PLAN FOR THE PURPOSE OF CREATING AND OPERATING

AN INTERMARKET OPTION LINKAGE

Submitted: January 19, 2000

Table of Contents

Section 1 – Preamble

The Participants submit to the SEC this Plan providing for an option intermarket communications linkage that will link the various option markets maintained by the Participants. The Participants developed this Plan pursuant to an order issued by the SEC on October 19, 1999, directing the Participants to develop an option intermarket linkage plan. The Participants request that the SEC issue an order pursuant to Section 11A(a)(3)(B) of the Exchange Act and Rule 11Aa3-2 thereunder evidencing its approval of the Plan.

Section 2 - Definitions

1) *"**Administrative Message**"* means a message sent pursuant to Section 6(c) of the *Plan*.

2) *"**Best**"* as used with reference to bids (offers) means the bid (offer) that is highest (lowest).

3) *"**Block Trade**"* means a trade on a *Participant* that:
   (a) is of "block size," that is, involves 500 or more contracts and has a premium value of at least $150,000;
   (b) is effected at a price outside of the *NBBO*; and
   (c) involves either:
      (i) a cross (where a member of the *Participant* represents all or a portion of the both sides of the trade), or
      (ii) any other transaction (*i.e.*, in which such member represents an order of block size on one side of the transaction only) that is not the result of an execution at the current bid or offer on the *Participant*.

   Contemporaneous transactions at the same price on a *Participant* shall be considered a single transaction for the purpose of this definition.

4) *"**Broker/Dealer**"* means an individual or organization registered with the *SEC* in accordance with Section 15(b)(1) of the *Exchange Act* or a foreign broker or dealer exempt from such registration pursuant to Rule 15a-6 under the *Exchange Act*.

5) *"**Customer**"* means an individual or organization that is not a *Broker/Dealer*. Used with reference to a *Linkage Order*, it means an order which, if executed, would result in the purchase or sale for an account in which no *Broker/Dealer* has an interest.

6) *"**Eligible Exchange**"* means a national securities exchange registered with the *SEC* in accordance with Section 6(a) of the *Exchange Act* that is: (a) a Participant Exchange in *OCC* (as that term is

defined in Section VII of the *OCC* by-laws); and (b) a party to the *OPRA Plan* (as that term is described in Section I of the *OPRA Plan*).

7) ***"Eligible Market Maker,"*** with respect to an *Eligible Options Class*, means a *Market Maker* that:

   (a) is assigned to, and is providing two-sided quotations in, the *Eligible Option Class*;

   (b) is participating in its market's automatic execution system in such *Eligible Option Class*; and

   (c) is not prohibited from sending *Principal Orders* in such *Eligible Option Class* through the *Linkage* pursuant to Section 8(b)(iii) of the *Plan*.

8) ***"Eligible Option Class"*** means all option series overlying a security (as that term is defined in Section 3(a)(10) of the *Exchange Act*) or group of securities, including both put options and call options, which class is traded on two or more *Participants.*

9) ***"Exchange Act"*** means the Securities Exchange Act of 1934, as amended.

10) ***"Exchange Systems"*** are the means and related mechanisms of *Participants* that perform such functions as message validation, processing, logging, routing and execution (including electronic and automatic execution) of *Linkage Orders,* and related confirmations.

11) ***"Firm Customer Quote Size"*** with respect to a *P/A Order* means the lesser of (a) the number of option contracts that the *Participant* sending a *P/A Order* guarantees it will automatically execute at its disseminated quotation in a series of an *Eligible Option Class* for *Customer* orders entered directly for execution in that market; or (b) the number of option contracts that the *Participant* receiving a *P/A Order* guarantees it will automatically execute at its disseminated quotation in a series of an *Eligible Option Class* for *Customer* orders entered directly for execution in that market. The *Firm Customer Quote Size* will be at least 10 contracts for each series of an *Eligible Option Class*.

