

NATIONAL MARKET SYSTEM PLAN
OF THE OPTIONS REGULATORY SURVEILLANCE AUTHORITY

The self-regulatory organizations named below as the parties to this plan, and any other self-regulatory organizations that may subsequently become parties to this plan, maintain markets for the trading of securities options that collectively constitute a national market system for the trading of such securities. These self-regulatory organizations have determined that in order to enhance the effectiveness and efficiency of regulation of that national market system and of their individual options markets comprising that national market system and to avoid duplication of regulatory effort, they should share in the use, administration, and cost of certain regulatory and surveillance facilities and in the regulatory and surveillance information provided by these facilities. These self-regulatory organizations have therefore jointly developed and agreed upon the following plan for this purpose, and have agreed to file it with the Securities and Exchange Commission (the "Commission") as a national market system plan in accordance with and subject to Rule 608 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The term "Plan" as used herein shall mean this plan as from time to time amended in accordance with the provisions hereof.

The Options Regulatory Surveillance Authority ("ORSA") shall mean the parties to the Plan acting jointly pursuant to the terms of the Plan. Pursuant to Section 11A(a)(3)(B) of the Exchange Act, the Commission's approval of the Plan and any amendments thereto shall authorize and require the parties to the Plan to act jointly with respect to matters as to which they share authority hereunder in regulating the national market system comprising their respective markets for the trading of securities options, in planning, developing and operating the regulatory systems and facilities used for this purpose, and in sharing the information generated by such regulatory systems and facilities, provided that such joint action shall be limited to circumstances in which it is necessary in order to fulfill the purposes and objectives as stated in the Plan.

I. Parties

(a) The parties to the Plan are the following self-regulatory organizations:

- (i) American Stock Exchange LLC
86 Trinity Place
New York, New York 10006
- (ii) Boston Stock Exchange, Inc.
100 Franklin Street
Boston, Massachusetts 02110

- (iii) Chicago Board Options Exchange, Inc.
400 South LaSalle Street
Chicago, Illinois 60605
- (iv) International Securities Exchange, Inc.
60 Broad Street
New York, New York 10004
- (v) Pacific Exchange, Inc.
115 Sansome Street
San Francisco, California 94104
- (vi) Philadelphia Stock Exchange, Inc.
1900 Market Street
Philadelphia, Pennsylvania 19103

(b) Any other self-regulatory organization that maintains a market for the trading of securities options in accordance with rules approved by the Commission may become a party to the Plan. A self-regulatory organization that does not maintain a market for the trading of securities options may not become a party, and, subject to Section VIII below concerning the continuing liability of former parties for certain obligations under the Plan, a self-regulatory organization that is a party shall cease to be a party at such time as it ceases to maintain a market for the trading of securities option contracts, unless in either case the other parties to the Plan, by a majority vote, approve such self-regulatory organization becoming or continuing to be a party. As a condition of becoming a party, a self-regulatory organization shall: (i) agree in writing to the terms and conditions of the Plan, as the same may be amended from time to time, (ii) agree in writing to the terms and conditions of any contract pursuant to which the parties to the Plan have delegated regulatory and surveillance functions under the Plan to any party or other self-regulatory organization, and (iii) pay a Participation Fee to ORSA in an amount that has been determined by a vote of a majority of the parties to the Plan as fairly and reasonably compensating ORSA for costs it has incurred in developing and maintaining the systems and facilities used for the purposes of the Plan and for costs it will incur in providing for the new party's participation. In determining the amount of the Participation Fee to be paid by any new party, ORSA shall consider the following factors:

- the portion of costs previously paid by ORSA for the development, expansion and maintenance of facilities used by ORSA which, under generally accepted accounting principles, would have been treated as capital expenditures and would have been amortized over the five years preceding the admission of the new party;
- an assessment of costs incurred and to be incurred by ORSA, if any, to accommodate the new party, which are not otherwise required to be paid or reimbursed by the new party; and

- previous Participation Fees paid by other new parties.

In the event ORSA and a new party do not agree on the amount of the Participation Fee, the amount of the Fee will be subject to review by the Commission.

(c) An applicant may apply to become a party to the Plan by submitting to ORSA a completed Participation Application on the form provided by ORSA and by agreeing to comply with the requirements of the Plan.

