

Effective Date: September 1, 2006

CODE OF BUSINESS CONDUCT
AND ETHICS

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CODE OF BUSINESS CONDUCT AND ETHICS

PURPOSE

This Code of Business Conduct and Ethics (the “Code”) contains the policy guidelines and procedures adopted by our Board of Directors (the “Board”) that relate to the legal and ethical standards for conducting the business of ISE (as defined below). This Code cannot and is not intended to cover every applicable law or to anticipate every issue that may arise, but does set out basic principles to guide all officers and employees (together “employees”) and directors of International Securities Exchange Holdings, Inc. and its subsidiaries (collectively, “ISE”) . If you are unclear about a particular situation, stop and ask for guidance before taking action. This Code and the policies described in it are not an employment contract. We do not create, or intend to create, any contractual rights by issuing the Code. Moreover, we may modify or amend any portion of this Code without prior notice.

ADMINISTRATION/APPLICABILITY/VIOLATIONS

The Corporate Governance Committee is responsible for developing and recommending this Code to the Board and regularly reviewing and assessing the adequacy of this Code and monitoring the principles described herein.

This Code applies to all employees of ISE as well as all directors of ISE with regard to director-related activities where specifically indicated. It is the obligation of each and every director and employee to become familiar with this Code, to adhere to the standards and restrictions set forth herein, to conduct himself or herself accordingly and to avoid even the appearance of impropriety.

While ISE’s Legal Department will oversee the procedures designed to implement this Code, it is the individual responsibility of each director and employee to comply with this Code. Those who violate this Code will be subject to appropriate disciplinary action which, depending on the severity of the violation, may include suspension or termination.

POLICY GUIDELINES

I. Compliance with the Code and Reporting of Any Illegal or Unethical Behavior and Conflict of Interests.

It is the responsibility of each director and employee of ISE to ensure that the applicable policies set forth in this Code are fully complied with, and that the procedures and practices for compliance are followed.

Each director and employee of ISE must annually certify that he or she has read this Code, understands the requirements and is in compliance with all of its applicable provisions.

Except as provided for herein, if any director or employee knows of or suspects a violation of applicable laws or regulations, this Code, ISE-related policies, or conflict of interests such person should:

- Report that information to his or her supervisor, the Legal Department, or the Head of Human Resources, as appropriate. With respect to harassment, discrimination, and other related matters, employees should report to the Head of Human Resources, the Head of the employee's Department or the employee's Division Officer. Generally speaking, when reporting a violation, a reporting person should adhere to the following reporting procedures:
 - Employees should report to the officer who heads his or her division (a "Division Officer");
 - Division Officers should report to their respective supervisors;
 - The Chief Operating Officer should report to the Chief Executive Officer;
 - The Chief Executive Officer should report to the General Counsel; and
 - Directors should report either to the Chief Executive Officer or the General Counsel; or
- Report that information (except reporting conflict of interests) anonymously to a 24-hour toll-free Corporate Governance Hotline at 1 (800) 558-5320 or via an anonymous web form located in the Investor Relations section of ISE's public website: <http://corpgov.aptela.com/7155442/>.
- In addition, employees can submit concerns on a confidential, anonymous basis regarding accounting, internal accounting controls or auditing matters via email (ise@openboard.info), phone (866-296-4167) or the web (<https://www.openboard.info/ise>). Complaints relating to such matters will be reviewed under the direction and oversight of the Finance & Audit Committee or such other persons as such committee determines to be appropriate. Confidentiality will be maintained to the fullest extent

possible, consistent with the need to conduct an adequate review.

Division Officers should consult with the Legal Department on matters related to conflicts of interest, compliance with laws and regulations, including insider trading laws, anti-bribery laws, and other matters when appropriate, at which time, the General Counsel shall determine an appropriate course of action.

Such reporting person should treat any report as confidential information, and ISE will likewise maintain confidentiality to the fullest extent possible.

It is ISE's policy not to allow retaliation for reports of violations of this Code or any other illegal or unethical behavior by any reporting person made in good faith. All directors and employees are expected to cooperate in internal investigations of misconduct.

In the event of undue hardship, or for other appropriate reasons, ISE may consider an exception to any provision of these policies upon the reporting person's submission of a written request and statement of reasons to support an exception to the Legal Department. Any exception granted unless specifically provided otherwise in this Code must be in writing and signed by the General Counsel. Any waiver of any provision of this Code for any director or executive officer may be made only by the Board and/or the Corporate Governance Committee and shall be disclosed promptly to shareholders.

ISE reserves the right to alter, change and modify any of these rules, policies and practices in its sole discretion without prior notice.

II. Conflicts of Interest

At all times when acting on behalf of ISE, directors and employees are expected to act in the best interests of ISE, without favor or preference based on possible direct or indirect personal gain. ISE expects that no director or employee will knowingly place himself or herself in a position that could be construed to be in conflict with the interests of ISE or give the appearance that a conflict might exist. Because each situation may involve special circumstances, ISE will judge each situation on its own merits and with due attention to the duties of the employee and director and the relative significance of the factors involved.

While it is not possible to specify all situations in which a conflict of interest might arise, the following are examples of situations which an employee or director must disclose to ISE:

- The employee or the director has a familial relationship with another employee of a member.

- The employee or the director has a familial relationship with another employee at ISE.
- The employee, the director, or a member of his or her family has a financial interest¹ in (i) an ISE member, (ii) a vendor of ISE, or (iii) any other entity that transacts business with ISE.
- The employee or the director or a member of his or her family has made or received a personal loan to or from a person or business enterprise that supplies materials or services to ISE.
- The employee or the director is asked to work on a matter concerning a member or company for which the employee or the director previously worked or with whom the employee or the director is discussing future employment.

In addition, a director may not participate in any matter (whether in his or her capacity as a member of the Board or a committee of the Board) that would materially affect his or her personal interests or the specific interests of ISE member affiliated with such director. This includes, but is not limited to, participating in (1) adjudications specifically involving the director or ISE member affiliated with such director or (2) the consideration of business transactions with the director or ISE member affiliated with such director. However, this policy does not preclude the director from participating in the consideration of a matter solely due to the Board or director's interest that is inherent in his or her role as an ISE member or as a representative of an ISE member.

