

Archipelago Introduces the ‘ArcaEdge’ – Premier Electronic Trading System Connecting Market Participants in Over-the-Counter Bulletin Board Stocks

-- Archipelago Continues to Open the U.S. Equities Markets; An Over-the-Counter Bulletin Board ‘ATS’ Leveling the Playing Field for All Investors --

CHICAGO – July 2, 2003 –Archipelago today announced their new over-the-counter bulletin board (OTCBB) trading system – ArcaEdge – providing connectivity to all Archipelago clients to its all-electronic matching system for OTCBB stocks.

“It is absolutely necessary to modernize the markets for trading these underserved stocks by providing fast, transparent and efficient trading systems to all investors,” said Archipelago CEO Jerry Putnam. “Archipelago is driving this effort by providing a seamless link for our clients to this advanced trading platform, improving the trading of OTCBB stocks.”

The ArcaEdge is an innovative OTCBB trading platform that leverages Archipelago’s established connectivity and linkages to major order management systems making it available to all of Wall Street. Leveraging the high recognition of Archipelago in the financial services community, as well as the company’s broad customer base, the ArcaEdge is poised for widespread acceptance for the multitude of investors looking for a better way to trade OTCBB stocks.

“To date, the OTCBB market has lacked automation – OTCBB stocks have been trading using phone-based systems, antiquated order delivery mechanisms and outdated and expensive infrastructures,” said Keith Lite, Director of New Business Development at Archipelago. “With the proliferation and proven advantages of electronic trading systems, the time to improve how these stocks are traded is now, and at Archipelago, we have the technology and the expertise to accomplish this.”

While the investment community has long been seeking a better way to trade OTCBB listings, no trading venue has answered the call to improve this market. Another blow was dealt to the OTCBB markets this past week when NASDAQ announced they would discontinue plans to build their electronic Bulletin Board Exchange and electronic trading platform, as they scale back operations.

With the addition of ArcaEdge, clients of Archipelago wishing to trade OTCBB stocks using an innovative electronic system will have a single entry point to all domestic markets including OTC, OTCBB and listed equities. In addition to the OTCBB market place, this system is easily

adaptable to other product categories that are far behind the curve in how they are traded, such as Pink Sheets.

About Archipelago

Dedicated to openness, transparency and equal access to equity markets, Archipelago has been a dynamic agent of change in the financial services industry since inception. Archipelago's leading-edge technology, open architecture and unbiased trading platform provide investors with fast, cost-efficient and anonymous market access. The Archipelago Exchange (ArcaEx), the world's largest all-electronic stock exchange, features a trading system that employs a proprietary algorithm to search for the best execution for each order. ArcaEx is the first totally open, fully electronic stock market to trade in all New York Stock Exchange, NASDAQ, American Stock Exchange and Pacific Exchange securities. ArcaEx is regulated by the Pacific Exchange. The Archipelago ECN, a precursor to ArcaEx, was one of four original ECNs, formed in December 1996 with Townsend Analytics. For more information about Archipelago, please visit www.archipelago.com.

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