

ISE Introduces ISE*spreads* Complex Orders Now Eligible For Automatic Executions

NEW YORK, February 10, 2003 – The International Securities Exchange (ISE) said that it has implemented ISE*spreads*, a new trading system functionality that automatically executes complex options orders.

ISE*spreads*, which was introduced February 7, allows ISE members to automatically execute multiple part trades, such as spreads, straddles, strangles and butterflies, against the combination order book and against bids and offers posted in ISE's regular order book. Indeed, Marketable Complex Orders sent to ISE will be filled instantly, providing customers with the same experience they have with single-series orders.

ISE first introduced electronic spread trading in November 2001. At that time, spreads were executed against the spread book. ISE*spreads*, however, builds upon that foundation by enabling spread orders to be executed against a much larger liquidity pool, which should increase order-execution possibilities and reduce order-execution time.

"ISE*spreads* provides additional real-world proof of ISE's corporate philosophy that technology increases the efficiencies of trading," said Bruce D. Goldberg, ISE's senior vice president of Marketing.

For example, the technology that supports ISE*spreads* enables a customer who is selling a call option and buying another call option to instantaneously sweep the order book and the spread book. If the order book, or even an incoming order, matches the incoming spread trade, ISE*spreads* automatically executes the trade. In essence, ISE's market quotes are available to provide trade executions on multi-legged trades.

David Kalt, president of OptionsXpress, said that he expects ISE*spreads* will be enthusiastically received by options traders. "OptionsXpress has seen price improvement and experienced a growth in trading volume associated with ISE's initial spread trading functionality. Our customers' reactions have been extremely positive and we expect to see continued growth going forward with the introduction of ISE*spreads*," Mr. Kalt said.

Steve Sanders, Interactive Brokers LLC's vice president of Business Development and Marketing, said: "Interactive Brokers is very excited about offering yet another industry first - - enhanced spread capability. This keeps with IB's mission of using technology to provide liquidity on better terms by offering the lowest prices, speed of execution, size, advanced trading tools and diversity of global product."

ISE*spreads* was part of ISE's recently implemented version 17.2 software upgrade, which was the third trading system recompilation since ISE began trading in May 2000. The software upgrade also readied ISE's trading system to participate in the electronic linkage of the US options market.

ISE Background

ISE, which pioneered electronic options trading in the US, is the second largest US options exchange.

ISE is the only fully-electronic US options exchange, the first registered securities exchange approved by the Securities and Exchange Commission since 1973, and the first and only electronic options exchange in the global marketplace that has successfully integrated the intrinsic efficiencies of electronic trading with auction market principles.

ISE lists 533 options classes, whose aggregate volume represents more than 90% of the industry's total equity options volume. For more information about ISE, its products and its technology, visit www.iseoptions.com.

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