Additional disclosure and procedural requirements related to directors are provided in ISE's Corporate Governance Principles available on ISE's website. The Corporate Governance Committee can provide advice to the Board or the other committees on such matters.

Employees must disclose whether they were previously employed by a broker-dealer. As a general matter, an employee is not permitted to work on matters concerning a member for which the employee previously worked. If an

¹ The term "financial interest" means the receipt of anything of monetary value, including, but not limited to, receiving a salary or some other payment (in cash or kind) for services (e.g., consulting fees, finders fees, brokerage fees, etc.), owning an equity or debt interest (e.g., stocks, stock options, partnership interests, etc.), or owning a property right. It does not include any passive investments, such as an investment that is less than 1% of the outstanding equity securities of a public company, less than 1 percent of the outstanding value of a particular debt issuance or an interest worth less than \$25,000 in a privately owned company. Publicly traded mutual funds, index funds and similar poolings of securities, when the individual investor has no say in which investments are included, also do not present conflicts. In addition, it does not include any gifts, gratuities or entertainment received and disclosed by the employee on a gift, gratuity, or entertainment form.

employee is asked to work on a matter concerning a member for which he or she previously worked, the employee must immediately inform his or her Division Officer of the conflict. Any exceptions to this general prohibition will be addressed on a case-by-case basis by the employee's Division Officer. An employee will generally be permitted to work on matters concerning a former employer that is not an ISE member so long as the prior relationship is disclosed to his or her Division Officer, and the Division Officer does not believe that the employee's work on the matter presents a conflict or potential conflict of interest.

Employees and directors of ISE are required to inform ISE of any outside directorships prior to accepting any outside directorship, so that ISE can determine whether or not a conflict or appearance of a conflict exists. Service on an outside board will only be permitted for the employee if that service does not create a conflict of interest or have the appearance of doing so. Directors of ISE should avoid holding or accepting a position as a director, officer, employee or agent of, or consultant or advisor to, any competitor of ISE because such service could be a potential conflict of interest.

Each employee must complete an Employee Affiliations Report when he or she is hired, and thereafter on an annual basis. Notwithstanding the annual update to the form, employees have an ongoing responsibility to keep their forms up to date. The Legal Department will review completed Employee Affiliations Reports for actual or apparent conflicts of interest.

Gifts, Gratuities, Loans, Entertainment & Meals

There should be no conflict, or appearance of conflict, between the self-interest of any employee and his or her responsibilities to ISE. ISE has adopted policies and procedures regarding gifts, gratuities, loans, entertainment and meals to ensure that employees are not influenced by receipt of these, thereby creating a conflict or appearance of a conflict between the personal interests of the employee and that of ISE. These guidelines generally prohibit or restrict the receipt of gifts, gratuities and loans from certain persons and entities and regulate the acceptance of meals and entertainment from them. Any exceptions to these guidelines regarding gifts, gratuities, loans, entertainment and meals require the prior written approval of the President or an Officer designated by the President.

1. Gifts and Gratuities

ISE members are prohibited from giving any gifts to any ISE employee in any one-year period in excess value of \$50.00 without the prior consent of ISE. It is the policy of ISE that no employee accept any gifts or other gratuities in any one year in excess value of \$50.00 from any ISE member, as well as any arbitrator or hearing panel member, party or witness to a pending arbitration or disciplinary proceeding. In addition, no employee may accept any gifts or other

gratuities in any one year in excess value of \$100.00 from any vendor or other such person or entity with whom ISE transacts business or has a significant business involvement. ISE Members, arbitrators, vendors and the like are each referred to below as an “interested party.”

- The only gifts or gratuities employees may accept from an interested party are nominal items offered in connection with either ISE-sponsored events or promotions by the interested party. Examples of acceptable items include calendars, pens, tee shirts, key chains and coffee mugs. Any other gifts may not be accepted, even if the value of such gifts is under the allowable dollar limit, unless approval is obtained from an employee’s Division Officer. Generally, such approval will not be granted unless the gift is perishable and is shared among ISE’s employees.
- The dollar limitation applies in aggregate to all items received from a single interested party during a given year. This means that multiple gifts given by a single party’s partners, employees and external advisors must in the aggregate have a fair market value of less than or equal to \$50.00 or \$100.00, as those dollar limits apply to the particular interested party.
- Under all circumstances, receipt of cash gifts is strictly prohibited. This includes cash equivalents such as gift certificates, bonds, securities or other items that may be readily converted to cash.

Notwithstanding the above, it must be clear that any gift received by an employee was unsolicited and unrelated to a business transaction and that the gift-giver is not attempting to influence the employee. An employee may never accept a gift, gratuity or preferential treatment from any interested party if its acceptance would in any way compromise or give the appearance of compromising the employee’s judgment. To prevent such occurrences, ISE, in its discretion, may prohibit employees from accepting gifts that are otherwise allowed under this policy.

All gifts and other gratuities received by employees, as well as any attempts of an interested party to give an employee a gift or gratuity in violation of this policy, must be reported immediately through use of an Employee Gift and Gratuity Report, which report can be obtained by contacting the Legal Department.

If an employee receives a gift which is in excess of these guidelines or is otherwise prohibited, his or her Division Officer must be notified

immediately and the gift returned to the sender. The employee should enclose an accompanying letter, on ISE letterhead, explaining that ISE policy does not permit acceptance. One copy of any letter sent should be maintained by the employee and one copy must be provided to the Legal Department. For assistance in writing the accompanying letter, please contact the Legal Department.

2. Loans

ISE shall not directly or indirectly, including through any subsidiary, extend or maintain credit, arrange for the extension of credit or renew an extension of credit in the form of a personal loan to or for any director or executive officer.

Except as noted above and except for routine banking and brokerage arrangements, all directors and ISE employees are prohibited from receiving any loans whatsoever from ISE, ISE members or any other such persons or entities with whom ISE transacts business or has a significant involvement.

3. Entertainment and Meals

Employees may accept reasonable and conventional business courtesies, such as joining an interested party in attending sporting events, golf outings or concerts; provided that such activities involve no more than the customary amenities and that the prospective host is present at the event.