12) ***"Firm Principal Quote Size"*** means the number of option contracts that a *Participant* guarantees it will execute at its disseminated quotation for incoming *Principal Orders* in an *Eligible Option Class*. This number shall be no fewer than 10.

13) ***"Immediate or Cancel Order"*** means a limited price order that is to be executed in whole or in part as soon as such order is received, and the portion not executed, if any, is immediately cancelled.

14) ***"Linkage"*** means the systems and data communications network that link electronically the *Participants* to one another for the purpose of sending and receiving *Linkage Orders*, related confirmations, order statuses and *Administrative Messages*.

15) A ***"Linkage Access Device"*** is the means through which authorized members and employees of a *Participant*, can send *Linkage Orders* and *Administrative Messages* through the *Linkage*, and can include a direct system interface between a *Participant's Exchange System* and the *Linkage*.

16) ***"Linkage Order"*** means an *Immediate or Cancel Order* routed through the *Linkage* containing the information required in Section 7(b)(i) of the Plan. There are three types of *Linkage Orders*:
   (a) ***"Principal Acting as Agent ("P/A") Order,"*** which is an order for the principal account of a *Market Maker* that is authorized to represent *Customer* orders, reflecting the terms of a related unexecuted *Customer* order for which the *Market Maker* is acting as agent;
   (b) ***"Principal Order,"*** which is an order for the principal account of an *Eligible Market Maker* and is not a *P/A Order*; and
   (c) ***"Satisfaction Order,"*** which is an order, for the principal account of a member who initiated a *Trade-Through*, sent through the *Linkage* to satisfy the liability arising from that *Trade-Through*.

17) ***"Linkage Trade"*** means any trade that results from the execution of a *Linkage Order*.

18) *"**Market Maker**"* has the meaning assigned to it in Section 3(a)(22) of the *Exchange Act*, and includes, but is not limited to, specialists, designated primary marker makers, lead market makers, market makers, registered option traders, primary market makers and competitive market makers.

19) *"**NBBO**"* means the national *Best* bid and offer in a series of an *Eligible Option Class* calculated by a *Participant*.

20) *"**Non-Firm**"* means, with respect to quotations in an *Eligible Option Class*, that members of a *Participant* are relieved of their obligations under that *Participant's* firm quote rule in that *Eligible Option Class*.

21) *"**OCC**"* means the Options Clearing Corporation.

22) *"**OPRA**"* means the Options Price Reporting Authority.

23) *"**OPRA Plan**"* means the plan filed with the *SEC* pursuant to Section 11Aa(1)(C)(iii) of the *Exchange Act*, approved by the *SEC* and declared effective as of January 22, 1976, as from time to time amended.

24) *"**Participant**"* means an *Eligible Exchange* whose participation in the *Plan* has become effective pursuant to Section 4(c) of the *Plan*.

25) *"**Plan**"* means the plan amended and restated in this instrument as from time to time amended in accordance with its provisions.

26) *"**Reference Price**"* means the limit price attached to a *Linkage Order* by the sending *Participant*. Except with respect to a *Satisfaction Order*, the *Reference Price* is equal to the bid disseminated by the receiving *Participant* at the time that the *Linkage Order* is transmitted in the case of a

Linkage Order to sell and the offer disseminated by the receiving *Participant* at the time that the *Linkage Order* is transmitted in the case of a *Linkage Order* to buy. With respect to a *Satisfaction Order*, the Reference Price shall be the price to which the member in the sending *Participant* is entitled under Section 8(c)(2)(B) of the *Plan*.

27) *"**SEC**"* means the United States Securities and Exchange Commission.

28) *"**Third Participating Market Center Trade-Through**"* means a *Trade-Through* in a series of an *Eligible Option Class* that is effected by executing a *Linkage Order*, and such execution results in a sale (purchase) at a price that is inferior to the *Best* bid (offer) being disseminated by a third *Participant*.

29) *"**Trade-Through**"* means a transaction in a series of an *Eligible Option Class* at a price that is inferior to the *NBBO*.

