

July 7, 2005

I am writing to comment on the proposed fee changes by the ISE. The ISE proposed rule change in the end will hurt liquidity and price improvements.....This rule change is better known as a "TAX". Today, I left many orders on their "IORS" system, these orders take up bandwidth.....The very thing that the ISE is trying to improve.....I provided liquidity in options classes today when all exchanges backed off their volume.....The main question here is should a person be charged for creating liquidity.....The ISE proposed rule change fails to talk in detail about their plan, are they worried about being outsmarted again by these so called order hidings????.....We do not have the advantages of cheaper commissions similiar to the ISE.....In reference to the Pacific Exchange, one should understand that the PSE is mainly used to internalize order flow of major brokerage firms.....If one would track the flow of orders into accounts, you would see the internalization or order flow.....The ISE plan will be hurting the very people that helped it achieve success.....Competition in the end will be comprised, the fee plan will force other exchanges to adopt the same practices.....A person will have to trade more with the ISE to avoid being taxed....The ISE will capture more and more order flow therefore creating a monopoly.....The ISE then can dictate option commissions.....This explains why 20% of the Philadelphia Exchange has been purchased.....Firms see the potential pitfalls and dangers of the increasingly monopolistic actions from the ISE.....The ISE is not the SEC, how can the ISE identify as explained in their proposal the specific broker dealer, except through the three digit clearing number.....Will the ISE develop a program to monitor the order contracts cancellations versus order contracts????.....How will the ISE help participants monitor these ratios to avoid excessive fees.....This proposed plan will force clearing firms to charge higher commissions rates to pay for the Tax Bill due from the ISE.....The SEC revenue from options and stock activity will decrease, along with liquidity, price improvement and will impose more risk on all participants excluding the ISE.....Please reject their plan.....Thank you very much for listening