(d) Each party to the Plan agrees to provide, and agrees to authorize The Options Clearing Corporation to provide, such information with respect to trading in its market for the trading of securities options contracts to any party or other self-regulatory organization to which ORSA delegates all or part of its regulatory and surveillance functions under the Plan as such self-regulatory organization may reasonably request for purposes of performing such functions.

II. Administration of ORSA

(a) ORSA Policy Committee. ORSA shall be administered by a Policy Committee, which shall be constituted as provided in Section II(c), below.

(b) Authority of Policy Committee. Except as otherwise expressly provided in the Plan, the ORSA Policy Committee shall make all policy decisions on behalf of ORSA in furtherance of the functions and objectives of ORSA under the Exchange Act and under the Plan, including but not limited to the following:

(1) determine the extent to which regulatory, surveillance and investigative functions shall be conducted by ORSA on behalf of the parties;

(2) make all determinations pertaining to contracts with parties to the Plan or with other persons who provide goods or services to ORSA, and with parties to the Plan or other self-regulatory organizations who engage in regulatory, surveillance or investigative activities on behalf of ORSA, and periodically evaluate the performance of such persons;

(3) review and approve surveillance standards and other parameters to be used by self-regulatory organizations who perform regulatory and surveillance functions on behalf of ORSA;

(4) determine all other policy questions pertaining to the planning, development and operation of ORSA, including those pertaining to budgetary or financial matters.

(c) Composition and Selection of Policy Committee. The Policy Committee shall consist of one voting member representing each party and one alternate voting member representing each party who shall have a right to vote only in the absence of that party's voting member. Each of the voting and alternate voting members of the Policy Committee shall be appointed by the party that he or she represents, and shall serve at the will of the party appointing such member.

(d) Action of Policy Committee. Each of the parties shall have one vote on all matters voted upon by the Policy Committee and, except as otherwise provided herein, action of ORSA under the Plan shall be authorized by the affirmative vote of a majority of the members of the Policy Committee, subject to the approval of the Commission whenever such approval is required under applicable provisions of the Exchange Act and the rules of the Commission thereunder. Action authorized in accordance with the Plan shall be binding upon all of the parties, without prejudice to the rights of any party to present contrary views to any regulatory body or in any other appropriate forum.

(e) Meetings of the Policy Committee. Regular meetings of the Policy Committee may be attended by each party's voting representative or alternate voting representative, by one or more nonvoting representatives of the parties, and by such other persons that the Committee may invite to attend. Meetings of the Policy Committee shall be held at such times as shall from time to time be determined by the Policy Committee, on not less than 10 days notice. Special meetings of the Policy Committee may be called upon the request of two or more parties on not less than two days' notice. At each meeting of the Policy Committee, the Committee shall designate one of the representatives of the parties to preside as Chairman of the meeting and shall designate a person in attendance to act as Secretary to record the minutes thereof. The location of the regular and special meetings of the Policy Committee shall be fixed by the Committee, provided that in general the location of meetings shall be rotated among the locations of the principal offices of the parties. Members of the Policy Committee may be present at a meeting by conference telephone or other electronic means that enables each of them to hear and be heard by all others present at the meeting, and action may be taken without a meeting if all of the members entitled to vote consent thereto in writing.

III. Functions and Objectives of ORSA

(a) The functions and objectives of ORSA shall include:

(i) providing for the joint development, administration, operation and maintenance of systems and facilities utilized in the regulation, surveillance, investigation and detection of the unlawful use of undisclosed, material information in the trading of securities options (including options on equity securities and on groups or indexes of equity securities) on one or more of the markets maintained by the parties to the Plan and in the trading of other related securities;

(ii) providing personnel in support of the functions and objectives stated in (i) above;

(iii) sharing the regulatory and surveillance information developed by ORSA with the parties to the Plan and with other self-regulatory organizations for regulatory purposes only, and with the Commission; and

(iv) providing for the joint performance of any other regulatory or surveillance functions or activities that the parties determine to bring within the scope of the Plan; provided that any determination to expand the regulatory or surveillance functions or activities of ORSA beyond those described in subsections (i), (ii) and (iii) of this Section III(a) shall be deemed to be an amendment to the Plan subject to the requirements of Section IX below.