30) ***"Verifiable Number of Customer Contracts"*** means the number of *Customer* contracts in the book of a *Participant*.

Section 3 - Purpose of the Plan

The purpose of the Plan is to enable the Participants to act jointly in planning, developing, operating and regulating the Linkage as may be agreed upon by the Participants and described in the Plan so as to further the objectives of Congress as set forth in Section 11A(a) of the Exchange Act. These objectives include, but are not limited to, increasing market efficiency, enhancing competition, increasing the information available to brokers and dealers and investors, facilitating the offsetting of investors' orders and contributing to the best execution of such orders.

Section 4 – Parties to the Plan

(a) List of Parties

The parties to the Plan are as follows:

American Stock Exchange LLC ("AMEX"), registered as a national securities exchange under the Exchange Act and having its principal place of business at 86 Trinity Place, New York, New York 10006.

Chicago Board Options Exchange, Inc. ("CBOE"), registered as a national securities exchange under the Exchange Act and having its principal place of business at 400 South LaSalle Street, Chicago, Illinois 60605.

Pacific Exchange, Inc. ("PCX"), registered as a national securities exchange under the Exchange Act and having its principal place of business at 301 Pine Street, San Francisco, California 94104.

Philadelphia Stock Exchange, Inc. ("PHLX"), registered as a national securities exchange under the Exchange Act and having its principal place of business at 1900 Market Street, Philadelphia, Pennsylvania 19103.

(b) Compliance Undertaking

By subscribing to and submitting the Plan for filing with the SEC, each Participant agrees to enforce compliance by its members in their use of the Linkage through its facilities with the provisions of the Plan and with all actions taken by the Operating Committee, as defined in Section 5(a) of the Plan.

(c) New Participants

The Participants agree that any other Eligible Exchange may become a Participant by: (i) executing a copy of the Plan, as then in effect; (ii) providing each then-current Participant with a copy of such executed Plan; (iii) effecting an amendment to the Plan as specified in Section 5(c) of the Plan; and (iv) paying the then-current fee applicable to new Participants, as specified in Section 11(b) of the Plan.

Section 5 - Administration of the Plan

(a) Operating Committee

(i) Composition. Each Participant shall select from its staff one individual to represent such Participant as a member of the Operating Committee under the Plan, together with a substitute for such individual. Such substitute may participate in the deliberations of the Operating Committee and shall be considered a voting member thereof only in the absence of the primary representative.

(ii) Authority. The Operating Committee shall (1) oversee development and implementation of the Linkage in accordance with the specifications therefore agreed upon by each Participant, (2) monitor the Participants' use of the Linkage and (3) advise the Participants with respect to any deficiencies, problems or recommendations as the Committee may deem appropriate in its administration of the Plan. In this connection, the Operating Committee shall have authority to develop procedures and make administrative decisions necessary to facilitate the operation of the Linkage in accordance with the provisions of the Plan.

The Operating Committee shall have the specific powers and responsibilities stated in the Plan. Any instances of possible misuse or improper use of the Linkage that come to the attention of the Operating Committee may, by action of the Operating Committee, be referred to the Participant(s) having responsibility for the market(s) in which such misuse or improper use may have occurred for such action as such Participant(s) may deem appropriate.

(iii) Voting. Each Participant shall have one vote on all matters considered by the Operating Committee. Except as may otherwise be specifically provided herein, action taken pursuant to the vote of a majority of the members of the Operating Committee participating in a meeting of the Operating Committee at which a majority of the full Operating Committee is participating shall be deemed to be the action of the Operating Committee.

(b) Member Advisory Committee

Each Participant shall select from its membership at least one, and no more than three, individual(s) to represent such Participant as members of the Member Advisory Committee under the Plan. The Member Advisory Committee shall act as an advisory body to the Operating Committee and shall advise the Operating Committee with respect to any deficiencies, problems or recommendations as the Member Advisory Committee may deem appropriate in the implementation and operation of the Linkage. Each Participant shall have one vote on the Member Advisory Committee, notwithstanding how many individuals the Participant selects to serve on such committee. Action taken pursuant to majority vote of the Member Advisory Committee in a meeting of the committee at which representatives of a majority of Participants are present shall be deemed to be the action of the Member Advisory Committee.

