SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-57185; File No. SR-ISE-2008-07)

January 22, 2008

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”), and Rule 19b-4 thereunder, notice is hereby given that on January 14, 2008, 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 and Rule 19b-4(f)(2) thereunder, 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 five Premium Products. The text of the proposed rule change is available at the ISE, at the Commission’s Public Reference Room, and on the ISE’s Web site (http://www.iseoptions.com/legal/proposed_rule_changes.asp).

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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 iShares MSCI Mexico Index Fund (“EWW”), FocusShares ISE-Revere Wal-Mart Supplier Index Fund (“WSI”), FocusShares ISE-CMM Homeland Security Index Fund (“WSX”) (collectively, the “Proposed Rules”).

iShares® is a registered trademark of Barclays Global Investors, N.A. (“BGI”), a wholly owned subsidiary of Barclays Bank PLC. “MSCI Mexico Index” is a service mark of Morgan Stanley Capital International (“MSCI”) and has been licensed for use for certain purposes by BGI. All other trademarks and service marks are the property of their respective owners. EWW is not sponsored, endorsed, issued, sold or promoted by MSCI. BGI and MSCI have not licensed or authorized ISE to: (i) engage in the creation, listing, provision of a market for trading, marketing, and promotion of options on EWW; 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 EWW or with making disclosures concerning options on EWW under any applicable federal or state laws, rules or regulations. BGI and MSCI do not sponsor, endorse, or promote such activity by ISE, and are not affiliated in any manner with ISE.

The ISE-Revere Wal-Mart Supplier Index was jointly developed by ISE and Revere Data, LLC (“Revere”). Revere, an independent and privately owned provider of research data and investment analytics, provides specific research and support for the Wal-Mart Supplier Index. Wal*Mart® is a trademark of Wal-Mart Stores, Inc. The Wal-Mart Supplier Index (“WMX”) is not sponsored, endorsed, sold or promoted by Wal-Mart Stores, Inc., and Wal-Mart Stores, Inc. makes no representation regarding the advisability of investing in WMX. Wal-Mart Stores, Inc. has not licensed or authorized ISE to: (i) engage in the creation, listing, provision of a market for trading, marketing, and promotion of options on exchange-traded funds based on WMX (“WMX ETF options”);
Index Fund (“MYP”), FocusShares ISE SINdex Fund (“PUF”), and FocusShares ISE Homebuilders Index Fund (“SAW”). The Exchange represents that EWW, MYP, PUF, SAW and WSI are eligible for options trading because they constitute “Exchange-Traded 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 EWW, MYP, PUF, SAW and WSI. 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 Orders and

8 FocusShares is a registered trademark of FocusShares, LLC. “ISE Homebuilders Index,” “ISE SINdex,” “ISE-CCM Homeland Security Index,” and “ISE-Revere Wal-Mart Supplier Index” are trademarks of the ISE and have been licensed for use for certain purposes by FocusShares. All other trademarks and service marks are the property of their respective owners. FocusShares ISE Homebuilders Index Fund, FocusShares ISE SINdex Fund, FocusShares ISE-CCM Homeland Security Index Fund, and FocusShares ISE-Revere Wal-Mart Supplier Index Fund are not sponsored, endorsed, issued, sold or promoted by ISE.

9 These fees will be charged only to Exchange members. Under a pilot program that is set to expire on July 31, 2008, these fees will also be charged to Linkage Principal Orders (“Linkage P Orders”) and Linkage Principal Acting as Agent Orders (“Linkage P/A Orders”). The amount of the execution fee charged by the Exchange for Linkage P Orders and Linkage P/A Orders is $0.24 per contract side and $0.15 per contract side, respectively. See Securities Exchange Act Release No. 56128 (July 24, 2007), 72 FR 42161 (August 1, 2007) (SR-ISE-2007-55). Telephone conversation between Samir Patel, Assistant General Counsel, ISE, and Sara Gillis, Special Counsel, Division of Trading and Markets, Commission, on January 17, 2008.

10 “Public Customer Order” is defined in Exchange Rule 100(a)(39) as an order for the account of a Public Customer. “Public Customer” is defined in Exchange Rule 100(a)(38) as a person that is not a broker or dealer in securities.
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.\textsuperscript{11} Finally, the amount of the execution fee and comparison fee for all non-ISE Market Maker transactions shall be $0.37 and $0.03 per contract, respectively.\textsuperscript{12} Further, since options on EWW are multiply-listed, the Exchange’s Payment for Order Flow fee shall apply only to this one product. The Exchange believes the proposed rule change will further the Exchange’s goal of introducing new products to the marketplace that are competitively priced.

Further, as a matter of housekeeping, the Exchange proposes to remove FTZ from its Schedule of Fees.\textsuperscript{13}

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,\textsuperscript{14} in general, and furthers the objectives of Section 6(b)(4),\textsuperscript{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.

\textsuperscript{11} The execution fee is currently between $0.21 and $0.12 per contract side, depending on the Exchange Average Daily Volume, and the comparison fee is currently $0.03 per contract side.

\textsuperscript{12} The amount of the execution and comparison fee for non-ISE Market Maker transactions executed in the Exchange’’s Facilitation and Solicitation Mechanisms is $0.16 and $0.03 per contract, respectively.

\textsuperscript{13} FTZ was recently delisted and no longer trades on the Exchange.

\textsuperscript{14} 15 U.S.C. 78f.

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.

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**

Because the foregoing rule change establishes or changes a due, fee, or other charge imposed by the Exchange, it has become effective pursuant to Section 19(b)(3)(A) of the Act\(^{16}\) 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

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\(^{17}\) 17 CFR 19b-4(f)(2).
• Send an e-mail to rule-comments@sec.gov. Please include File No. SR-ISE-2008-07 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.

All submissions should refer to File Number SR-ISE-2008-07. 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
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, 100 F Street,
NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00
pm. 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-2008-07 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 Trading and Markets, pursuant to delegated authority.\textsuperscript{18}

Florence E. Harmon
Deputy Secretary

\textsuperscript{18} 17 CFR 200.30-3(a)(12).