

ISE Reports it is The Largest Equity Options Exchange in December with 18.6% Market Share

NEW YORK, January 2, 2013 –

- ISE is the largest equity options exchange in December 2012 with a market share of 18.6%.
- Average daily volume for the full year 2012 was 2.5 million contracts, a decrease of 18.1% over 2011.
- Dividend trades make up 10.0% of industry volume in December 2012 and 6.2% of total industry volume for 2012.

The International Securities Exchange (ISE) today reported average daily volume of 2.4 million contracts in December 2012, an increase of 6.1% over December 2011. Total options volume for the month was 47.8 million contracts. ISE was the largest U.S. equity options exchange in December 2012 with market share of 18.6%*.

Average daily volume for full year 2012 was 2.5 million contracts, a decrease of 18.1% over 2011. Total volume for the year was 631.8 million contracts. ISE was the second largest U.S. equity options exchange in 2012 with market share of 18.1%*.

Business highlights for the full year 2012 include:

- **Corporate**
 - In July, ISE announced that it had filed a Form 1 application for a second exchange license with the Securities and Exchange Commission. ISE plans to launch its second options exchange platform in 2013, pending SEC approval.
 - ISE announced its partnership with AlphaClone LLC, the leader in hedge fund position replication, to promote AlphaClone's innovative hedge fund position replication index, the AlphaClone Hedge Fund Long/Short Index. This agreement combined the global experience of ISE with AlphaClone's distinct disclosure-based hedge fund replication approach, called cloning. Third-party licensees will be able to leverage ISE's business development and marketing support to effectively bring AlphaClone's innovative research and products to market.
- **New Technology**
 - In March, ISE completed the latest upgrade to its trading system based on the Optimise™ trading architecture. Following the Optimise upgrade, ISE introduced Implied Order functionality in May, significantly enhancing the execution of multi-legged strategy orders by enabling greater interaction of the complex order book with the regular order book. This resulted in an increased fill rate for multi-legged strategy orders as well as tighter spreads and increased liquidity on the regular order book.
 - ISE made several key enhancements to the risk management features offered in PrecISE Trade®, ISE's innovative, front-end execution management system. Notably, ISE introduced Kill Switch functionality to PrecISE, enabling this segment (along with FIX and DTI users) of ISE's membership community to utilize the Kill Switch to cancel all open orders and prevent new order submissions for more comprehensive risk management.
- **New Order Types and Trading Functionality**
 - In November, ISE became the first exchange to confirm a launch date of March 18, 2013 to commence trading in Mini Options. Mini Options will represent a deliverable of 10

shares of an underlying security, whereas standard contracts represent a deliverable of 100 shares.

- In August, ISE completed the roll out of Implied Order functionality for all products in its complex order book. ISE introduced Implied Order functionality in May to a limited number of symbols and conducted a measured roll out over three months. Implied Orders significantly enhanced ISE's industry-leading complex order book by enabling greater interaction of multi-legged orders with the regular order book. Since the launch, Implied Order functionality accounted for 7.2% of all non-crossing, multi-legged contract volume executed on ISE.
- ISE launched Add Liquidity Only (ALO) orders, which specify that the order can only be executed if it adds liquidity to the order book as a "maker." If the order cannot be added to the book, it will be cancelled, or may be re-priced to rest on the book at the discretion of the firm entering the order.
- In May, ISE introduced Order Management Functionality, enabling PreclSE users to route orders to other PreclSE users for execution. Additionally, PreclSE offers a new Parent/Child feature, or the ability to stage larger orders and divide them into smaller orders to better control order management and execution. All activity is captured in a newly introduced PreclSE Order History Report for historical records. This supplements the existing PreclSE User Report which reflects the established risk limits for each user.