(c) Amendments to the Plan

(i) General Amendment Authority. Except with respect to the addition of new Participants to the Plan, any proposed change in, addition to, or deletion from the Plan may be effected only by means of a written amendment to the Plan that is unanimously approved by the Participants and that: (A) sets forth the change, addition or deletion; (B) is approved by the Operating Committee pursuant to Section 5(a)(iii) of the Plan; (C) is executed on behalf of each Participant; and (D) is approved by the SEC or otherwise becomes effective pursuant to Section 11A of the Exchange Act and Rule 11Aa3-2 thereunder.

(ii) New Participants. With respect to new Participants, an amendment to the Plan may be effected by a new Eligible Exchange executing a copy of the Plan, as then in effect (with the only change being the addition of the new Participant's name in Section 4(a) of the Plan), submitting such executed Plan to the SEC, and paying the then-current fee applicable to new Participants, as specified in Section 11(b) of the Plan. Such amendment will be effective at the later of (A) the amendment being approved by the SEC or otherwise becoming effective pursuant to Section 11A of the Exchange Act and Rule 11Aa3-2 thereunder and (B) the new Participant paying the then-current fee applicable to new Participants.

(d) Participants' Rights

No action or inaction by the Operating Committee shall prejudice any Participant's right to present its views to the SEC or any other person with respect to any matter relating to the Linkage or to seek to enforce its views in any other forum it deems appropriate.

(e) Resolution of Disputes

The Operating Committee may delegate authority to render interpretative opinions to a Panel of Operating Committee members when there exists a dispute between Participants as to the application of the Plan.

(i) Applicability. A Participant may request an interpretive opinion as to the appropriateness of a ruling made by another Participant regarding the application of the Plan to any situation involving a loss of $5,000 or more that has been established pursuant to the Plan, including the mitigation provisions of the Plan (the "disputed ruling"). A request for an interpretive opinion can be made only by a Participant whose member is a party to the situation. All routine internal Participant surveillance reviews respecting the disputed ruling must have been completed prior to such request.

(ii) Panel Selection. All Operating Committee members, other than those representing the Participants involved in the situation, shall be eligible to serve as panelists. The affected Participants shall seek to select one Operating Committee member to render an interpretive opinion. If they are unable to agree on a single selection, each shall select one Operating Committee member, and the two so selected shall select one additional Operating Committee member. If a panelist selected in either way is unavailable, such panelist may designate that panelist's substitute as provided in Section 5(a)(i) of the Plan, if acceptable to the Participant(s) or panelists making the selection. If unacceptable, the Participant(s) or panelists may select another Operating Committee member.

(iii) Panel Discretion. The Panel may decline to hear any matter that it believes in its discretion is outside the scope of this Section 5(e) of the Plan, is not appropriate for an interpretive opinion, or otherwise does not present an issue appropriate for interpretation. The Panel may decline to render an interpretive opinion where the affected Participants come to agreement prior to its determination and may decline to do so where a Participant fails to cooperate. Participants may present, and the panel may request, any information reasonably related to the disputed ruling.

(iv) Panel Determination. If the Panel finds that the facts presented are inconclusive, the disputed ruling prevails. An interpretive opinion shall not bind the affected Participants and shall not serve as binding precedent for any future interpretive assistance.

(v) Operating Committee Review. Periodic reports on the functioning of, and experience under, the dispute resolution process (particularly where a difference of opinion continues to exist) will be submitted to the Operating Committee for its information and review to engender discussion of the effectiveness of the process and of any need for amending the Plan or its interpretations so as to achieve uniformity among the Participants in the application of the Plan.