(b) The performance of regulatory and surveillance functions by ORSA pursuant to the Plan shall not be deemed to relieve the parties of their obligation to enforce compliance with the provisions of the Exchange Act, rules and regulations thereunder, and the parties' own rules by their members and persons associated with their members. Whenever in the course of performing its regulatory and surveillance functions ORSA obtains information indicating there may have been a violation by members or associated persons of members of one or more of the parties to the Plan, ORSA shall promptly inform all such parties of the relevant facts within its possession. ORSA shall not have authority to take disciplinary action against members of the parties to the Plan or persons associated with such members, but all such authority shall remain that of the parties themselves; provided, however, that in determining whether to commence disciplinary proceedings or to take other disciplinary action against persons within its regulatory jurisdiction, and in conducting such proceedings or taking such action, a party may utilize regulatory and surveillance information furnished to it by ORSA.

IV. Performance of Functions.

(a) As and to the extent determined by its Policy Committee, ORSA may delegate all or part of its regulatory and surveillance functions under the Plan (other than functions described in Section II(b) of the Plan) to one or more of the parties or one or more other self-regulatory organizations, and where appropriate to enter into contracts with such self-regulatory organizations describing the functions to be performed by them and the service levels and other terms related thereto. Each person who performs administrative or operational functions on behalf of ORSA shall be required to agree that any nonpublic information that becomes known to such person shall be held in confidence, except as it may be shared with the other parties, with other self-regulatory organizations for regulatory purposes only, and with the Commission, and except (if such person is a party) as such person may use and disclose such information in accordance with the provisions of the Plan.

(b) The Policy Committee shall periodically (not less frequently than annually) review the performance of persons to whom regulatory and surveillance activities have been delegated under the Plan, and evaluate whether such activities have been performed in a reasonably acceptable manner consistent with the service levels specified in any contract governing the performance of such services, and whether the costs of such services are reasonable. If the Policy Committee determines that the performance of delegated activities is not reasonably acceptable or that costs are unreasonable, the Policy Committee may terminate the delegation of activities to such persons subject to applicable contractual terms.

V. Disclaimer of Liability; Indemnification.

(a) No party to which functions of ORSA are delegated in accordance with Section IV of the Plan shall be liable to any other party for any loss, claim, damage or expense whatsoever resulting from its performance of such functions, whether based on warranty, express or implied, negligence or any other ground, unless the acts or omissions upon which a claim of liability is based constitute willful or reckless misconduct or gross negligence or a material breach of any contract between such party and ORSA pursuant to which functions of ORSA have been so delegated.

(b) Any party to which functions of ORSA are delegated in accordance with Section IV of the Plan shall be indemnified and held harmless by ORSA from and against any and all loss, liability, claim, damage and expense whatsoever, including reasonable attorneys' fees, arising out of or based upon any claim against such party pertaining to such party's performance of, or failure to perform, the functions delegated to such party, unless the acts or omissions of such party upon which the claim is based constitute willful or reckless misconduct or gross negligence or a material breach of any contract between such party and ORSA pursuant to which functions of ORSA have been so delegated. Costs of ORSA incurred as a result of this indemnification shall be allocated among the parties, including the indemnified party, in accordance with Section VI of the Plan. This indemnity agreement shall be in addition to any liability which ORSA or any of the parties may otherwise have.

(c) Promptly (in any event within thirty days) after receipt by a party of notice of the commencement of any action in respect of which such party believes it is entitled to be indemnified pursuant to Section V(b) above, such party will, if a claim for indemnification in respect thereof is to be made against ORSA under Section V(b), notify ORSA in writing of the commencement thereof; but the failure so to notify ORSA will not relieve ORSA from any liability it may have to such party under Section V(b) except to the extent (if any) that ORSA shall have been actually prejudiced thereby, and will not relieve ORSA from any liability it may have to such party otherwise than under Section V(b) above. In case any such action is brought against any such party that notifies ORSA of a claim for indemnification in respect thereof, ORSA will be entitled to participate in, and, to the

extent that it may wish, to assume and control the defense thereof, with counsel chosen by it, and after notice from ORSA of its election so to assume the defense thereof, ORSA will not be liable to such indemnified party under Section V(b) above for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation, but the indemnified party may, at its own expense, participate in such defense by counsel chosen by it, without, however, impairing the indemnifying party's control of the defense. ORSA may negotiate a compromise or settlement of any such action provided that such compromise or settlement does not require a contribution by the indemnified party beyond its share of the costs of settlement in accordance with Section VI below.

