

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-51775; File No. SR-ISE-2005-24)

June 2, 2005

Self-Regulatory Organizations; International Securities Exchange, Inc.; 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 16, 2005, the International Securities Exchange, Inc. (“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 prepared by the ISE. The ISE has designated this proposal as one establishing or changing a due, fee, or other charge imposed by the ISE 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 extend two fee waivers. The text of the proposed rule change is available on the ISE’s Web site (http://www.iseoptions.com/legal/proposed_rule_changes.asp), at the principal office of the ISE, and at the Commission’s Public Reference Room.

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).

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 ISE states that the purpose of this proposed rule change is to amend the ISE's Schedule of Fees to extend two fee waivers. First, the ISE's current waivers on certain customer transaction fees are set to expire on June 30, 2005.⁵ According to the ISE, in order for it to remain competitive in the market place, the ISE is proposing to extend these waivers for an additional year, through June 30, 2006. Second, the ISE is proposing to extend a fee waiver regarding its CLICK terminal, which is the front-end order-entry terminal the ISE provides to its members. Currently, the ISE waives software license and maintenance fees, as well as API/Session fees (based on member log-ins), for an ISE member's second and subsequent

⁵ The Commission notes that the ISE's Schedule of Fees provides for, among other things: (1) Execution Fees on certain customer orders (other than options on certain indices listed in the ISE's Schedule of Fees) of \$0.05 per contract/side per transaction, and (2) Comparison Fees of \$0.03 per contract/side per transaction. The Execution Fees are currently waived except for transactions in options on certain indices listed in the ISE's Schedule of Fees. The Commission further notes that the Comparison Fee applies to P Orders and P/A Orders for a pilot period expiring on July 31, 2005, and is subject to a fee waiver for Public Customer Orders except for transactions in options on certain indices listed in the ISE's Schedule of Fees. See ISE Rule 100(32) (defining "Public Customer" as a person who is not a broker or dealer in securities); and ISE Rule 1900(10) (for a definition of P Orders and P/A Orders).

CLICK terminals. This waiver also is scheduled to expire on June 30, 2005. The ISE believes that this waiver program encourages firms to install and use multiple CLICKs, and therefore it proposes to extend this waiver for an additional year.

1. **Statutory Basis**

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁶ in general, and furthers the objectives of Section 6(b)(4),⁷ in particular, in that it will permit the Exchange to maintain an equitable allocation of reasonable dues, fees and other charges among its members and other persons using its facilities. In particular, the ISE states that this proposed rule change would extend current waivers, thus effectively maintaining low fees.

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

The Exchange believes that 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)(ii) of the Act⁸

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(4).

⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

and Rule 19b-4(f)(2)⁹ 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-2005-24 on the subject line.

Paper comments:

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-0609.

All submissions should refer to File Number SR-ISE-2005-24. 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

⁹ 17 CFR 19b-4(f)(2).

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-2005-24 and should be submitted by [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.¹⁰

Margaret H. McFarland
Deputy Secretary

¹⁰ 17 CFR 200.30-3(a)(12).