

category shall be elected in lieu of those candidates who receive what would otherwise be the lowest winning pluralities. A plurality of the votes shall elect the members of the Nominating Committee; provided, however, that in the same manner as described above for the election of directors, in any case where a plurality of votes cast would not elect the number of members of the Nominating Committee from each of the categories specified in Section 4.1, then the specified number of candidates in each such category who receive the highest votes among all candidates in that category shall be elected. The Election Committee shall cause election results to be posted on the *Exchange* bulletin board [on the floor of the Exchange].

Article VI

Board of Directors

Section 6.1 Number, Election and Term of Office of Directors

(a) The Board of Directors shall consist of 22 Directors as described below and the Chairman of the Board, who by virtue of his office shall be a member of the Board. The Directors elected by the membership shall be divided into three classes which, commencing with the 2002 annual election meeting, shall be composed as follows:¹

Class I shall consist of one member who directly or indirectly owns and controls a membership and is primarily engaged in business on the floor of the Exchange in the capacity of a member (floor director), one *person* [member] who directly or indirectly owns and controls a membership with respect to which he acts solely as lessor and who is not actively engaged in business as a "broker-dealer" or as a "person associated with a broker-dealer" as those terms are defined in the Securities Exchange Act of 1934, (lessor director), and three *persons who are not members and* [non-members] who are not broker-dealers or persons affiliated with broker-dealers (public directors).

Class II shall consist of one floor director, one *person* [member] who functions as a member in any recognized capacity either individually or on behalf of a member organization (at-large director), two *persons* [members] who are executive officers of member organizations that primarily conduct a non-member public customer business and are not individually engaged in business on the Exchange floor (off-floor directors) and four public directors.

Class III shall consist of two floor directors, one at-large director, two off-floor directors and four public directors.

The ordinary place of business of at least one of the two off-floor directors in each Class shall be a location more than 80 miles from the Exchange's trading floor.

For purposes of this Section 6.1, a *person* [member] shall be considered to directly own and control a membership only if the *person* [member] individually and directly owns of record and beneficially all right, title and interest in the membership, and a *person* [member] shall be considered to indirectly own and control a membership only if the *person* [member] (A) has the sole and exclusive right to vote the membership and control its sale, and (B) is in possession of and subject to all of the risks and rewards of a direct owner of at least a fifty percent (50%) interest in a membership, either through ownership of an equity interest in a member organization or of a beneficial interest in a trust, which in either case is the owner of one or more memberships as permitted under the Rules.

(b) The terms of Class I, Class II and Class III directors shall terminate following the annual election meetings to be held in 2002, 2003 and 2004, respectively. At the 2002 annual election meeting, all of the Class I directors shall be elected for three-year terms, and directors shall be elected to fill vacancies in Classes II and III. At *each* [subsequent] annual election *meeting* [meetings], [the] directors [of each class] shall be elected for three year terms to succeed those whose terms are then about to expire, and they shall hold office for the terms for which elected and until their successors shall have been duly elected and qualified[,] or until their earlier death, resignation or removal. *The term of office of each director elected at an annual election meeting shall commence on January 1st of the year following that annual election meeting and shall continue until December 31st of the final year of the director's term of office.* [Terms of office of directors shall expire at the first regular meeting of the Board of Directors held on or after January 1 following the annual election meetings at which their successors are elected.]

Section 6.2 Powers of the Board

The Board of Directors shall be the governing body of the Exchange and shall be vested with all powers necessary for the management of the business and affairs of the Exchange and for the promotion of its welfare, objects and purposes. The Board shall regulate

the business conduct of members and may exercise all such powers of the Exchange and do all such lawful acts and things as are not by statute, the Certificate of Incorporation, the Constitution or the Rules directed or required to be exercised or done by members. In the exercise of such powers, the Board may organize such subsidiary corporations, impose such fees and charges, adopt or amend such Rules, issue such orders and directions, and make such decisions as it deems necessary or appropriate. It may prescribe and impose penalties for violations of the Constitution or Rules, for neglect or refusal to comply with orders, directions or decisions of the Board, or for any other offenses against the Exchange.

Section 6.3 Resignation, Disqualification and Removal of Directors

(a) A Director may resign at any time by giving written notice of his resignation to the Chairman of the Board or the Secretary, and such resignation, unless specifically contingent upon its acceptance, will be effective as of its date or of the date specified therein.

(b) In the event (i) any Director other than a public director ceases to be a member or executive officer of a member organization or (ii) the number of Directors in any designated category within a Class falls below the number for that category and Class (as specified in Section 6.1) because of the failure of a Director to maintain the qualifications for the designated category, of which failure the Board of Directors shall be the sole judge, the Director shall thereupon cease to be a Director, his office shall become vacant and the vacancy may be filled [at the next scheduled meeting of] by the Board of Directors with a person who qualifies for the category in which the vacancy exists. [, provided that] *Notwithstanding the foregoing:*

(A) *A Director who fails to maintain the applicable qualifications will be allowed the later of (i) 45 days from the date when the Board determines the Director is unqualified or (ii) until the next regular Board meeting following the date when the Board makes such determination, in which to requalify. During any such period up until the time when the Director requalifies, the Director shall be deemed not to hold office and the seat formerly held by the Director shall be deemed to be vacant for all purposes. The Board of Directors shall be the sole judge of whether the Director has requalified.*

(B) A Director other than a public director whose membership is