- An employee below the level of Head of Department must seek written approval from his or her Head of Department (or supervisor of higher rank to whom the employee reports) by completing an Entertainment Approval Form before attending any party, social event, sports event, or other entertainment event sponsored by or paid for by an interested party. A copy of such report can be obtained by contacting the Legal Department.
- An employee at or above the level of Head of Department must seek approval from the Division Officer by completing an Entertainment Approval Form before attending any party, social event, sports event, or other entertainment event sponsored by or paid for by an interested party.
- The Division Officers should seek approval from the COO or the CEO by completing an Entertainment Approval Form before attending any party, social

event, sports event, or other entertainment event sponsored by or paid for by an interested party.

- When circumstances make it impracticable to obtain written approval in advance, an employee must complete the Entertainment Approval Form promptly after the fact.

Employees may accept breakfast or lunch from interested parties on business days if the meal is offered in the ordinary course of business. Dinners, weekend meals and holiday meals from interested parties may be accepted by employees, but must be reported promptly by completing the Meals Report Form, a copy of which can be obtained by contacting the Legal Department.

Notwithstanding the above, an employee shall not accept entertainment or meals unless a valid business purpose is served and accepting would not otherwise create a conflict or potential conflict of interest. An employee should consult with his or her Division Officer (or officer of higher rank) if there is any question about the appropriateness of accepting entertainment or meals from interested parties.

4. Family Member Activities

Family members of an employee may not receive gifts, gratuities, loans, entertainment, meals or special treatment that the employee could not otherwise receive directly under this policy unless the family member's receipt is independent of the employee's job with ISE.

5. Exceptions

This policy does not apply to gifts, gratuities, entertainment or meals from an interested party accepted as part of: (1) a charitable event; (2) a conference, seminar or similar event sponsored by an industry association, group or committee; (3) non-work related personal relationships; or (4) bona fide employment pursuits, provided that in each instance acceptance does not otherwise present a conflict or potential conflict of interest and is consistent with the other policies of ISE.

6. Regulatory Employees

Employees in the Legal and Regulatory Division are subject to more stringent guidelines with respect to the acceptance of any gifts, gratuities, entertainment or meals from members and their associated persons. Legal and Regulatory Division employees:

- may not accept any gifts or gratuities of any kind from ISE members or associated persons, regardless of their value;
- must obtain prior written approval from the Division Officer before accepting any meal, entertainment or invitation to a charitable event from ISE members or associated persons;
- may not accept any meal or entertainment from an ISE member or associated person during the course of an examination, investigation, enforcement proceeding or arbitration involving that ISE member or associated persons, other than refreshments available at the premises of the member; and
- may not accept any meal or entertainment from an ISE member or associated person in connection with attendance at a conference, seminar or similar event unless other interested parties, regulatory or self-regulatory staff are also in attendance.

III. Corporate Opportunities

Directors and employees owe a duty to ISE to advance its legitimate interests when the opportunity to do so arises. Directors and employees are therefore prohibited from (i) without prior notice to the General Counsel and subsequent consent granted by the Board, taking for themselves personally opportunities that are discovered through the use of ISE property, information or position, (ii) using ISE property, information or position for improper personal gain and (iii) competing with ISE.

A. Concurrent and Post-ISE Employment

An employee must obtain prior approval from his or her Division Officer for any and all outside employment that will be concurrent with the employee's ISE employment. Each employee is prohibited from accepting concurrent employment with an ISE member, any company whose common

stock underlies ISE-listed options or any company that does significant business with ISE.

An employee is also prohibited from working on regulatory and/or business matters with an individual or entity with whom the employee is discussing future employment, and is required to disclose such employment discussions to his or her Division Officer.

Employees may not make employment contacts with ISE member firms on behalf of family members unless the employee has a longstanding personal relationship with the employment contact at ISE member firm that is unrelated to employment at ISE.

Following an employee's separation from ISE, the employee may not represent a person before ISE in connection with a regulatory or enforcement matter, or materially assist in such representation, where the employee participated, either personally or in a supervisory capacity, in that matter during the course of the employee's employment by ISE.

IV. Confidentiality

In the course of employment or service with ISE, directors and employees may create, receive, have knowledge of or access to information that is nonpublic, confidential and/or proprietary ("confidential information"). Confidential information may exist in physical form (e.g., on paper, e-mail, disk, videotape) or may be knowledge acquired. Confidential information includes but is not limited to member files, trading information, financial and marketing data, trade secrets, regulatory files, personnel files and computer records. ISE also considers internal documents, such as e-mails and memoranda regarding proprietary matters, as well as considerations, reviews, deliberations and decisions of the Board and committees of ISE, to be confidential information.

Trade secrets, inventions, ideas, writings, and other material conceived, discovered, made, written or produced by or under the supervision of any ISE employee, as part of his or her job, or that would otherwise arise out of work performed for ISE, are proprietary and the property of ISE. Employees do not have nor may they exercise any ownership or other right or interest in any such trade secret, invention, idea, writing or other material.

Directors and employees of ISE have an obligation to safeguard confidential information, whether obtained by reason of employment or service with ISE or acquired from other sources, and to use it only in the performance of employment or service responsibilities.

- Directors and employees may not disclose confidential information to anyone not affiliated with ISE.

- Disclosure to anyone, including other employees of ISE or consultants, should only be made where the disclosure is required in the performance of legitimate employment responsibilities and there is no identifiable conflict of interest which might reasonably be expected to result from communication of the information, and only to the extent necessary to fulfill those responsibilities.
- Directors and employees may not use confidential information directly or indirectly for personal gain.
- Directors and employees may not use confidential information as the basis for publication of material in newspapers, magazines, books and the like.
- Directors and employees may not disclose confidential information after their employment or directorship with ISE terminates and must return to ISE upon termination or at any other time ISE requests all physical (including electronic) copies of confidential information, as well as all other material embodied in any physical or electronic form that is based on or derived from such information, without retaining any copies.

Each Division may have specific measures appropriate to their functions and needs in order to prevent the misuse of confidential information. Questions regarding whether information is confidential and circumstances under which such information can be released should be directed to the Legal Department of ISE.