VI. Financial Matters.

(a) The costs and expenses of ORSA to be allocated among the parties in accordance with paragraph (b) of this Section VI shall consist of all costs and expenses duly and properly incurred by any party as a direct result of its performing regulatory or surveillance functions on behalf of ORSA delegated to it in accordance with Section IV of the Plan, together with any amounts charged to ORSA (or charged to any party authorized to incur such charges on behalf of ORSA) by any other person for goods or services provided to or for the benefit of ORSA. Such costs and expenses shall include, without limitation, hardware and software expenses, including lease payments and license fees, systems development, operation and maintenance costs, fully allocated costs of personnel of a party who perform functions on behalf of ORSA that have been delegated to that party (prorated in the case of personnel who spend less than full time on ORSA-related activities), legal fees duly and properly incurred by any party as a direct result of its performing regulatory or surveillance functions on behalf of ORSA delegated to it in accordance with Section IV of the Plan, and a share of administrative and overhead costs of a party delegated to perform functions on behalf of ORSA reflecting a reasonable allocation of such costs to its ORSA-related activities. Notwithstanding the foregoing, in anticipation that ORSA will delegate to the Chicago Board Options Exchange ("CBOE") the performance of insider trading surveillance activities through the utilization of the insider trading surveillance system developed by CBOE, the costs and expenses incurred by CBOE in developing that system and all enhancements to that system through [Date of SEC Approval of Plan], 2005, will not be deemed to be costs and expenses of ORSA subject to allocation among the parties and will be borne by CBOE without reimbursement. Costs and expenses incurred by CBOE in maintaining that system after [Date of SEC Approval of Plan], 2005, and costs and expenses of upgrades to that system as authorized by ORSA will be deemed to be costs and expenses of ORSA and will be allocated among the parties in accordance with paragraph (b) of this Section VI.

(b) Costs and expenses of ORSA will be allocated among the parties at the end of each calendar quarter as follows:

(i) The total operating costs and expenses and capital costs incurred by or on behalf of ORSA (on an accrual basis) during the calendar quarter will be determined in accordance with paragraph (a) of this Section VI. These costs and expenses are referred to as the "Total Allocable Costs".

(ii) Fifty percent (50%) of the Total Allocable Costs shall be allocated equally among all of the exchanges that were parties to the Plan during the quarter (such allocation shall be made pro-rata for any exchange that was a party during less than the entire quarter).

(iii) Twenty-five percent (25%) of the Total Allocable Costs shall be allocated among all of the exchanges that were parties to the Plan at any time during the quarter on the basis of each exchange's contract volume market share in all classes of securities options traded by all of the exchanges during the quarter.

(iv) Twenty-five percent (25%) of the Total Allocable Costs shall be allocated among all of the exchanges that were parties to the Plan at any time during the quarter on the basis of the number of classes of securities options traded on each exchange as a percentage of the total number of such classes traded on all exchanges, in each case, averaged over all of the trading days of the quarter.

(v) The sum of the costs and expenses allocated to a party pursuant to subparagraphs (ii), (iii) and (iv) above shall be that party's allocated share of ORSA costs and expenses for that quarter.

(c) With respect to any calendar quarter in which CBOE has been delegated to perform surveillance activities on behalf of ORSA, CBOE shall prepare an allocation of costs and expenses of ORSA as promptly as practicable following the end of the calendar quarter based upon the costs and expenses it incurred and those incurred by any other party during the quarter just ended, which in each case are properly authorized to be allocated among the parties in accordance with the Plan. A written report of the allocation showing the payables and receivables of each party for the quarter and the basis of the allocation shall be sent to each party as soon as it is available. Each party's allocated share of ORSA's costs and expenses as set forth in the report shall be due and payable within thirty days of receipt of the report.

