

Exhibit 4

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Traders
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Primex Presents NYSE Challenge The Kinks Aside, Nasdaq Has New Weapon.

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Call it the 100-days rule.

In the world of stock trading, you can sometimes tell within 100 days if a new system is a hit with the pros.

Some 100 days have elapsed since Nasdaq helped to introduce the **Primex** Auction System. Since the launch, the operation has had technical challenges but overall performance has been good. That is a positive sign for its owners, a group that includes Goldman Sachs, Salomon Smith Barney, **Merrill Lynch** and Bernard L. **Madoff** Investment Securities.

Primex, a system that offers broker dealers an electronic alternative to the New York Stock Exchange auction could eventually attract substantial and profitable order flow, according to some pros. But it will take more than 100 days to find out.

The owners sound optimistic. "We've created an auction that is best deployed in a major market like Nasdaq, which didn't previously have that capability," said Glen Shipway, chief executive of **Primex** Trading, the company that developed **Primex**.

David Weisberger, a technology executive at Salomon Smith Barney, does not mince words.

"**Primex** is one of the first vehicles that allows **market makers** to compete with specialists electronically," said Weisberger, a managing director of equity market making systems and quantitative algorithms. "It could help narrow spreads for small orders because of the increased competition."

For a trading community obsessed with costs and best execution, **Primex** gives users the opportunity to obtain price and size improvement on each order. **Primex** permits broker dealers to anonymously expose Nasdaq and listed orders to a crowd of bidders. It is a system especially suitable for retail orders. It is a system that provides an acceptable regulatory environment for customers' internalized order flow, **Primex** officials say.

Primex has two distinct groups. One group includes **market makers** that expose their orders; another is the crowd of electronically linked participants jostling for prices at, and inside, the current NBBO, or national best bid and offer.

Nasdaq envisages a crowd that includes proprietary traders, institutions, and ECNs. As of press time, some 60 broker dealers registered as **Primex** participants.

The **Primex** crowd can predefine their responses using the Predefined Relative Indication (PRI) tool, responses which dwell privately in the system. As orders are exposed, PRIs can then immediately respond. **Market makers** entering customer orders can commit capital.

"If a firm has an order it can submit it within **Primex** and have it exposed to the trading crowd," said Gene Lopez, a senior vice president at Nasdaq. "If there's a better price within the trading crowd, it can get a better execution. If not, the order will get executed at the NBBO or through another Nasdaq system like SuperSOES."

Shipway says the brilliance of the system boils down to this: It provides a relatively simple way for Nasdaq participants to tap liquidity never previously available to the market.

Primex is a facility' of Nasdaq, a facility which some see as a threat to the NYSE. Despite the war cry, the NYSE still dominates listed trading, handling some 85 percent of trading in its own stocks.

Shipway takes pains not to compare **Primex** to the Big Board's traditional auction-based trading. Still, others see similarities and think the **Primex** arrangement could launch a new round in Nasdaq's decades-long battle with the Big Board. "In terms of market structure, the combination of an electronic auction with a competitive dealer market could provide Nasdaq with a competitive advantage," Weisberger said. "It could, and I emphasize could, provide a centralized place for order flow providers to satisfy their best execution obligations."

The New York Stock Exchange declined to comment. However, one official, speaking on his own behalf, questioned whether **Primex** is competing against the Big Board. "The last I heard was that **Primex** is a way for a broker to internalize a customer's order," the official said. "The broker could tell his customer he is exposing the order to the auction. If it does not get executed, the broker can then internalize the order but still say it was exposed to the auction."

Shipway, for the moment, will not take direct aim at the NYSE. "I don't think we're competing with them [NYSE] right now," Shipway said. "I think many people feel that the way the New York Stock Exchange conducts its auction is fair, albeit with some difficulties involved."

"Our point is that the dealer market didn't have anything like **Primex** before," he added. "Nasdaq sees **Primex** as an opportunity to give the dealer market an inexpensive means to conduct that auction process."

