

hereinafter "BOXR") the authority to act on behalf of the Exchange as set forth in a Plan of Allocation and Delegation adopted by the Board of Governors and approved by the Securities and Exchange Commission pursuant to its authority under the Securities Exchange Act of 1934 ("Act").

(b) Notwithstanding any delegation of authority to BOXR pursuant to this rule, the staff, books, records and premises of BOXR are the staff, books, records and premises of the Exchange subject to oversight pursuant to the Act, and all officers, directors, employees and agents of BOXR are the officers, directors, employees and agents of the Exchange for purposes of the Act.

SEC. 2 Plan of Delegation of Functions and Authority by the Boston Stock Exchange, Inc., to Boston Options Exchange Regulation, LLC

The Boston Stock Exchange, Inc. ("BSE" or "Exchange"), the registered national securities exchange pursuant to Section 6 of the Act, is the parent company of the wholly-owned subsidiary BOXR. The Boston Options Exchange ("BOX") is a facility of the BSE pursuant to Section 3(a) of the Act operated by Boston Options Exchange Group, L.L.C. ("BOX LLC")

A. Functions and Authority of the BSE

The BSE shall have ultimate responsibility for the rules and regulations of the Exchange and its operation and administration. As set forth below, the BSE has delegated certain authority and functions to its subsidiary, BOXR. Actions taken pursuant to delegated authority, however, remain subject to review, ratification or rejection by the BSE Board of Governors in accordance with procedures established by that Board. Any function or responsibility of the BSE as a registered national securities exchange under the Act, or as set forth in the Certificate of Incorporation of the Exchange, the Constitution, the By-laws, the BSE Rules, or the L.L.C. Agreement of Boston Options Exchange Group, is hereby reserved, except as expressly delegated to BOXR. In addition, the BSE expressly retains the following authority and functions:

1. To exercise overall responsibility for ensuring that BSE's statutory and self-regulatory obligations and functions are fulfilled.

2. To delegate authority to BOXR to take actions on behalf of the Exchange.

3. To appoint the BOXR Options Officials (an "Options Official" is "an officer of BOXR vested by the BOXR Board with certain authority to supervise option trading on BOX." See

Rules of the Boston Options Exchange Facility, Chapter I, Section 1).

4. To review the rulemaking and disciplinary decisions of BOXR.

5. To coordinate actions of BOXR and BOX as necessary.

6. To resolve any regulatory disputes among BOXR and BOX LLC.

7. To administer common overhead and technology of BOXR and BSE.

8. To administer internal reviews of BOX LLC and BOXR as deemed necessary.

9. To manage external BSE relations on major regulatory policy and/or surveillance issues regarding the BOX options market.

10. To direct BOXR and BOX LLC to take action necessary to effectuate the purposes and functions of BOX as a facility of the Exchange.

11. In the BSE's role as the sole owner of BOXR, to incorporate in its Board of Governors and Nominating Committee responsibilities, a process to elect the Board of Directors of BOXR ("BOXR Board") pursuant to the BOXR L.L.C. Agreement and BOXR By-Laws.

12. To take action in an area of responsibility delegated to BOXR below.

B. Access to and Status of Books, Records, Premises, Officers, Directors, Agents and Employees of BOX LLC.

1. Notwithstanding the delegation of authority to BOXR, as set forth below, the books, records, premises, officers, directors, agents and employees of BOX LLC shall be the books, records, premises, officers, directors, agents and employees of BSE for purposes of and subject to oversight pursuant to the Securities Exchange Act. The books and records of BOX LLC shall be subject at all times to inspection and copying by the BSE, BOXR and the Securities and Exchange Commission ("Commission").

2. BOX LLC is required to maintain all books and records related to BOX within the United States.

3. Paragraph (1) above shall not create any rights or benefits for any person or entity other than the Commission, the BSE and BOXR.

C. Delegation of Responsibilities and Functions

Subject to Section A(12) above and the review, ratification, or rejection by the BSE Board, the BSE hereby delegates to BOXR and BOXR assumes the following responsibilities and functions with respect to the options business of the Exchange:

1. To interpret rules and regulations including, but not limited to, trading rules, fees, access to and use of system facilities and participation requirements.

2. To determine regulatory and trading policies, including developing and recommending necessary or appropriate rule changes to the BSE Board, relating to the business conduct, trading activities and sales practices of BOX Participants and associated persons with respect to, but not limited to, (i) financial responsibility, (ii) qualifications for BOX participation and association with BOX Participants, (iii) clearance and settlement of securities transactions and other financial responsibility and operational matters affecting BOX Participants in general and the securities listed on BOX, (iv) BOX Participant advertising practices, (v) administration, interpretation and enforcement of the Rules of the Boston Options Exchange Facility ("BOX Rules"), including determination of appropriate exemptions for BOX Participants (vi) administration and enforcement of the Options Clearing Corporation ("OCC") rules, the federal securities laws, and other laws, rules and regulations that the BSE has the authority to administer or enforce and (vii) standards of proof for violations and sanctions imposed on BOX Participants and associated persons in connection with disciplinary actions.

3. To take necessary or appropriate action to assure compliance with BSE and BOX policies and rules, the federal securities laws, and other laws, rules and regulations that the BSE has the authority to administer or enforce, through examination, surveillance, investigation, enforcement, disciplinary, and other programs.

4. To administer programs and systems for the surveillance and enforcement of rules governing BOX Participants' conduct and trading activities in BOX.

5. To examine and investigate BOX Participants and associated persons to determine if they have violated BSE or BOX rules, the federal securities laws, and other laws, rules, and regulations that the BSE has the authority to administer, interpret, or enforce.

6. To administer the BOXR's enforcement and disciplinary programs regarding BOX Participants, including investigations, adjudication of cases, and the imposition of fines and other sanctions.

7. To conduct qualification examinations and continuing education programs.

8. To determine whether applicants for BOX participation have met the requirements for participation established by the BSE.

9. To place restrictions on the business activities of BOX Participants consistent with the public interest, the