V. Fair Dealing

The federal securities laws charge ISE and its employees with many special responsibilities, which are included in the rules and regulations administered by ISE. ISE rules must be designed to prevent fraudulent and manipulative acts and practices; to promote just and equitable principles of trade; to foster cooperation and coordination of efforts with persons engaged in regulating, clearing, settling, and processing information with respect to and facilitating transactions in securities; to remove impediments to, and perfect the mechanism of, a free and open market and a national market system; and, in general, to protect investors and the public interest. Neither the design nor the administration of ISE rules may permit unfair discrimination among customers, issuers, brokers, dealers or the public.

A. ISE Office Policies

Each employee should endeavor to deal fairly with ISE's customers, suppliers, competitors and employees. None should take unfair

advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

In addition, ISE has office policies covering areas such as communications among employees and the scheduling of meetings. The overriding theme of these policies is that all employees should treat each other with respect. While common sense always is a guide to proper behavior, we believe that standardizing certain office policies will help us in this endeavor. Accordingly, we expect all employees to abide by such policies. Adherence to these policies will be included as part of an employee's performance review. Copies of these policies can be obtained by contacting the Human Resources Department.

VI. Protection and Proper Use of ISE Assets

ISE assets, such as information, materials, supplies, time, software, hardware and facilities, among other property, are valuable resources owned, licensed or otherwise belonging to ISE. ISE assets also include proprietary information such as intellectual property, including patents, trademarks, trade secrets and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. ISE assets should be used only for legitimate business purposes. Accordingly, all directors and employees should endeavor to protect ISE's assets and ensure their efficient use.

Unauthorized use of ISE assets is prohibited and should be reported. The personal use of ISE assets without permission is prohibited, although incidental personal use is permitted. If you have any questions about whether your personal use of an ISE asset is incidental, you should ask for guidance from the Legal Department before making use of that asset.

A. Record Keeping

ISE requires honest and accurate recording and reporting by its employees of information in order to make responsible business decisions. For example, only the true and actual number of hours worked should be reported. In addition, many employees regularly use business expense accounts, which must be documented and recorded accurately. If you are not sure whether a certain expense is legitimate, ask your supervisor.

All of ISE's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect ISE's transactions and must conform both to applicable legal and regulatory requirements and to ISE's system of internal controls. It is every employee's responsibility to make

sure that documents supporting all records (for example, receipts, disbursements, or journal entries) are accurate and contain wording that clearly describes the reason and purpose for each transaction. Unrecorded or “off the books” funds or assets should not be maintained unless permitted by applicable law or regulation.

No payment on behalf of any corporate entity shall be approved or made with the express or implied agreement or intent that any part of such payment is to be used for any purpose other than that described by the documents supporting the payment. Accordingly, any agreement for the employment of a sales agent, business consultant or promoter, or for payment of a finder’s fee shall be based upon documentation that accurately reflects the true nature of the arrangement. ISE’s policies with respect to retaining agents and other third parties are discussed in more detail below.

Examples of transactions that would violate the requirement that ISE maintain accurate books and records include:

- Payments that are falsified or not recorded in ISE’s accounting records;
- Payments that are made through backdated or altered invoices;
- Any transaction in which invoices to or from ISE do not set forth the true transaction purchase or sale price (exclusive of discounts or concessions granted by or to ISE in the ordinary course of business); and
- The creation or maintenance for ISE purposes or business of any bank account, domestic or foreign, in a name other than the name of ISE.

Business records and communications often become public, and employees should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations of people and companies that could be misunderstood. This applies equally to e-mail, internal memos and formal reports. Records should always be retained or destroyed according to ISE’s record retention policies. In accordance with those policies, in the event of litigation or governmental investigation, please consult the Legal Department.

B. Accurate and Timely Periodic Reports

ISE is committed to providing full, fair, accurate, timely and understandable disclosure in periodic reports and documents that ISE files with, or submits to, the SEC and in other public communications made by ISE. All

employees who are involved in ISE's public disclosure process are responsible for fulfilling this commitment.

C. Business Travel

In order to ensure that expenditures for business travel and other reimbursable expenses are consistent with ISE policies and procedures, employees are required to obtain pre-approval of any contemplated expense prior to expenditure. The specific guidelines regarding appropriate and reasonable levels of expenditures for travel and other reimbursable expenses are set forth in the Travel and Business Expense policy, which policy can be obtained by contacting the Finance and Accounting Department.

VII. Compliance with Laws, Rules and Regulations (including Insider Trading Laws)

ISE requires all of its directors, and employees to faithfully comply with both the letter and the spirit of all laws and regulations applicable to its business. Specific laws and regulations, for which general guidelines for conduct and compliance are presented, are particularly important to the proper conduct of ISE business. However, the special emphasis placed on these areas should not be interpreted as limiting, in any way, the responsibility of all ISE personnel to comply with all laws and regulations relevant to ISE's business and activities.

A. Antitrust

The U.S. antitrust laws prohibit activities that constitute unreasonable restraints of trade, unfair trade practices and other anticompetitive practices that restrict or lessen competition. This includes, but is not limited to: (1) creating, or attempting to create, a monopoly; (2) agreements among competitors to increase, decrease or stabilize prices, to divide territories or markets, to allocate customers, to limit the quality of products, or to limit production; or (3) price discrimination and predatory trade practices. The federal securities laws also regulate competition between exchanges, and, in some cases, compliance with those laws provides immunity from antitrust liability.

As with all applicable laws, ISE's policy is to comply fully with the letter and spirit of the antitrust and competition laws. This is of particular concern in ISE's business, where ISE has regular contact with its competitors, and, in many instances, must work cooperatively with them. The interplay between antitrust laws and the federal securities laws is complex, and any failure to comply with these laws can have grave consequences not only for ISE but also for each employee who may be involved in the violation. Accordingly, directors and employees should not engage in any cooperative activities with another ISE without first seeking the advice of the Legal Department. In addition, directors

and employees should discuss any competitive issue with the Legal Department if they believe that the issue gives rise to antitrust or related legal concerns.