- **New Products**

- ISE created and launched five new proprietary indexes in 2012, three of which already serve as the underlying for exchange-traded products. The indexes are as follows: Horizon Kinetics ISE Global Wealth, Horizon Kinetics ISE Asia ex Japan Wealth, ISE Diamond/Gemstone, ISE Mining Service, and ISE Junior Silver.
- Virtus Investment Partners, Inc. launched the Virtus Wealth Masters Fund (Tickers: VWMAX, VVMCX, VWMIX), which tracks the Horizon Kinetics ISE Wealth Index. The Horizon Kinetics ISE Wealth Index includes companies whose senior managements have demonstrated track records of skill and specific industry knowledge that have translated into long-term shareholder value creation. This was the first mutual fund based on an ISE index jointly developed by ISE and Horizon Kinetics LLC.
- PureFunds and Factor Advisors introduced three exchange-traded products based on ISE indexes: PureFunds™ ISE Diamond/Gemstone ETF (NYSEArca: GEMS); PureFunds™ ISE Mining Service ETF (NYSEArca: MSXX); and PureFunds™ ISE Junior Silver ETF (NYSEArca: SILJ). With the addition of these three new ETFs, there are now 19 ETFs that track ISE's proprietary indexes.
- Finally, ISE expanded its market data product suite to include the new Premium Hosted Database™ (PHD™), a fully managed historical tick database that offers full OPRA data including all quotes and trades from all exchanges, U.S. equities level one data, pre-computed implied volatilities and Greeks, full corporate action histories, and ISE Open/Close trade data, totaling over 200 terabytes of data. Powered by Hanweck Associates' high-performance Volera™ engine, this feed is ideal for full tick or time interval back-testing, validating algorithms, pre/post trade analysis, charting, scanning and time and sales.

- **Industry Leadership**

- In November, several other U.S. options exchanges joined ISE in eliminating support for dividend trade strategies. ISE has spoken over the years about the risks posed by

dividend trade strategies and have provided transparency to the market by publishing information and statistics about these trades.

- In October, ISE announced its sponsorship of The Association of Women Entrepreneurs and Executives (AWE) in advance of their AWE Awards and National Conference held on November 7, 2012. AWE is a national women's leadership organization that provides its senior level executive women and entrepreneur members with a proprietary, paradigm-shifting platform for personal and professional advancement.
- ISE received the "Best Exchange Client Service" award at the Wall Street Letter 2012 Institutional Trading Awards. Winners were determined by a panel of independent judges and based on the level of innovation and client satisfaction demonstrated by the nominees.

Detailed volume statistics are found in the tables below:

Total Options Volume (Equity, ETF, Index and FX Options)

| (000s) | Current Month | | | Year-to-Date | | |
|--------------------------|---------------|----------|----------|--------------|-----------|----------|
| | Dec-12 | Dec-11 | % Change | Dec-12 | Dec-11 | % Change |
| ISE Average Daily Volume | 2,415.0 | 2,277.0 | 6.1% | 2,527.3 | 3,087.6 | -18.1% |
| ISE Total Volume | 48,299.0 | 47,817.5 | 1.0% | 631,827.8 | 778,086.4 | -18.8% |

Equity and ETF Options Volume Statistics

| (000s) | Current Month | | | Year-to-Date | | |
|--------------------------|---------------|----------|----------|--------------|-----------|-----------|
| | Dec-12 | Dec-11 | % Change | Dec-12 | Dec-11 | % Change |
| ISE Average Daily Volume | 2,391.4 | 2,265.1 | 5.6% | 2,505.2 | 3,055.6 | -18.0% |
| ISE Total Volume | 47,828.1 | 47,566.7 | 0.5% | 626,290.0 | 770,010.5 | -18.7% |
| Market Share* | 18.6% | 18.6% | 0.0 pts | 18.1% | 19.1% | (1.0) pts |

Index Options Volume Statistics

| (000s) | Current Month | | | Year-to-Date | | |
|--------------------------|---------------|--------|----------|--------------|---------|----------|
| | Dec-12 | Dec-11 | % Change | Dec-12 | Dec-11 | % Change |
| ISE Average Daily Volume | 23.5 | 11.6 | 102.6% | 22.0 | 31.6 | -30.4% |
| ISE Total Volume | 469.2 | 243.2 | 92.9% | 5,502.7 | 7,963.8 | -30.9% |

ISE FX Options® Volume Statistics

| (000s) | Current Month | | | Year-to-Date | | |
|--------------------------|---------------|--------|----------|--------------|--------|----------|
| | Dec-12 | Dec-11 | % Change | Dec-12 | Dec-11 | % Change |
| ISE Average Daily Volume | 0.1 | 0.4 | -75.0% | 0.1 | 0.4 | -75.0% |
| ISE Total Volume | 1.8 | 7.6 | -76.3% | 35.1 | 112.1 | -68.7% |

*ISE does not include dividend trade volume in market share statistics. ISE's market share statistics continue to be negatively impacted by dividend trade strategies that are permitted based on a non-economic rationale, inflate and distort trading volume and market share when transacted. Exclusion of dividend trades from total industry volume data presents a more relevant measure of the relative trends in our business. For ISE's whitepaper on dividend trades and their impact on the options industry, please visit www.ise.com/dividendtrades.

