

The Island ECN, Inc.

Financial E-Commerce

Federal Reserve Bank of New York

February 23rd, 2001

Impact of ECN Activity

- **Narrower Spreads**
- **Greater Quote Depth**
- **Increased Liquidity**

ECN Advantages

- **Reliability**
- **Speed**
- **Transparency**
- **Empowerment of New Investors**

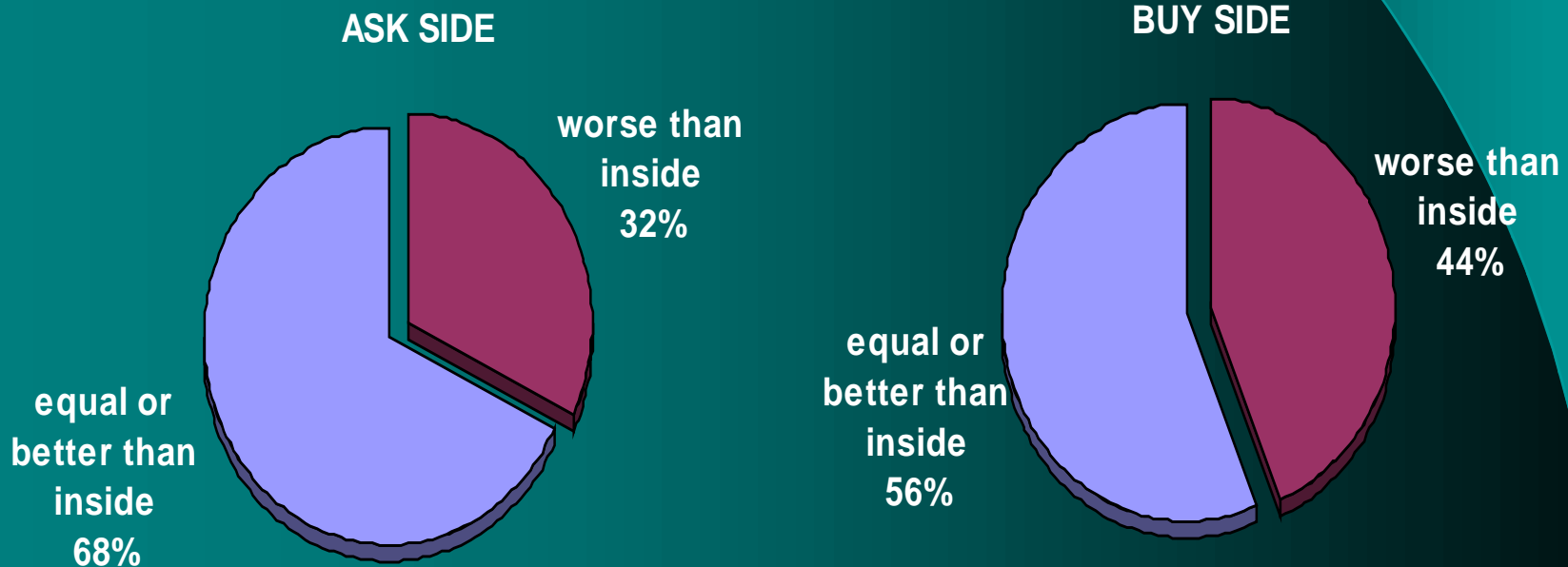
Next Steps: Building Upon the Nasdaq Example

- **Create competition in NYSE listed issues**
- **Knock down regulatory barriers**
- **Offer new products and services to investors**

QQQs: Liquidity in New Markets

Island has substantial liquidity in QQQs and its orders are often equal to or superior to the national best bid and offer.

% of Trading Day Island is At or Better than the NBBO



*Source: Island internal analysis from Nasdaq NQDS and Island itch data, February 13, 2001