B. Media Relations / Regulation FD

Applicable securities laws require ISE to maintain policies to (i) prohibit the selective disclosure of any material, nonpublic information about ISE, and (ii) devise a process by which to disseminate such information to the public in a manner reasonably designed to provide a broad, non-exclusionary distribution to the public.

1. Definition of Material, Nonpublic Information

Information is “material” if there is a substantial likelihood that a reasonable shareholder would consider it important in making an investment decision. Information is “nonpublic” if it has not been disseminated in a manner making it available to investors generally (for instance by means of a press release, SEC filing or other broad, non-exclusionary distribution).

While it is not possible to create an exhaustive list of what is considered “material,” the following items are some types of information or events that should be reviewed carefully to determine whether they are “material”:

- earnings information;
- mergers, acquisitions, tender offers, joint ventures, or changes in assets;
- new products or discoveries, or developments regarding customers or suppliers (e.g., the acquisition or loss of a contract);
- changes in control or in senior management;
- change in auditors or auditor notification that ISE may no longer rely on an auditor’s audit report;
- events regarding ISE’s securities – e.g., defaults on senior securities, calls of securities for redemption, repurchase plans, stock splits or changes in dividends, changes to the rights of security holders, public or private sales of additional securities; and
- bankruptcies or receiverships.

2. Authorized Spokespersons

Applicable law prohibits ISE from disclosing material, nonpublic information to securities professionals (including, for example, analysts, investment advisers and portfolio managers) and investors unless the information is simultaneously disclosed to the public generally. ISE's policies on the communication of such information are designed to comply with these laws and to provide for the broad, non-exclusionary distribution of information to the public. Moreover, directors, and employees may come in contact with reporters or other representatives from the news media. As a result, directors, and employees need to be aware of ISE's policy regarding information disclosure and media inquiries/interviews:

- Only those individuals who have been authorized by management to respond to media inquiries (as listed below) may respond to questions from the news media.
- Any employee or director who is not authorized to respond but receives media inquiries must refer the person making the inquiry to the Manager of Media Relations. In the process of referring members of the news media to the Manager of Media Relations, employees should be careful not to respond to questions themselves.
- Those authorized to communicate with the investment community and to respond to media inquiries are:

Chairman of the Board
President and Chief Executive Officer
Chief Operating Officer
Chief Marketing Officer
General Counsel
Chief Regulatory Officer
Secretary
Chief Financial Officer
Chief Information Officer
Chief Strategy Officer
Director of Corporate Affairs
Vice President, Investor Relations
Manager of Media Relations

Adherence to this policy is especially important to ISE not only to protect against the inadvertent disclosure of confidential information, but also to help us to continue presenting a unified, cohesive message to the media.

3. Corrections Of Misinformation

If any individual believes that material, nonpublic information may have been disclosed to a securities professional or investor, he or she must immediately contact the General Counsel of ISE. Steps to protect ISE and such individual may still be available. Applicable laws give ISE a short period, generally 24 hours after discovery of a selective, non-intentional disclosure of material, nonpublic information, to disclose such information to the public.

C. Legal Documents

All contracts or legal agreements dealing with ISE matters must be submitted to the Legal Department and to the Accounting Department for review prior to being signed. Unless specifically exempted, no employee may sign a contract or an agreement, or amend or modify a contract or agreement by letter or otherwise, without first obtaining prior approval from the Legal Department.

In addition, employees must immediately contact the Legal Department in the following circumstances:

- Receipt of a subpoena, or legal document of any kind, relating to his or her employment or the business of ISE.
- Request to testify in any proceedings, investigation or inquiry with respect to any matters relating to his or her employment, or ISE or its members.

Any documents addressing employee wages or status, for example garnishments or wage attachments, must be forwarded directly to the Human Resources Department.

D. Securities Transactions Policy

The securities laws impose severe sanctions upon any individual who uses material, nonpublic information for his or her own benefit or discloses it to others. Directors and employees must exercise particular care in making securities transactions and may not base transactions on material information acquired in the performance of their duties or pass such information on to others for their use.

1. Purpose of Policy

This Securities Transaction Policy (the "Securities Policy") is intended to help ISE monitor trading and enforce compliance with the securities laws.

The Securities Policy requires all employees to report the existence of any securities accounts that are owned by the employee and any

account in which a beneficial interest is maintained by the employee. The following principles will be applied by ISE:

- **Covered Employees:** All full-time employees of ISE are included under the Securities Policy unless specifically exempted by ISE.
- **Beneficial Interest:** An employee has a beneficial interest in an account where he or she may benefit directly or indirectly. This includes an investment club, an individual or joint account of a member of the employee's immediate family, or an account where the employee may not have a direct interest (*i.e.*, not named on the account) but may share in the profits or losses of securities transaction in the account. For purposes of the Securities Policy, an employee also has a beneficial interest in any account in which he or she is a trust beneficiary or for which the employee acts as trustee, executor or custodian, and any account over which the employee has investment discretion or otherwise exercises control.
- **Immediate Family:** An employee is considered to have sufficient beneficial interest in the securities transactions of his or her immediate family to justify full disclosure under the Securities Policy. An immediate family member includes a person's spouse, dependent children or other dependents, and any relatives living within that person's household.
- **Material Information:** "Material information" is defined in the "Media Relations / Regulation FD" section of this Code.
- **Exceptions:** An employee or prospective employee may request relief from a particular provision of the Securities Policy only upon written request to the General Counsel.
- **Confidentiality:** Securities account information will be reviewed only by designated Legal Department personnel and, except to the extent necessary to fulfill ISE's regulatory obligations, shall be kept strictly confidential.

