

determining the qualification percentages for the Board set forth herein. The General Counsel of the BSE shall act as an advisor to the Board for all legal and regulatory matters, and shall not be a member or director of the Board. At least twenty percent (20%) of the Directors (but no fewer than two (2) Directors) will be officers or directors of a firm approved as a BOX Option Participant. An officer or director of a facility of the BSE may serve on the Board of Directors. The term of office of a Director shall not be affected by any decrease in the authorized number of Directors.

As soon as practicable, following the annual appointment of Directors, the Board shall elect from its members a Chair and Vice Chair and such other persons having such titles as it shall deem necessary or advisable to serve until the next annual appointment or until their successors are chosen and qualify. The persons so elected shall have such powers and duties as may be determined from time to time by the Board. The Board, by resolution adopted by a majority of Directors then in office, may remove any such person from such position at any time.

Appointment and Term of Directors

SEC. 5 Directors of BOXR shall be appointed, as necessary, each year by the BSE Board, at its next annual meeting after the BOXR Nominating Committee presents its candidates for the two BOX representatives on the BOXR Board each October. Directors shall be appointed for no more than four consecutive two-year terms, with the exception of the initial Board of Directors, 50% of whom will be appointed by the BSE Board to one year terms, and 50% of whom will be appointed by the BSE Board to two year terms, with the percentages of each apportioned as evenly as practicable between Public Directors and non-Public Directors in accordance with Section 4, above.

Resignation

SEC. 6 Any Director may resign at any time either upon written notice of resignation to the Chairman of the Board, the President, or the Secretary. Any such resignation shall take effect at the time specified therein or, if the time is not specified, upon receipt thereof, and the acceptance of such resignation, unless required by the terms thereof, shall not be necessary to make such resignation effective.

Removal

SEC. 7 Unless otherwise restricted by the L.L.C. Agreement, these By-Laws,

the BSE Rules or the BOX Rules, any or all of the Directors may be removed from office at any time, with cause, only if a determination is reasonably and promptly made by the BSE Board by a majority vote, that, based upon the facts known to the BSE Board at the time such determination is made that the Director sought to be removed (i) acted in bad faith; or (ii) did not act in a manner in the best interests of BOXR; or (iii) engaged in conduct which was unlawful; or (iv) deliberately breached his or her duty to BOXR.

Disqualification

SEC. 8 The term of office of a Director shall terminate immediately upon a determination by the Board, by a majority vote of the remaining Directors, that: (a) the Director no longer satisfies classification for which the Director was elected; and (b) the Director's continued service as such would violate the compositional requirements of the Board as set forth in Section 4 of these By-Laws. If the term of office of a Director terminates under this section, and the remaining term of office of such Director at the time of termination is not more than six months, during the term of vacancy the Board shall not be deemed to be in violation of Section 4 by virtue of such vacancy.

Filling of Vacancies

SEC. 9 If a Director position becomes vacant for any reason, the BSE Board or Executive Committee shall appoint a person to satisfy the classification (e.g. Industry or Public) for the directorship, except that if the remaining term of office for the vacant Director position is not more than six months, no replacement shall be required.

Quorum and Voting

SEC. 10 At all meetings of the Board, unless otherwise set forth in these By-Laws or required by law, a quorum for the transaction of business shall consist of the presence of a majority of the number of Directors fixed by Section 3. In the absence of a quorum, a majority of the Directors present may adjourn the meeting until a quorum is present. The vote of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board.

Regulation

SEC. 11 The Board may adopt such rules, regulations, and requirements for the conduct of the business and management of BOXR not inconsistent with the law, BSE and BOX Rules, L.L.C. Agreement, Regulatory Services

Agreement, or these By-Laws, as the Board may deem proper. A Director shall, in the performance of such Director's duties, be fully protected in relying in good faith upon the books of accounts or reports made to BOXR by any of its officers, by an independent professional (e.g. attorney, certified public accountant, business consultant) or in relying in good faith upon other records of BOXR.

Meetings

SEC. 12 (a) An annual meeting of the Board shall be held for the purpose of organization, election of officers, and transaction of any other business. The annual meeting of the Board shall be held immediately following the BSE Board's first regularly scheduled meeting following October 1 of each year or any adjournment thereof, at the place where the BSE Board's regularly scheduled meeting following October 1 of each year was held or at such other time and place as a majority of the Directors determine. If a quorum is then present, no notice of the meeting shall be necessary. If the annual meeting is not so held, it shall be called and held in the manner provided herein for special meetings of the Board.

(b) Regular meetings of the Board, other than the annual meeting, may be held without notice at such time and place, within or without the State of Delaware, as determined from time to time by the Board.

(c) Special meetings of the Board may be called by the Chairman of the Board, by the President, or by at least one-third of the Directors then in office. Adequate notice shall be provided to all Board members of the time and place of any Special Meetings.

(d) A Director or member of any committee appointed by the Board may participate in a meeting of the Board or of such committee through the use of a telephone or similar communications equipment by means of which all persons participating in the meeting may hear one another, and such participation shall constitute presence in person at such meeting for all purposes.

Notice of Meetings; Waiver of Notice

SEC. 13 (a) Notice of any meeting of the Board shall be deemed to be duly given to a Director if (i) mailed to the address last made known in writing to BOXR by such Director as the address to which such notices are to be sent, at least seven days before the day on which such meeting is to be held; (ii) sent to the Director at such address by telegraph, telefax, cable, radio, or wireless, not later than the day before