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## **PRESS RELEASE**

### **ADIRONDACK TRADING PARTNERS AND KBC FINANCIAL PRODUCTS SIGN LETTER OF INTENT FOR JOINT VENTURE**

**KBC Adirondack Electronic Markets LLC to operate  
2 Primary and 8 Competitive Market Maker memberships  
on International Securities Exchange**

**New venture to become ISE's largest options dealer**

**NEW YORK, March 30, 2000** – Adirondack Trading Partners and KBC Financial Products have signed a letter of intent to form “KBC Adirondack Electronic Markets LLC”, a joint venture that will operate two Primary Market Maker (PMM) and eight Competitive Market Maker (CMM) memberships on the International Securities Exchange (ISE), the first electronic options exchange in the United States.

The arrangement would make KBC Adirondack Electronic Markets the biggest options dealer on ISE. Prominent options dealers with both PMM memberships and CMM memberships on ISE now include: Arbitrage Holdings; Arbitrage Group; Bank of America Securities; Bear Specialist/Hunter Specialists; Deutsche Bank Securities; Goldman Sachs/The Hull Group; Knight/Trimark Group; and Morgan Stanley Dean Witter.

“Assessing potential joint venture partners, we were impressed by KBC’s high caliber staff, successful trading experience, technological expertise and global commitment to electronic markets,” said Marty Averbuch, CEO of Adirondack Trading Partners. “As our role in the formation of ISE is now complete, we will shift our focus to this venture which will enable ATP to become a market leader by building a franchise in electronic trading.”

“The opportunity to partner with ATP is truly exciting,” commented Thomas Korossy, head of derivatives at KBC Financial Products. “ATP, as a founder of ISE, has proven itself to be an innovator that has changed the structure of the US financial markets for the better. This joint

venture is a genuine win-win proposition for both sides and will enable KBC Financial Products to establish a permanent presence as one of the leading players in the options marketplace of the future.”

The intended joint venture is subject to ISE and other regulatory approvals.

The International Securities Exchange is the first fully electronic options exchange in the United States and the first options exchange combining electronic trading and auction market principles in the world. Last month, the Securities and Exchange Commission approved ISE’s application for registration as a national securities exchange, making ISE the first new exchange to receive such approval in 27 years.

Primary Market Makers will provide liquidity in their assigned options by making continuous two-sided markets and ensuring that orderly market conditions are maintained. Competitive Market Makers will provide additional depth and liquidity by quoting independently, thereby ensuring a competitive process that will provide narrow spreads with quotes in size.

### **Joint Venture Partners’ Information**

**Adirondack Trading Partners:** ATP is a consortium of broker-dealers formed to arrange the financing of the development of the ISE and to create order flow for the Exchange. It will engage in electronic market making through the joint venture as well as pursue opportunities in proprietary trading, money management and financial services technology. ATP is based in New York.

**KBC Financial Products:** KBC Financial Products is a global specialist in the sales, trading, and structuring of equity-linked and equity-related financial instruments. Backed by the considerable resources of one of Europe’s leading bancassurance companies, the firm’s team of over 200 professionals operates from offices in New York, London, Tokyo, and Hong Kong, and includes a number of the pioneers in the equity derivatives and convertibles markets. As of March 2000, KBC Financial Products makes markets in over 2,500 instruments worldwide. For KBC as a group, the planned joint venture is a logical extension of its present activities in equity derivatives through, among other entities, KBC Securities and KBC Derivatives. The joint venture under consideration with ATP will not materially affect the risk profile of KBC FP.

### **ISE Background**

ISE will become the first fully electronic options exchange in the United States and the world’s first options marketplace combining electronic trading and auction market principles.

On February 24, 2000, ISE’s application for registration as a national securities exchange was approved by the Securities and Exchange Commission. ISE will commence operations on May 26, 2000.

ISE plans to list and trade 600 stock options, which will be divided into ten groups of approximately 60 stock options each. Market makers will be assigned to provide liquidity to each group.

There are three types of ISE members:

**Primary Market Maker (“PMM”)** – PMMs, similar to specialists (DPMs or LMMs on other exchanges), are market makers with significant responsibilities, including overseeing the opening, providing continuous quotations in all of their assigned options classes, and ensuring

that customer orders are not automatically executed at prices inferior to those available at other options exchanges. One PMM will be assigned to each of the ten groups of options traded on the Exchange.

**Competitive Market Maker (“CMM”)** – CMMs are market makers that add depth and liquidity to the market and are required to provide continuous quotations in at least 60% of the options classes in their assigned group. Each CMM quotes independently. Up to ten CMMs will be appointed to each of the ten groups of stock options traded on the Exchange.

**Electronic Access Member (“EAM”)** – EAMs are broker/dealers that represent agency and proprietary orders on the Exchange. An EAM does not purchase a membership. Rather, once approved as an ISE member, an EAM pays an access fee that permits the firm to place orders in all of the options traded on the Exchange.

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