2. Disclosure and Reporting Requirements

The following procedures and practices are to be followed by all ISE employees with respect to securities transactions:

- Employees may engage in securities transactions and maintain securities accounts, on either a cash or margin basis, with a registered broker-dealer, bank or trust company, or registered investment advisor.
- At the time an employee is hired and annually thereafter, he or she shall complete an Employee Securities Account Statement and an Employee Account Disclosure Form, which shall identify the existence of any accounts in stock, individual stock options, stock index options, futures and options on futures, that are owned by the employee or a member of his or her immediate family and any account in which a beneficial interest is maintained. Copies of these forms can be obtained by contacting the Legal Department. Non-directed transactions where no specific investment decision is made by the employee (e.g., open end mutual funds, monthly investment plans or variable annuities) need not be reported.
- Employees must instruct each financial institution or advisor with which it maintains an account to provide ISE with duplicate monthly or quarterly statements (depending upon the broker-dealer's practice) with respect to each account. Moreover, each employee must authorize the financial institution or advisor to make its records of the employee's account(s) and the employee's transactions available for inspection by ISE at any time and, upon its request, provide ISE with duplicate confirmations of the employee's securities transactions. Employees must obtain a form letter for this purpose from the Legal Department.
- Before opening a securities account in which an employee will have a beneficial interest, the employee must give a written notice of intention to open an account to the Legal Department using the Employee Account Disclosure Form. The employee also must authorize the financial institution or advisor to provide to ISE the information described in the above bullet point.

- With respect to securities accounts maintained by an employee's immediate family, the holders of such accounts will be requested to sign the same authorizations as described in the two previous bullet points. If a member of an employee's immediate family elects not to comply voluntarily with these requirements, the family member must complete the Non-Voluntary Compliance Form affirming that he or she (i) elects not to comply with the ISE's disclosure requirements, and (ii) has not and will not engage in transactions based on confidential information that might be available to him or her through the employee. A copy of such form can be obtained by contacting the Legal Department.
- All information with respect to securities accounts of employees will be reviewed by the Legal Department. Securities accounts of ISE officers will be reviewed by the General Counsel, except for the securities accounts of the General Counsel, which shall be reviewed by the Deputy General Counsel.
- In the event that a blind trust is maintained on behalf of an employee, or member of his or her immediate family, the employee shall request the trustee handling the account to confirm the existence of such trust in writing and submit a Non-Voluntary Compliance Form. No further reporting requirements will be applied to a blind trust.

3. Restrictions on Securities Transactions

No director or employee and no immediate family member whose transactions in ISE securities are subject to the influence or control of such person (such as parents or children who consult with such person before they trade, whether or not in the same household) who is aware of material, nonpublic information relating to ISE, shall engage in any transaction involving (a) the purchase or sale of ISE's securities or engage in any other action to take personal advantage of that information, or (b) pass that information on to others outside ISE, including family and friends. In addition, the following specific restrictions apply:

- No director or employee who, in the course of working for ISE, learns of material, nonpublic information about a company with which ISE does business, including a customer or supplier of ISE, may trade in

that company's securities until the information becomes public or is no longer material.

- ISE employees and members of their immediate family are prohibited from purchasing securities of a member of ISE or a holding company whose primary subsidiary is a member of ISE.
- Employees may not participate or share directly or indirectly in the profits or losses of an account with an ISE member.
- ISE does not sponsor or sanction investment clubs. Business related to any such clubs must be restricted to non-working hours. Use of ISE facilities for any such business will not be permitted, and no reference to ISE may be made in connection with any club activities.

ISE RESERVES THE RIGHT TO DISAPPROVE OR RESTRICT INVESTMENT ACTIVITY WHICH MAY INTERFERE WITH THE PERFORMANCE OF AN EMPLOYEE OR IMPOSE AN UNDUE BURDEN ON ISE IN CARRYING OUT ITS RESPONSIBILITIES TO ADMINISTER THE SECURITIES POLICY. THIS MAY INVOLVE RESTRICTIONS ON TRANSACTIONS IN SPECULATIVE SECURITIES OR DERIVATIVE PRODUCTS OR ON THE FREQUENCY OF SUCH TRANSACTIONS.

4. Additional Policies

Directors and employees may not engage in the following transactions:

- **Unauthorized Disclosure:** As discussed above, the disclosure of material, nonpublic information to others can lead to significant legal difficulties. Therefore, directors, and employees are prohibited from discussing material, nonpublic information about ISE or its affiliates with anyone, including other directors, and employees, as the case may be, except as required in the performance of such person's duties. The Securities Policy also prohibits any director or employee from disclosing ISE information, or supplying such information for someone else to disclose, on the Internet and more specifically in forums (chat rooms) where companies and their prospects are discussed. Also, it is important that

only specifically designated representatives of ISE discuss ISE and its affiliates with the news media, securities analysts, and investors. Inquiries from the news media received by any director or employee must be referred to the Manager of Media Relations. Inquiries from the securities analysts and investors must be referred to the Head of Investor Relations.

- **Post-Termination Transactions:** The Securities Policy continues to apply to director and employee transactions in ISE securities even after such person is no longer at ISE in such capacity. If a director or employee is in possession of material, nonpublic information when his or her directorship or employment terminates, as the case may be, such person may not trade in ISE securities until the information has become public or is no longer material.

E. Political Contributions

When employees support a political party, candidate or legislative initiative of their choice, it must always be made clear that they are acting as private citizens and not as employees or representatives of ISE. If an employee decides to take a prominent role in a campaign or seek public office, he or she has the responsibility to evaluate and avoid any potential conflicts of interest which may arise.

ISE prohibits the use of ISE funds or ISE facilities or equipment for the support of political parties, candidates or legislative initiatives. In addition, ISE policy prohibits employees from participating in election activities or distributing political written materials during work hours or in work areas on ISE premises.

ISE maintains and operates, ISEpac, a political action committee. ISEpac is non-partisan and does not have a political agenda. ISEpac's primary purpose is to further ISE's business agenda before the federal government, particularly the US Congress. As such, ISEpac will from time to time contribute to the campaigns of candidates seeking election to the US House of Representatives and US Senate. Employees are not required to contribute to ISEpac; all contributions are solely voluntary. If an employee is interested in contributing to ISEpac, the employee should contact the Director of Corporate Affairs.

F. Equal Employment Opportunity

ISE is committed to providing employees with an environment that offers equal opportunity in all areas of employment, including hiring, training, development, promotion, lateral movement, compensation, benefits, termination and retirement. No employee or applicant for employment with ISE may be discriminated against because of his or her actual or perceived age, race, religion, color, sex, gender, national origin, physical or mental disability, genetic predisposition or carrier status, veteran status, marital status, sexual orientation or any other legally protected status or personal characteristics. As discussed below, this commitment to equal employment also includes protection from acts of harassment or discrimination on the job. Recognizing the value of diversity, ISE endeavors to encourage and support a work environment that benefits from the skills and abilities of employees from a wide range of cultural values and traditions.

