

On January 25, 2007 the New York Stock Exchange will begin the rollout of Phase IV of the NYSE Hybrid Market. The focus of Phase IV is the continuation of the roll out of Hybrid Market NYSE tools for customers, brokers and specialists. Phase IV provides additional Order Types designed to support our customers with new trading choices for managing their orders in a Regulation NMS environment.

REGULATION NMS COMPLIANCE

Phase IV introduces two new order types, Reg. NMS Immediate or Cancel Orders (Reg. NMS IOC Orders) and NYSE Intermarket Sweep Orders (NYSE ISO Orders).

Reg. NMS IOCs provide customers with the ability to trade immediately or be canceled but under no circumstances to route. This provides greater control of routing costs for customers. It's worth noting that Reg. NMS IOC Orders will be:

- Accepted prior to the opening for participation in the opening trade ,
- Eligible for residual sweeps ,
- Immediately cancelled on arrival during a trading halt, and
- Immediately cancelled when they are not marketable on the NYSE or when they arrive during an auto-execution suspension.

NYSE ISOs are a Reg. NMS mandated order type that places routing responsibilities on the customer placing the order. NYSE will execute these orders and ignore better priced markets or if not executable cancel them back to customers. NYSE ISOs provide customers with the ultimate in routing controls.

- NYSE ISOs will be accepted prior to the opening for participation in the opening trade, but if they don't participate at the opening, they will be cancelled before the publication of the opening quote.

ENHANCED FLOOR BROKER TOOLS

Discretionary e-Quotes (d-Quotes) for floor brokers were introduced in Phase III of the Hybrid Market. As a reminder, e-Quotes are a new electronic method for floor brokers to place customer interest on the Display Book, and d-Quotes extend the capability of e-Quotes by offering pricing discretion functionality. Within Phase IV, d-Quote functionality will be expanded to:

- Provide d-Quotes with the ability to trade against non-marketable interest within a broker's discretionary range.
- Provide trading floor brokers with routing controls for d-Quotes on behalf of their customers.

ENHANCED SPECIALIST TOOLS

The point-of-sale is a source of information regarding the trading activity and interest for each security traded on the NYSE. With Phase IV, the information currently available to the specialist will be summarized through a new Display Book service that will include broker volume and other statistical information for each active stock, which can then be shared with floor brokers and their institutional customers.

Rollout Schedule

Rollout will commence Thursday, January 25, 2007. We anticipate completion no later than March 5, 2007, to coincide with the new Reg. NMS date.