



INTERNATIONAL SECURITIES EXCHANGE

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## **MEDIA ADVISORY**

**January 17, 2001**

### **Payment for Order Flow**

The International Securities Exchange (ISE) is pleased to announce that on January 10, 2001 the Securities and Exchange Commission (SEC) approved ISE's proposed rule change that adopts a payment-for-order-flow fee program.

The SEC's action marks the first time that such a plan was approved by the SEC pursuant to Section 19(b)(1), following a public comment period in which interested parties were provided the opportunity to submit their opinions of this controversial practice. This differs from the plans of other exchanges in that all others were submitted as fee schedule revisions that were deemed approved upon filing.

Under the ISE's plan, fees are imposed on Primary Market Makers (PMMs) and Competitive Market Makers (CMMs) and are distributed to Electronic Access Members (EAMs) at the discretion of the PMMs. As well, ISE's plan establishes bin advisory committees composed of the PMM and CMMs specific to each bin, to provide a forum for the discussion of payment-for-order-flow issues.

### **ISE Background**

ISE is the first nationally registered securities exchange in twenty-seven years, the first fully electronic options exchange in the United States, and the world's first options marketplace combining electronic trading and auction market principles. Trading in this innovative market began on May 26, 2000.

ISE has announced its intention to list the top 600 equity options classes representing over 90% of the option industry's average daily trading volume. ISE's rollout schedule involves starting trading with a small number of options classes and growing over time to the full list of 600.

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 website at [www.iseoptions.com](http://www.iseoptions.com).

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