G. Anti-Discrimination / Anti-Harassment Policy

ISE is committed to providing all employees with a work environment free of bias, discrimination, intimidation or harassment based on protected personal characteristics. In this regard, ISE promotes equal employment opportunities, prohibits unlawful discriminatory practices, including harassment, and complies with all relevant federal, state and local laws.

Consistent with ISE's respect for the rights and dignity of each employee, harassment based on an individual's actual or perceived age, race, religion, color, sex, gender, national origin, physical or mental disability, genetic predisposition or carrier status, veteran status, marital status, sexual orientation or any other legally protected status or personal characteristics in violation of discrimination laws, will neither be sanctioned nor tolerated.

"Harassment" is defined as verbal or physical conduct that denigrates or shows hostility or aversion toward an individual because of legally protected personal characteristics or status. Harassment may include conduct directed toward any employee or group of employees based on any of the foregoing characteristics. Examples of harassment include:

- the use of epithets and slurs,
- negative stereotyping,
- ridiculing or insulting behavior,
- threats, intimidation or hostile acts, or
- denigrating or hostile written or graphic material posted or circulated in the workplace.

Conduct of this nature violates ISE's Policy Against Discrimination and Harassment if it:

- has the purpose or effect of creating an intimidating, hostile or offensive working environment,
- has the purpose or effect of unreasonably interfering with an individual's work performance, or
- otherwise adversely affects an individual's employment opportunities.

A copy of such policy can be obtained by contacting the Human Resources Department. The policy is available on ISE's website.

1. Sexual Harassment

ISE does not condone or tolerate any type of unlawful harassment or inappropriate conduct that constitutes sexual harassment or discrimination. All employees should be aware that sexual harassment is strictly prohibited by law. Sexual harassment has been defined by government regulations as follows:

Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

- Submission to such conduct is made explicitly or implicitly a term or condition of an individual's employment or continuing employment;
- Submission to, or rejection of, the conduct is used as a basis for employment decisions affecting the individual;
- The conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive work environment.

Examples of types of sex-based conduct expressly prohibited by this policy include, but are not limited to, offensive comments, jokes (including practical jokes or jokes about gender specific traits), innuendoes, and other sexually oriented statements, explicit sexual propositions or repeated requests for dates, suggestive comments, sexually oriented "kidding" or "teasing," obscene gestures, sex-based physical contact such as patting, pinching, and brushing against another's body, written or graphic material, offensive e-mail or voice-mail messages, leering, staring, or stalking, questioning

about an individual's sex life or experiences, violating someone's "personal space," or any other conduct or behavior deemed inappropriate by ISE.

Making unwanted sexual advances or propositions a term or condition of employment is also prohibited by this policy. Examples of prohibited conduct of this nature include:

- denying an employee a raise, promotion or other benefit of employment if s/he refuses to submit to sexual advances;
- granting preferential treatment or promising preferential treatment to an employee for submitting to unwelcome sexual conduct, including soliciting or attempting to solicit an employee to engage in sexual activity for compensation or reward; or
- subjecting, or threatening to subject, an employee to unwelcome sexual attention or conduct or intentionally making performance of the employee's job more difficult because of that employee's sex.

Officers and other managerial staff members are responsible for assuring that no one on ISE's premises or in any work-related setting outside ISE is subjected to conduct that constitutes sexual or any other form of unlawful harassment based protected characteristics. Further, employees are responsible for respecting the rights of their coworkers. Employees who have witnessed or are aware of incidents of harassment have an obligation to use ISE's complaint procedures below to bring a complaint forward and/or cooperate in an investigation.

All employees are required to participate in a designated training program.

2. Harassment & Discrimination Complaints Procedure

ISE maintains a complaint procedure for addressing incidents, or perceived instances, of sexual or any other form of unlawful harassment or discrimination. Any employee who believes that he or she has been the subject of sexual or any other form of unlawful harassment or discrimination by anyone at ISE (regardless of position) or by any person who does business with ISE, should bring such complaint to his or her Department Head or Division Officer or to the Head of Human Resources. Employees have an obligation to take advantage of this complaint procedure. ISE strongly urges the prompt reporting of complaints or concerns so that rapid and constructive action can be taken. The availability of this complaint procedure does not preclude individuals who believe they are being subjected to harassing conduct

from promptly advising the offender that his or her behavior is unwelcome and requesting that it be discontinued.

Complaints of harassment or discrimination will be kept confidential to the maximum extent practicable and appropriate under the circumstances to protect the privacy of persons involved.

An investigation of any charges will promptly be undertaken. If an investigation confirms that sexual or any other form of unlawful harassment or discrimination has occurred, ISE will take corrective action, including any discipline that is appropriate, up to and including termination of employment.

ISE prohibits any form of retaliation against any employee for filing a bona fide complaint under this policy or for assisting in a complaint investigation, no matter who makes the complaint or whom the complaint concerns. Retaliation against any individual who reports a claim of harassment or cooperates in a subsequent investigation will not be tolerated by ISE and will itself be subject to appropriate discipline. However, if after investigating any complaint of unlawful harassment or unlawful discrimination, ISE determines that the complaint was not made in good faith or that an employee has provided false information regarding the complaint, disciplinary action will be taken against the individual who filed the complaint or gave the false information.

ISE strongly encourages employees to follow the above process so that a complete and thorough investigation can be conducted. As an alternative, any employee may use one of the two methods listed below to submit a complaint. However, ISE's ability to fully investigate anonymous complaints may be limited.

Secure Web Form: An Internet-based message interface will communicate a message to the Head of Human Resources. If you desire complete anonymity, you should send this message from a location that is not identified with you, such as a public library terminal.

Email: A special e-mail link will send a message to the Head of Human Resources. Again, please note that sending a message from your business computer may not necessarily protect your anonymity. If you desire complete anonymity, you can use a non-identifiable email address, like a Hotmail.com, Juno, or Yahoo account that does not include your name.