Nonetheless, the **Primex** launch comes amidst red-hot competition in the trading industry from ECNs, the regional exchanges and other market centers. "It looks like Nasdaq is trying to expand its base," said Allan Paris, a partner at CapCo., a New York City-based firm that sells technology to broker dealers. "But whether that is a success depends on many things such as customer retention [on **Primex**]."

It may also depend on how **Primex** responds to certain technical features. One trading pro said firms using the system right now must build electronic links via the **Primex** API, the application programming interface, or else dedicate **market makers** to access **Primex**. Full service firms, this pro said, probably would take the API approach.

(**Primex** designers are also including other ways to connect to the system: a Java GUI, a FIX approach, or a Nasdaq Computer-to-Computer Interface. Those using the interface could send orders and PRIs and receive executions but would not be able to eye the auction.)

Another sticking point: The current version of **Primex** does not support all or none' instructions. That means that

partial executions could be returned to the order sender. "We've had some bugs," Lopez said.

At the launch on Dec. 17, **Primex** opened with the 30 stocks in the Dow Jones Industrial Average, stocks that include bellwethers Intel and Microsoft. Traders executed 8,100 trades, accounting for 2.4 million shares. In January, daily volume climbed to 28,000 trades, then reached 30,000 trades daily by mid-February, according to **Primex**. Later in the month, average daily volume rose to 5.8 million shares. Since the launch, the list of eligible securities also grew to include the Nasdaq-100 Index and the Standard & Poor's 100 Index. As of April 1, as the startup phase ends, all Nasdaq stocks, and all securities on the NYSE and the American Stock Exchange, are eligible.

Primex is built to absorb up to 1.5 million trades each day. It is scalable for more volume. The **Primex** system includes a server at the client site running the Windows NT operating system. The server connects to **Primex** via a Worldcom frame-relay network.

The system is housed in Nasdaq's Trumbull, Conn.-based operations center. Nasdaq is responsible for installations and maintaining the system. "Nasdaq was a natural partner to acquire the rights to use our auction system," Shipway said.

Primex takes a portion of the trading fees and distributes the rest among **market makers** and Nasdaq. "We're getting a share of the profits and we're in a good relationship with a major player like Nasdaq," Shipway said. The deal also links **Primex** with order management and order routing vendors like Sungard Trading Systems and Lava Trading. Lopez is sanguine. "Performance has been great," he said. Nasdaq is receiving "a lot more inquiries" than it anticipated, he added.

But he noted that Nasdaq is purposely keeping its expansion strategy on a sort of slow track. For **Primex** the 100-days rule comes with a little twist. "We still have circuits to be set up and legal forms to hold us up on some fronts," Lopez said. "But we like what we see so far."

---- INDEX REFERENCES ---

COMPANY: [NEW YORK STOCK EXCHANGE INC](#); INTEL [SA](#); SMITH BARNEY; GOLDMAN SACHS AND CO; WORLDCOM; SUNGARD TRADING SYSTEMS; AMERICAN POULTRY INTERNATIONAL LTD; [API](#); AGENCE DE PROMOTION DE L'INDUSTRIE; MCI LLC; MCI INC; ARIES PRODUCTIONS INC; BLACKROCK MID CAP VALUE OPPORTUNITIES FUND OF BLACKROCK MID CAP; ANONIMA PETROLI ITALIANA SPA [API](#); MERRILL LYNCH EUROPE PLC; GOLDMAN SACHS INTL; [AUSTRALIAN PHARMACEUTICAL INDUSTRIES LTD](#); GOLDMAN SACHS AND CO [BANK](#); MERRILL LYNCH AND CO CANADA LTD; CABLE AND WIRELESS PANAMA [SA](#); INTEL [SA](#) CORP; [BARNEY AND BARNEY LLC](#); AFFILIATED PUBLISHERS INC; INTEL GMBH; [INTEL CORP](#)

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