

Market Information Circular			
Circular number:	2006-06	Contact:	Technology Member Services
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The purpose of this Market Information Circular (MIC) is to inform market makers of a change to the way in which API fees will be charged as of February 2006, in accordance with a fee change that was filed with the SEC on Wednesday, February 1, 2006.

Sliding Scale to be Removed

The current API fee schedule has discounts for larger numbers of sessions. These discounts will be removed and the fee for each session will be reduced.

The fee for a market-maker-quoting user will be reduced from \$1000 per month to \$950 per month.

The fee for an order-entry user will be \$750 per month.

The fee for a listener user will be reduced from \$250 per month to \$175 per month.

Expansion of Market Maker Listening User Type

The functionality supported by the Listener user-type will be expanded to support certain miscellaneous functions such as setting parameters, pulling quotes and performing linkage functions. Users that are dedicated to these functions can be configured as a "Market Maker Listener" and will be charged at the listener rate.

New Order Entry User Type

Market Makers that have users dedicated to the entry of orders can configure those users as user-type "Order-Entry" and receive a discount to the regular quoting user type. This user-type will have all the functionality of the regular full trading market maker user-type with one exception; this user-type cannot enter quotes.

As noted above, the fee for an order-entry user will be \$750 per month.

Calculation of Market Maker User Count

Each market maker firm will receive an allocation of 1 million quotes per day per Quoting user. If the firm submits more quotes than those allocated, the firm will be charged for additional Users depending upon the number of quotes submitted.

Each month, the total number of quotes submitted by a market maker firm across all bins will be divided by the number of trading days to give the average quotes per day.

This number will then be divided by 1 million and rounded up to the nearest whole number, resulting in the number of Users based on quotes.

The number of Users (based on quotes) = total quotes across all bins for month / (number of trading days * 1 million.)

Members will be invoiced for the greater of: a) the greatest number of Users that were simultaneously logged into the system, or b) the number of Users based on quotes. The firm is then invoiced at \$950 per User.

Example:

A firm with 20 users has an allocation of 20 million quotes per day.

If the firm submits an average of 18 million quotes per day then the firm will be invoiced for 20 users.

If the firm submits an average of 21.3 million quotes per day, the firm will be invoiced for 22 users.

Market Maker firms that submit more quotes than the allocated 1 million quotes per day will receive an email on a daily basis informing them that they will incur additional fees if the firm continues to submit in excess of the 1 million daily quote allocation per user.

ISE Assistance

Technology Member Services will be available to assist market makers to determine the impact, if any, the new fees will have. Technology Member Services will also be available to assist market makers on how to maximize the quote allocation, i.e., reduce quote counts and/or user sessions.

For assistance with this matter, please contact Technology Member Services by email at tms@iseoptions.com or by calling (212) 897-0244.