H. Chat Room Policy

Employees of the ISE are restricted from discussing or posting any information regarding the company or its stock in any chat room discussions, electronic bulletin boards, interactive community or any similar information-sharing forum.

I. Anti-Bribery Compliance

1. Prohibition of Kickbacks, Bribes and Payoffs

Promising, giving or receiving any type of kickback, bribe, payoff or advantage (whether in cash or any other form) made in order to influence some decision affecting ISE's business or for the personal gain of an individual is absolutely prohibited, including any promise, offer, or payment of money or any other thing of value to any foreign political official, candidate for political office, political party, campaign or campaign official, except with the prior written approval of the Board of Directors.

Prohibited payments may not be made directly, through an employee's own personal involvement, or indirectly, for example, by authorizing or allowing a third party to make a prohibited payment on behalf of ISE, even where demanded by a public official. In fact, employees may violate ISE's policy, and be subject to discipline, even if they played no role in making a prohibited payment, if they nevertheless knew about the activity and failed to report it to the appropriate authority in accordance with the procedures described below. Further, an employee may violate ISE's policy, and be subject to discipline, if the employee deliberately "put his or her head in the sand" to avoid obtaining actual knowledge that, if the employee had obtained, would have to be reported.

If any employee is requested to make or accept any gift or payment prohibited under this Code, he or she must immediately disclose the request and all relevant circumstances to his or her supervisor. If a situation arises in which the propriety of a request is in any way questionable, the Legal Department must be consulted.

2. Transactions Involving Government Officials

ISE's general prohibition of kickbacks, bribes, payoffs and advantage applies with equal, if not greater, vigor when government officials are involved with a transaction. Indeed, dealings with government officials should always be approached with heightened sensitivity due to the potential applicability of U.S. and other criminal statutes that are specifically targeted at bribery in this context. These may apply in circumstances employees might not expect.

The Foreign Corrupt Practices Act ("FCPA") makes it a crime to offer or give anything of value to a "foreign official," foreign political party or party official or any candidate for foreign political office with the intent and for the purpose of (1) influencing any act or decision of these officials in the performance of their official capacity or in violation of their legal duties, (2) obtaining or retaining business or directing business to any person, or (3) securing any improper advantage. It is also illegal under the anti-bribery laws to make prohibited payments to a third-party intermediary for a foreign official.

Employees may not avoid liability by turning a “blind eye” when the circumstances indicate a potential violation of the anti-bribery laws.

The term “foreign official” is defined broadly under the anti-bribery laws to include any officer or employee of a foreign government or any department, agency, bureau, authority or instrumentality thereof, or of a public international organization, or any person acting in an official capacity for or on behalf of any such government or department, agency, bureau, authority, instrumentality or public international organization. Public international organizations include entities such as the World Bank and the United Nations. Any official or employee of a foreign country’s government or any department, agency, bureau, authority or instrumentality of the government is a “foreign official” for purposes of the anti-bribery laws. Examples of prohibited payments and transactions thus include payments that represent, or are intended as, bribes, kickbacks, or payoffs to any such officials or employees.

In certain circumstances the employees of entities that are owned or controlled, wholly or partly, by a government or regional/local government authority may be characterized as “foreign officials” for purposes of the anti-bribery laws. Because the distinction between private parties and public officials is not always clear, employees should, as a general matter, treat the employees of entities which are owned or controlled, wholly or partly, by a government or regional/local government authority in the same manner in which they would treat a federal government official. Employees should direct any questions or concerns regarding conduct involving the employees of one of these entities to a member of ISE’s Compliance Committee or the General Counsel and act in accordance with their advice.

The penalties for a violation of the anti-bribery laws are severe. Corporations that break the law are subject to criminal fines and individuals who commit violations are subject to criminal fines and imprisonment. Because any violation of the anti-bribery laws is also a violation of ISE’s policy, employees who break the law will also be disciplined internally, and they may lose their jobs.

The anti-bribery laws also require ISE to maintain books, records and accounts that accurately and fairly reflect the transactions and dispositions of ISE assets and to maintain a system of internal accounting controls that provide reasonable assurance that transactions are executed as authorized; maintain books and records so that financial statements can be prepared in accordance with generally accepted accounting principles; and properly account for all corporate assets. It is ISE policy to maintain accurate books and records and a system of internal accounting controls sufficient to ensure compliance with the record-keeping provisions of the anti-bribery laws. ISE’s accounting and record-keeping policies are discussed in more detail below.

3. Retaining Agents and Other Third Parties

From time to time some employees may have reason to retain, or review the retention of, third parties (such as agents, sales representatives, consultants and distributors) to act on behalf of ISE in connection with a transaction that may involve foreign government officials.

Before any employee makes or approves such an agreement, the employee must scrutinize it vigorously and impose appropriate safeguards to attempt to ensure that the third party will comply with the FCPA, ISE's policy regarding anti-bribery laws, other relevant policies of ISE, and all applicable laws. All such contracts, like ISE contracts with third parties in general, must be reviewed and approved by the Legal Department. In order to ensure compliance with applicable laws, such third-party agency contracts should, to the extent possible, include the following protections:

- Obtaining the third party's written acknowledgement that he or she understands, and agrees to comply with, all relevant corporate policies and applicable laws in performing services on behalf of ISE (use the form entitled "Confirmation of Compliance (Third Party)" for this purpose);
- Retaining the contractual right to terminate the contract for any breach of contract, violation of policy, or illegal or unethical conduct by the third party;
- Retaining the right to audit the third party's business activities and/or books and records during regular business hours on regular business days pertaining to its work with ISE, at the reasonable discretion of ISE;
- Requiring detailed invoices for services performed by the third party;
- Defining payment terms strictly, and making only appropriate payments for services actually provided in accordance with the terms of the third-party contract; and
- Obtaining appropriate approval of all reimbursements of third party expenses, and requiring adequate documentation to support all charges associated with third party activities.

In addition, many of these steps would be prudent to follow in other transactions, both in the governmental and non-governmental context, and should be used in such cases as appropriate.

DISCLOSURE

This Code of Business Conduct and Ethics will be made available on ISE's website.