

## Merrill Lynch Buys ISE PMM And CMM Trading Rights

**NEW YORK, November 10, 2003** –The International Securities Exchange (ISE) said today that Merrill Lynch Professional Clearing Corp., a unit of Merrill Lynch & Co., purchased one Primary Market Maker (PMM) and eight Competitive Market Maker (CMM) memberships held by Bear Stearns & Co.

To ensure a smooth transfer, Merrill Lynch has temporarily leased the bin 5 PMM trading rights to Citadel Derivatives Group LLC. Citadel Derivatives currently serves as bin 8 PMM and as CMM in nine bins.

“We are pleased that Merrill Lynch has decided to enter the ISE options market as a market maker. Merrill Lynch has a great deal of experience making markets in stocks, and we are excited that they have decided to make markets in equity options at ISE,” said Gary Katz, ISE’s Chief Operating Officer.

Bear Stearns will retain its ISE Electronic Access Member (EAM) privileges, which allows the firm to route orders for execution. Bear Stearns, which is an ISE equity owner, is represented on ISE’s Board of Directors and will continue to act as a market maker through an affiliate.

In slightly more than three years since ISE opened for trading on May 26, 2000, the exchange’s low-cost, high-efficiency business model has attracted a new class of participants to the options market whose embrace of electronic trading has fundamentally changed the nature of US options trading. Until ISE was established, many firms that are now PMMs and CMMs had never before participated as market makers in the options market. Since such firms have entered the market, investors have benefited from greater liquidity, better prices, and increased competition.

### ISE Background

The International Securities Exchange, the world’s largest equity options exchange, was founded on the principle that technology fosters and infuses new efficiencies and operational innovations into securities trading. After developing an innovative market structure that integrated auction market principles into an advanced screen-based trading system, ISE launched the first fully electronic US options exchange in May 2000. ISE continually enhances its trading systems to provide investors and the trading community with the most efficient, least expensive order executions possible.

For more information about ISE, its products and its technology, visit [www.iseoptions.com](http://www.iseoptions.com).

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