Section 6 - Linkage Overview

(a) Linkage Monitoring

Each Participant is responsible for providing a Linkage supervisory function to oversee and assure efficient and effective operation of the Linkage. In fulfillment of that responsibility, each Participant shall commit sufficient resources to address intermarket trade problems in a prompt and thorough manner. As part of this function, each Participant will operate a supervisory facility from which it will allow for direct communications with authorized persons to assure the effective operation of the Linkage. Such facility is to be used by authorized persons to resolve inter-market trading disputes and to communicate other matters related to achieving the overall objectives of the Plan. This supervisory facility shall not to be used to route Linkage Orders, confirmations, or any other information unrelated to the purposes stated above.

(b) General Operation

(i) Clearing Corporation. All Linkage Trades shall be cleared and settled through OCC.

(ii) Eligible Option Classes. The Linkage is designed to accommodate trading in all series of any Eligible Option Class.

(iii) Implementation Phase. The Operating Committee shall have the authority to phase in the implementation of the Linkage in any manner it deems appropriate to ensure the prudent and efficient operation of the Linkage.

(c) Administrative Messages

Administrative Messages, as distinguished from orders and reports related thereto, may be sent through the Linkage. Administrative Messages may consist of free form text or fixed format messages and, depending upon the type of Administrative Message, may be sent to one, some or all trading locations, in some or all Participants.

(d) Facilities Manager

The Operating Committee shall determine the manner in which to build and operate the Linkage. If the Operating Committee determines to select a facilities manager to build and/or to operate all or part of the Linkage, it shall issue a request for proposals describing the required functionality of the Linkage and any other information that the Operating Committee deems appropriate. Such request for proposals shall contain a specification that the Linkage be developed in a manner that can accommodate, in the future, the ability to route P/A Orders based on a price-time basis, or some other pricing algorithm, as may be determined through adoption of an amendment to the Plan. The selection of the facilities manager shall require an affirmative vote of at least two-thirds of the members of the entire Operating Committee. A decision to remove, or not to renew the contract of, a facilities manager also will require the affirmative vote of at least two-thirds of the members of the entire Operating Committee. Similarly, the selection of any future facilities manager will be conducted through the request for proposals process, and any such selection will require the affirmative vote of at least two-thirds of the members of the entire Operating Committee.

Section 7 - Linkage Operations

(a) General Operation

(i) Quotations. The Linkage facilitates trades between members of different Participants. Through the Linkage, a member in any Participant may transmit, or cause to be transmitted, a Linkage Order in a series of any Eligible Option Class only as specified below, provided that continuous two-sided quotations in such series are required to be, and are, furnished by or on behalf of such Participant to the other Participants. Each Participant shall assure that orders to trade a series of an Eligible Option Class are not sent from or accepted at such Participant unless continuous two-sided quotations in such security are being furnished by such Participant.

(A) Receipt of Quotations. The generation and management of quotation information is not part of the Linkage. However, the Plan assumes that the members of each Participant have access to, for each series of an Eligible Option Class that they are trading, the Best bid and the Best offer from among the bids and offers then being furnished to the Participant. For each series of an Eligible Options Class that a Participant trades, each Participant must make available to its members trading such Eligible Option Class, the Best bid and the Best offer from among the bids and offers then being furnished to that Participant by or on behalf of the other Participants. Each Participant also agrees that it shall make available to its members that trade an Eligible Option Class the bid price and the offer price for such series then being furnished to that Participant by or on behalf of the other Participants.

(B) Furnishing of Quotations. As to each series of an Eligible Option Class, each Participant shall furnish, or cause to be furnished, to OPRA the current bid-ask quotation emanating from its market. Each Participant shall, to the best of its ability, assure that accurate and timely quotations are furnished to OPRA. Each quotation so furnished shall be considered "firm" to the extent provided in the Plan.

(C) Locked and Crossed Markets. The Participants agree that the dissemination of "locked" or "crossed" markets shall be avoided. The Participants agree to approve and submit to the SEC for its consideration uniform rules providing that: (1) if an Eligible Market Maker should lock or cross a market, that Eligible Market Maker will unlock, uncross or direct a Principal Order through the Linkage to trade against the bid or offer that was locked or crossed; and (2) if a member other than an Eligible Market Maker should lock or cross a market, that member will unlock or uncross the market.

