

Regulatory Information Circular – 2001-04

To: ISE Market Makers

Date: March 2, 2001

Re: Pre-Arranged Trading

Market makers on the Exchange may provide quotes in size to Electronic Access Members (“EAMs”) upon request. However, it would be a violation of Rule 400 (Just and Equitable Principles of Trade) for any primary or competitive market maker to participate in a “pre-arranged” trade on the Exchange by changing its quoted price and/or size or otherwise taking action to intercept an order that has not been disclosed to the trading crowd.

If an EAM seeks a quote for large size from an ISE market maker, the market maker may provide the EAM with a quote. The EAM should then enter the order into the Block Order Mechanism, where the market maker that provided the initial quote may respond to the order (thereby providing the customer with a firm market) while giving all other crowd participants an opportunity to participate in the execution of the order.

For further information on responding to requests of markets, or if you have any questions, please contact Jim Sampson, Director Market Surveillance and Regulation at 212-897-0235.