(d) An independent audit shall be made yearly of all costs and expenses chargeable to ORSA and of the allocation of such costs and expenses among the parties. The audit shall be performed by CBOE's regular independent auditor or such other independent auditor that may be selected by ORSA's Policy Committee.

VII. Confidentiality.

(a) The parties shall use regulatory information furnished to them by ORSA solely for the purpose of enforcing compliance with the provisions of the Exchange Act, or for other regulatory purposes. The parties and ORSA shall hold such information in confidence, and shall not publish, disclose or disseminate the same to any other person or entity (other than employees or agents of the parties who are engaged in the performance of regulatory activities on their behalf) except as provided in Section VII(b) below.

(b) Notwithstanding Section VII(a) above, a party may disclose information furnished to it by ORSA (i) to other self-regulatory organizations for regulatory purposes only pursuant to an arrangement for the sharing of regulatory information among such organizations, (ii) to the Commission, (iii) to other governmental agency for use in their official capacities, (iv) pursuant to an order of a court or other lawful process, or (v) in connection with its own disciplinary and other regulatory proceedings.

(c) Each of the parties and ORSA shall take reasonable steps to insure that nonpublic business information specific to a party remains segregated and confidential from the other parties, except for information that may be shared for regulatory purposes as provided herein.

VIII. Term of Plan; Withdrawal; Non-transferability of Rights Under the Plan

The Plan shall remain in effect so long as there are two or more parties to the Plan. Any party may withdraw from the Plan at any time on not less than six months prior written notice to each of the other parties. Any party withdrawing from the Plan shall remain liable for its proportionate share of costs and expenses allocated to it pursuant to Section VI above for the period during which it was a party, including its share of ORSA's indemnification obligations incurred while it was a party, but it shall have no further obligations under the Plan or to any of the other parties with respect to the period following the effectiveness of its withdrawal. The right of a party to participate in joint regulatory services under the Plan shall not be transferable without the consent of the other parties.

IX. Amendments to the Plan

The Plan may be amended from time to time when authorized by the affirmative vote of all of the parties, provided that the provisions of Section VI pertaining to the allocation of the costs and expenses of ORSA among the parties may be amended when authorized by the affirmative vote of not less than 66-2/3% of the parties, subject in every case to any required approval of the Securities and Exchange Commission.

X. Applicability of Exchange Act

The rights and obligations of the parties to the Plan shall at all times be subject to any applicable provisions of the Exchange Act and any rules and regulations promulgated thereunder.

XI. Notices.

Any notice given to any of the parties or to ORSA for purposes of the Plan shall be in writing, and shall be deemed given if sent by prepaid registered or certified United States mail, return receipt requested (if available), overnight mail with a nationally recognized overnight mail courier, addressed to the party at its address indicated below in the case of notice to one or more parties, or addressed to all of the parties at their addresses indicated below in the case of notice to ORSA:

- (i) American Stock Exchange LLC
86 Trinity Place
New York, New York 10006
- (ii) Boston Stock Exchange, Inc.
100 Franklin Street
Boston, Massachusetts 02110
- (iii) Chicago Board Options Exchange, Inc.
400 South LaSalle Street
Chicago, Illinois 60605
- (iv) International Securities Exchange, Inc.
60 Broad Street
New York, New York 10004
- (v) Pacific Exchange, Inc.
115 Sansome Street
San Francisco, California 94104
- (vi) Philadelphia Stock Exchange, Inc.
1900 Market Street
Philadelphia, Pennsylvania 19103

XII. Counterparts and Signatures

The Plan may be executed in any number of counterparts, no one of which need contain all signatures of all Participants, and as many of such counterparts as shall together contain all such signatures shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Plan has been executed as of the 23rd day of December, 2005 by each of the parties hereto.

AMERICAN STOCK EXCHANGE LLC

By: _____

Title

BOSTON STOCK EXCHANGE, INC.

By: _____

Title

CHICAGO BOARD OPTIONS EXCHANGE, INC.

By: _____

Title

INTERNATIONAL SECURITIES EXCHANGE, INC.

By: _____

Title

PACIFIC EXCHANGE, INC.

By: _____

Title

PHILADELPHIA STOCK EXCHANGE, INC.

By: _____

Title