark of Barclays Global Investors, N.A. (“BGI”), a wholly owned subsidiary of Barclays Bank PLC. “Goldman Sachs” and “Goldman Sachs Technology Industry Semiconductor Index” are service marks of Goldman Sachs and Co. (“Goldman Sachs”) and have been licensed for use for certain purposes by BGI. IGW is not sponsored, endorsed, sold or promoted by Goldman Sachs, and Goldman Sachs makes no representation regarding the advisability of investing in IGW. All other trademarks, service marks or registered trademarks are the property of their respective

represents that RSP and IGW are eligible for options trading because they constitute “Fund Shares,” as defined by ISE Rule 502(h).

All of the applicable fees covered by this filing are identical to fees charged by the Exchange for all other Premium Products. Specifically, the Exchange is proposing to adopt an execution fee and a comparison fee for all transactions in options on RSP and IGW.⁸ The amount of the execution fee and comparison fee for products covered by this filing shall be \$0.15 and \$0.03 per contract, respectively, for all Public Customer Orders⁹ and Firm Proprietary orders. The amount of the execution fee and comparison fee for all ISE Market Maker transactions shall be equal to the execution fee and comparison fee currently charged by the Exchange for ISE Market Maker transactions in equity options.¹⁰ Finally, the amount of the execution fee and comparison fee for all non-ISE Market Maker transactions shall be \$0.16 and \$0.03 per contract, respectively. Further, since options on RSP and IGW are multiply-listed, the Payment for Order Flow fee shall also apply. The Exchange believes the proposed rule change

owners. Neither BGI nor Goldman Sachs have licensed or authorized ISE to (i) engage in the creation, listing, provision of a market for trading, marketing, and promotion of options on IGW or (ii) use and refer to any of their trademarks or service marks in connection with the listing, provision of a market for trading, marketing, and promotion of options on IGW or with making disclosures concerning options on IGW under any applicable federal or state laws, rules or regulations. BGI and Goldman Sachs do not sponsor, endorse, or promote such activity by ISE and are not affiliated in any manner with ISE.

⁸ The Exchange represents that these fees will be charged only to Exchange members. Under a pilot program that is set to expire on July 31, 2007, these fees will also be charged to Linkage Orders (as defined in ISE Rule 1900). See Securities Exchange Act Release No. 54204 (July 25, 2006), 71 FR 43548 (August 1, 2006) (SR-ISE-2006-38).

⁹ “Public Customer Order” is defined in ISE Rule 100(a)(39) as an order for the account of a Public Customer. “Public Customer” is defined in ISE Rule 100(a)(38) as a person that is not a broker or dealer in securities.

¹⁰ The execution fee is currently between \$.21 and \$.12 per contract side, depending on the Exchange Average Daily Volume, and the comparison fee is currently \$.03 per contract side.

will further the Exchange's goal of introducing new products to the marketplace that are competitively priced.

Further, the Exchange proposes to remove IWF, IWP, IWS and IWV from its Schedule of Fees because the Exchange recently delisted these four Premium Products, and they no longer trade on the Exchange.¹¹

Finally, the Exchange notes that the symbol for EENC has changed to ENT,¹² and the Schedule of Fees has been updated to reflect that change.¹³

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,¹⁴ in general, and furthers the objectives of Section 6(b)(4),¹⁵ in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its members and other persons using its facilities.

B. Self-Regulatory Organization's Statement on Burden on Competition

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

¹¹ Certain clarifying language changes were made to the original filing. Telephone call between Samir Patel, Assistant General Counsel, ISE and Richard Holley, Special Counsel, Division of Market Regulation, Commission, on May 25, 2007.

¹² On February 9, 2007, Enterra Energy Trust, whose options are currently traded on the Exchange, changed its ticker symbol from EENC to ENT.

¹³ See supra note 11.

¹⁴ 15 U.S.C. 78f.

¹⁵ 15 U.S.C. 78f(b)(4).

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁶ and Rule 19b-4(f)(2)¹⁷ thereunder. At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-ISE-2007-31 on the subject line.

Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-1090.

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 17 CFR 19b-4(f)(2).

All submissions should refer to File Number SR-ISE-2007-31. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of the ISE. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to

make available publicly. All submissions should refer to File Number SR-ISE-2007-31 and should be submitted on or before [insert date 21 days from the date of publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁸

Florence E. Harmon
Deputy Secretary

¹⁸ 17 CFR 200.30-3(a)(12).