



INTERNATIONAL SECURITIES EXCHANGE

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FOR IMMEDIATE RELEASE

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INTERNATIONAL SECURITIES EXCHANGE REDUCES ORDER EXPOSURE TIME

Facilitation Order Exposure Reduced From 30 to 10 Seconds

NEW YORK, September 23, 2002 – This Friday, September 27, the ISE will implement a rule revision, approved by the Securities and Exchange Commission, which reduces the time that the facilitation mechanism exposes such an order to the trading “crowd” from 30 seconds to 10 seconds.

The Exchange has sought to reduce the exposure time specified within the Facilitation Order mechanism to more closely align with the standards in practice on the floor-based U.S. options markets. Until now, ISE rules required that an Electronic Access Member (EAM) wishing to take the opposite side of a customer order through this liquidity-enhancing functionality wait 30 seconds before trade execution occurred.

“This revision is part of our ongoing effort to improve the efficiency of our trading system and will permit our member firms to provide better service with respect to customer orders,” said Gary Katz, ISE’s Chief Operating Officer. “Customers will now be exposed to even greater levels of liquidity at the ISE, while at the same time exposing their orders for price improvement.”

ISE was the first of the five U.S. options exchanges to codify a facilitation mechanism in its rules, providing firms with assurance that they could enhance liquidity for customer orders through this process.

The facilitation mechanism has been in place at ISE since the launch of trading in May 2000. However, ISE market participants have found the 30-second exposure requirement in ISE’s electronic environment to be too lengthy when compared to the floor-based markets, where there is no minimum exposure time requirement.

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ISE Background

ISE, widely recognized as the pioneer and pacesetter in electronic trading of U.S. equity options, has grown to become the third largest of the five U.S. options exchanges within just eighteen months of its launch. This measurement is based on total volume transacted in all listed options, equity as well as index products, traded on the five registered U.S. options exchanges.

ISE is the only fully electronic options exchange in the United States, the first nationally registered securities exchange since 1973, and the world's first fully electronic options marketplace combining the efficiencies of electronic trading and auction market principles. Trading in this innovative market began on May 26, 2000.

ISE has demutualized, converting from a New York limited liability company, in which equity interests as well as trading rights were represented by single ownership interests, to a Delaware corporation, in which equity interests and trading rights are now represented by different securities. This new structure permits the infusion of additional capital, providing a broader base and enhanced capability for growth of its core business, as well as expansion into additional business lines.

ISE currently lists 510 issues for trading. The aggregate volume of these issues across all five U.S. options exchanges represents greater than 90% of all equity options volume. The updated list of issues is available on ISE's web site (www.iseoptions.com) within the section entitled "Product Information."

ISE headquarters is located at 60 Broad Street, New York, NY 10004 and can be reached at (212) 943-2400 or, for additional information, visit its web site at www.iseoptions.com.

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