

FALL 2000

WWW.ISEOPTIONS.COM

ISE is happy to announce its newly renovated Web site. The revised site improves navigation and content availability and contains several new functionalities. Additions include:

- a headline scroll, which reports the imminent listing of new issues
- direct links from the home page to important informational sections within the site; these are "Rules & Fees", "Decimalization", "Statistics" and "Notices"
- a list of issues traded, including the bin allocations
- a complete list of member firms
- a search function, enabling visitors to rapidly locate specific information
- a market quotation section, providing the ability to access delayed market data information on equity and options products, and
- an advanced options calculator

The most recent addition to the site is the "Notices" page, which contains all Exchange issued informational releases. In this area, visitors can view and download information regarding technical infrastructure revisions, regulatory notices, and other exchange bulletins at the stroke of a key!

Please take a moment to visit our new site. We are committed to making the most up-to-date information readily available and welcome your input regarding further enhancements.

LETTER FROM THE PRESIDENT

Dear Members & Constituents,

Welcome to the first issue of "Circuits." Through this newsletter, we will periodically highlight significant events affecting your participation in this unique marketplace. Of course, we will continue to keep you informed more frequently through press releases and notices.

Since the ISE announced its existence in November 1998, we have played a primary role in reshaping the U.S. equity options industry. More importantly, the potential for fully electronic trading in the U.S. financial markets has been successfully demonstrated since our May 26 launch. On that date, we began operations by trading three issues and have rapidly added products: on October 13, we listed our one-hundred and fifty-first issue. Our accelerating volume growth is further evidence of support for our market structure and the efficiencies that it brings to participants: ISE traded its millionth contract on August 8 and its two-millionth contract on September 7. Further adding to our momentum, on October 12, ISE experienced record



volume with over 120,000 contracts traded. ISE currently has 78 Electronic Access Members, with more than a dozen applications pending approval. As the firms complete their technical connections to the ISE, the prospects for the ISE become enhanced.

A solid foundation has been constructed. With your continued support and participation, we believe that the full potential for this marketplace can be realized, to the benefit of the investing public, the professional trader and the brokerage industry.

*Sincerely,
David Krell
President & CEO*

ISE STAFF IS AVAILABLE TO ANSWER YOUR QUESTIONS AND HELP SUPPORT YOUR PARTICIPATION IN OUR MARKET. THE FOLLOWING LIST OF STAFF MEMBERS LOOKS FORWARD TO ASSISTING YOU IN THIS PROCESS:

FIRST POINT OF CONTACT FOR MEMBER FIRMS - RICHARD POMBONYO, VP, MARKETING
212-897-0250

ASSISTANCE WITH ALL ASPECTS OF TECHNICAL CONNECTION - GREGORY MAYNARD, VP, MEMBER SERVICES
212-897-0277

INFORMATION REGARDING SURVEILLANCE AND RULE INTERPRETATIONS - JAMES SAMPSON, DIR. OF MARKET SURVEILLANCE
212-897-0235

NEW LISTINGS AND MARKET STATISTICS - ANTHONY ABILO, DIR. OF RESEARCH & DEVELOPMENT
212-897-0243

BILLING/ACCOUNTING - ANDREAS MICHAEL, DIR. OF FINANCE/CONTROLLER
212-897-0211

HELP DESK/MARKET OPERATIONS
877-473-9989

MAIN NUMBER
212-943-2400

IF YOU PREFER, YOU MAY EMAIL YOUR QUESTIONS TO THE FOLLOWING ADDRESSES AT ISE:

DECIMALS@ISEOPTIONS.COM - for decimalization issues, such as testing and related rules

RECRUITMENT@ISEOPTIONS.COM - for career opportunities at the ISE

APISUPPORT@ISEOPTIONS.COM - for info on API and related member test systems

NETWORKS@ISEOPTIONS.COM - for scheduling equipment installation

CONNECT@ISEOPTIONS.COM - for getting connected to the ISE

ARECEIVABLE@ISEOPTIONS.COM - for info on member billing

MARKETING@ISEOPTIONS.COM - for info on membership, ISE brochures and events

SURVEILLANCE@ISEOPTIONS.COM - for info on ISE rules and interpretations

MAIL@ISEOPTIONS.COM - for general inquiries

AVAILABLE RESOURCES

ISE has several resources available to help educate your clients about our market structure, trading system and benefits. The following series of brochures, accessible on our web site, provides detail on all aspects of our marketplace:

- Introduction to the International Securities Exchange
- Guide for Electronic Access Members
- Guide for Market Makers
- Technical Overview

Also available is a CD-ROM that, in addition to describing our structure, provides trading demonstrations highlighting the more significant functionalities of our system. You can request a CD-ROM by clicking on the appropriate link on our home page or

by calling 212-943-2400 and asking for the marketing department.

ROLLOUT

As you know, the ISE began trading on May 26 with plans to eventually list options on the top 600 stocks; these premier issues account for approximately 90% of the daily volume in equity options. It is our intention to continue the controlled rollout schedule that we have initiated; stay tuned as we add new products. The current list of issues is always available on our web site (www.iseoptions.com) within the section entitled "Product Information."

DTR* EXAM SCHEDULE

Beginning November 1, the DTR exam will be administered every other Wednesday in ISE's offices at

60 Broad Street. In addition, the ISE will continue administering exams at members' offices located outside of the New York City area.

Please call Shannon Trombino at 212-897-0241 to make arrangements.

*Designated Trading Representative
(for market makers only)

This publication discusses exchange-traded options issued by The Options Clearing Corporation. No statement in this publication is to be construed as a recommendation to purchase or sell a security, or to provide investment advice. Options involve risks and are not suitable for all investors. Prior to buying or selling an option, a person must receive a copy of *Characteristics and Risks of Standardized Options*. Copies of this document may be obtained from your broker or from the International Securities Exchange by calling 212-943-2400 or by writing the Exchange at 60 Broad Street, New York, NY 10004. A prospectus, which discusses the role of The Options Clearing Corporation, is also available without charge upon request addressed to The Options Clearing Corporation, 440 South LaSalle Street, Suite 908, Chicago, IL 60605, or to the Exchange.