Dividend Trade Impact on Industry Market Share**

| December 2012 (000s) | Equity Options Volume Excluding Dividend Trades | Dividend Trade Volume | Total Reported Equity Options Volume | True Market Share | Market Share With Dividend Trades | Market Share Difference | Dividend Trades as % of Equity Options Volume |
|----------------------|---|-----------------------|--------------------------------------|-------------------|-----------------------------------|-------------------------|---|
| ISE | 47,828.1 | 0.0 | 47,828.1 | 18.6% | 16.8% | 1.9 pts | 0.0% |
| CBOE | 46,308.7 | 0.0 | 46,308.7 | 18.0% | 16.2% | 1.8 pts | 0.0% |
| AMEX | 44,434.1 | 0.0 | 44,434.1 | 17.3% | 15.6% | 1.7 pts | 0.0% |
| PHLX | 42,137.6 | 28,588.6 | 70,726.2 | 16.4% | 24.8% | (8.4) pts | 40.4% |
| ARCA | 33,332.6 | 0.0 | 33,332.6 | 13.0% | 11.7% | 1.3 pts | 0.0% |
| NSDQ | 16,433.8 | 0.0 | 16,433.8 | 6.4% | 5.8% | 0.6 pts | 0.0% |
| BATS | 11,004.7 | 0.0 | 11,004.7 | 4.3% | 3.9% | 0.4 pts | 0.0% |
| BOX | 8,286.9 | 0.0 | 8,286.9 | 3.2% | 2.9% | 0.3 pts | 0.0% |
| C2 | 4,090.7 | 0.0 | 4,090.7 | 1.6% | 1.4% | 0.2 pts | 0.0% |
| BXOptions | 3,018.5 | 0.0 | 3,018.5 | 1.2% | 1.1% | 0.1 pts | 0.0% |
| MIAX | 27.9 | 0.0 | 27.9 | 0.1% | 0.1% | 0.0 pts | 0.0% |

***This calculation is based on in-the-money call options with a premium of \$0.50 or more, and with trades greater than 1,000 contracts. Only trades with the closest expiration are considered. Exchanges without fee caps are excluded. This dividend trade volume information is presented for informational purposes only. It is provided on an "as is" basis, without warranty of any kind. ISE does not guarantee its accuracy or completeness, and ISE accepts no responsibility for any errors or omissions in, or the consequence of relying or acting upon, this information.*

About ISE

The International Securities Exchange (ISE) operates a leading U.S. options exchange and offers options trading on over 2,000 underlying equity, ETF, index, and FX products. As the first all-electronic options exchange in the U.S., ISE transformed the options industry by creating efficient markets through innovative market structure and technology. Regulated by the Securities and Exchange Commission (SEC) and a member-owner of OCC, ISE provides investors with a transparent marketplace for price and liquidity discovery on centrally cleared options products. ISE continues to expand its marketplace through the ongoing development of enhanced trading functionality, new products, and market data services. As a complement to its options business, ISE has expanded its reach into multiple asset classes through strategic investments in financial marketplaces and services that foster technology innovation and market efficiency. Through minority investments, ISE participates in the securities lending and equities markets. ISE also licenses its proprietary Longitude technology for trading in event-driven markets.

As a member of Eurex Group, ISE is combined with Eurex Exchange to form one of the largest transatlantic derivatives marketplaces, with daily trading volumes exceeding 10 million contracts in 2011 across a growing range of asset classes.

Eurex Group is comprised of Eurex Exchange, the International Securities Exchange, the European Energy Exchange, Eurex Clearing, Eurex Bonds and Eurex Repo.

Eurex Group is owned by Deutsche Börse AG (Xetra: DB1).

For more information, visit www.ise.com.

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