

Special Membership Bulletin



Date: July 30, 2002
To: All Members and Member Organizations
Subject: New ETF Products and Extension of Fee Moratorium

UTP Phase III

On August 2, 2002, the NYSE will begin Phase III of Unlisted Trading Privileges (UTP), trading 6 new Exchange Traded Funds (ETFs) on a UTP basis. All of these ETFs trade on the American Stock Exchange (ASE); four are new fixed-income ETFs that began trading on the ASE on Friday, July 26, 2002. These ETFs will trade in the EBR as follows:

Bear Hunter Structured Products Trading	Ticker	Net Assets as of July 26, 2002	Average Daily Volume for June 2002
iShares Lehman 1-3 Year Treasury	SHY	\$16,262,000	246,200*
iShares Lehman 7-10 Year Treasury	IEF	\$16,558,000	210,100*
iShares Lehman 20+ Year Treasury	TLT	\$16,502,000	316,300*

Susquehanna Index Specialists	Ticker	Net Assets as of July 26, 2002	Average Daily Volume for June 2002
iShares GSS InvesTop™ Corporate Bond	LQD	\$20,430,000	109,900*
iShares MSCI Japan	EWJ	\$680,340,000	1,523,120
Vanguard Total Stock Market VIPERs	VTI	\$938,880,000	135,590

*Volume for July 26, 2002

Extension of Fee Moratorium

The NYSE is pleased to announce that the transaction fee moratorium on ETF products traded on a UTP basis has been extended until further notice. In addition, specialists will continue to waive commissions. The continuing fee moratorium and commission charge waiver have reduced the cost of trading in ETF products.

Other Developments

On June 27, 2002, the NYSE launched the first four of a family of NYSE-branded indexes that track the performance of NYSE-listed companies in key market segments. The four indexes are:

- NYSE U.S. 100 Index (NY.ID)
- NYSE International 100 Index (NYI.ID)
- NYSE World Leaders Index (NYL.ID)
- NYSE TMT Index (NYY.ID)

NYSE Indexes are available to be licensed as the basis for tradable products, including ETFs, to be launched in the future. Additional information is available at www.nyseindexes.com.

The NYSE is working with several sponsors to list new ETF products on the NYSE, announcements will be made shortly. A list of ETFs that trade on the NYSE can be found at www.nyse.com/etf.

ETF Order Execution on the NYSE

The New York Stock Exchange is committed to providing high quality order execution in ETF products.

- All components of Network NYSE™ are available for ETF products, including NYSE Direct+™, Xpress Quote/OrderSM and NYSE OpenBook™.

- Orders can be executed through member firm brokers on the trading floor as well as independent floor brokers experienced in executing trades in ETFs.
- Electronic orders may be delivered via SuperDOT, which is capable of handling orders up to 1 million shares. If orders are routed via CAP connections, no special designation is required to route orders to the NYSE. If routing via CMS, "NY" must be designated on Line 1A. For help, call Dominick Gallo at SIAC (212-383-4910).

The Exchange continues to provide unique benefits in ETF trading through superior market-making, state-of-the-art technology, a competitive pricing model and dedicated customer service. If you have questions or require further information, please contact Geri Weiss at 212-656-2981 (gweiss@nyse.com) or James McGowan at 212-656-2490 (jmcgowan@nyse.com).

A handwritten signature in cursive script that reads "Catherine R. Kinney". The signature is written in black ink and is positioned above the printed name and title.

Catherine R. Kinney
President and Co-Chief Operating Officer