

protection of investors, and the federal securities laws.

10. To determine whether persons seeking to register as BOX Participants have met such qualifications for participation as may be established by the BSE, including whether statutorily disqualified persons will be permitted to associate with particular BOX Participants and the conditions of such association.

11. To oversee all trading activities on BOX.

12. To propose and assess fees and other charges on BOX Participants, associated persons and others using the products, services or facilities of the Exchange.

13. To develop, administer and enforce policies and rules of BOX governing listing standards applicable to securities traded on BOX.

14. To establish the annual budget and business plan for BOXR.

15. To determine allocation of BOXR resources.

16. To administer the Exchange's involvement in National Market System Plans related to BOX.

17. To manage external relations on enforcement, regulatory, and other policy issues regarding BOX and BOX Participants with Congress, the Commission, state regulators, other self-regulatory organizations, business groups, and the public.

18. To establish internal procedures for considering complaints by Participants, associated persons, and members of the public who request an investigation or disciplinary action by BOXR.

#### D. Rule Filings

The BSE Board shall review and ratify a rule change recommended by the BOXR Board before the rule change becomes a final action of the Exchange.

#### E. Supplemental Delegation Regarding Management and Committees

The BOXR Board may designate the Chief Executive Officer, another designated officer or one or more committees and delegate to such person or committee such powers and authority, as necessary and appropriate, to act on behalf of the BOXR Board in carrying out the functions and authority delegated to BOXR by the BSE. Such delegations shall be in conformance with law and the By-laws of BOXR and the BOX Rules. Any action taken by a BOXR officer or committee pursuant to delegated authority shall be subject to review, ratification or rejection by the BOXR Board in accordance with

procedures established by the BOXR Board.

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Boston Options Exchange Regulation, L.L.C.

By-Laws

Definitions

When used in these By-Laws, unless the context otherwise requires, the term.

(a) "Act" shall mean the Securities Exchange Act of 1934, as amended;

(b) "Associated person" means a person who is a partner, officer, director, or employee of a Participant, or any person directly or indirectly controlling, controlled by or under common control with a Participant.

(c) "Board" means the Board of Directors of Boston Options Exchange Regulation, L.L.C.;

(d) "BOX" means the Boston Options Exchange Facility;

(e) "BOXR" means the Boston Options Exchange Regulation, L.L.C.;

(f) "BOX Rules" means the Rules of the Boston Options Exchange Facility;

(g) "broker" shall have the same meaning as in Section 3(a)(4) of the Act;

(h) "BSE Rules" means the Constitution and the Rules of the Board of Governors of the Boston Stock Exchange, Inc.;

(i) "Commission" means the Securities and Exchange Commission;

(j) "day" means calendar day;

(k) "dealer" shall have the same meaning as in Section 3(a)(5) of the Act;

(l) "Delegation Plan" means the "Plan of Delegation of Functions and Authority by the Boston Stock Exchange, Inc. to Boston Options Exchange Regulation, L.L.C." as approved by the Commission and amended from time to time;

(m) "Director" means a member of the Board;

(n) "L.L.C. Agreement" means the "Boston Options Exchange Group L.L.C. Operating Agreement";

(o) "Options Participant" or "Participant" means a firm, or organization that is registered with the Exchange pursuant to Chapter II of the BOX Rules for purposes of participating in options trading on BOX as an "Order Flow Provider" and/or "Market Maker".

(p) "Public Director" means a director who has no material business relationship with a broker, dealer, the BSE, BOX or BOXR.

(q) "Regulatory Services Agreement" means the Regulatory Services Agreement entered into between BSE and Boston Options Exchange Group, L.L.C.;

Location

SEC. 1 Boston Options Exchange Regulation, L.L.C., shall maintain a registered office in the State of Delaware as required by law. BOXR may also have offices and/or trading facilities at other places, within or without the State of Delaware, as the Board of Directors may from time to time determine or as the business of BOXR may require.

General Powers

SEC. 2 The property, business and affairs of BOXR shall be managed by or under the direction of the Board. The Board may exercise all such powers of BOXR and have the authority to perform all such lawful acts as are permitted by law, the L.L.C. Agreement, the Regulatory Services Agreement, these By-Laws, or the Delegation Plan to assist the BSE in fulfilling its self regulatory responsibilities as set forth in Section 6(b) of the Act, and to support such other initiatives as the Board may deem appropriate. To the fullest extent permitted by applicable law, the L.L.C. Agreement, the Regulatory Services Agreement, and these By-Laws, the Board may delegate any of its powers to a committee appointed pursuant to Section 14 of the By-Laws, or to the BOXR staff in a manner not inconsistent with the Delegation Plan.

Number of Directors

SEC. 3 The Board shall consist of no fewer than seven nor more than thirteen Directors, the exact number to be determined by resolution adopted by the BSE Board from time to time. The BSE Board shall appoint directors to the BOXR Board, 50% of whom will serve until the first annual meeting of the BOXR Board, and 50% of whom will serve until the second consecutive annual meeting of the BOXR Board, in accordance with Section 5, below. In accordance with Section 4, below, the Chief Executive Officer of the BSE will be considered a member of the Board of Directors for voting purposes, but not for qualification percentage purposes. The General Counsel of the BSE will not be considered a member of the Board of Directors for voting purposes or qualification percentage purposes.

Qualifications

SEC. 4 Directors need not be Participants of BOX, or members of BSE. Industry Directors must be representatives of the securities industry as provided in Article II of the BSE Constitution. At least fifty percent (50%) of the Directors will be Public Directors. The Board shall include the Chief Executive Officer of the BSE, who will not be considered for the purposes of