(ii) Linkage Transactions. Through the Linkage, a member of one Participant who wishes to buy or sell contracts of a series of an Eligible Option Class is able to buy or sell the option series through the Linkage as follows:

(A) P/A Orders Eligible for Automatic Execution in Receiving Market.

(1) Requirements. A Market Maker may send through the Linkage a P/A Order for execution in the automatic execution system of a Participant at the NBBO if the size of such P/A Order is no larger than the Firm Customer Quote Size. The receiving Participant must execute the P/A Order in its automatic execution system, if available, if its disseminated quotation is equal to or better than Reference Price when that order arrives at the receiving Participant. That Participant then must immediately report the trade to OPRA for dissemination under the OPRA Plan with the identifier assigned to the receiving Participant. Except as explicitly provided in paragraph (ii)(B)(1)(b), no member may break up a Customer Order that is larger than the Firm Customer Quote Size into multiple orders, one or more of which is equal to or smaller than the Firm

Customer Quote size, so that such orders could be represented as multiple P/A Orders through the Linkage. A Market Maker may not send a P/A Order eligible for automatic execution at a price inferior to the NBBO.

(2) Example. As a non-exclusive example of how such a P/A Order would be routed, assume that a Broker/Dealer receives a Customer order to purchase 30 contracts of an Eligible Option Class that is traded on exchanges A, C and P, and the Broker/Dealer directs the order to Exchange C. Further assume that the 30 contract order would be eligible for automatic execution on all three of these exchanges. In this example, the Market Maker on exchange C responsible for handling the order, acting as agent for the Customer order, would attempt to execute the order on exchange C at a price equal to or better than the NBBO. Quotation information available where the Market Maker is located shows the bids and offers being disseminated by Participants other than exchange C, identifying the Participant with the Best bid and the Participant with the Best offer. The Market Maker confirms that the lowest offer on Exchange C is 4.30, but observes lower offers of 4.20 being disseminated by exchanges A and P. Having learned this information, the Market Maker could attempt to buy the contracts on behalf of the Customer at 4.20 through the Linkage by directing a P/A Order through the Linkage to either exchange A or exchange P (or both) to buy 30 contracts at 4.20. The P/A Order is firm and irrevocable. If the 4.20 offer is disseminated when the P/A Order to buy is received at the receiving Participant, or if a lower offer is available in that market, then the P/A Order will be automatically executed on the receiving Participant at 4.20 or a lower price, and the receiving Participant will immediately report the execution to exchange C through the Linkage. At any point after sending the P/A Order, the Market Maker on exchange C may execute the related Customer order at

the price that the P/A Order was executed (4.20 or lower) and report the execution to the Broker/Dealer that entered the order.

(B) P/A Orders Not Eligible for Automatic Execution in Receiving Market.

(1) Requirements. There are two ways in which a Market Maker may send through the Linkage a P/A Order for execution at the NBBO outside of the automatic execution system of the receiving Participant if the size of such P/A Order is larger than the Firm Customer Quote Size. These two ways are:

(a) The member of the sending Participant can send a P/A Order representing the entire Customer order. If the receiving Participant's disseminated quotation is equal to or better than the Reference Price when the P/A Order arrives at that market, the receiving Participant must execute the P/A Order at its disseminated quotation for at least the Firm Customer Quote Size. Within 15 seconds of receipt of such order (or such longer period as the Operating Committee may determine), it must reply to the sending Participant, informing that Participant of the amount of the order that it executed and the amount, if any, that was canceled; or

(b) The member of the sending Participant can send an initial P/A Order for the Firm Customer Quote Size pursuant to paragraph (A) above. If the Participant that executed that P/A Order continues to disseminate the same quote at the NBBO 15 seconds after reporting the execution of the initial P/A Order, the member that sent the original P/A Order may send an additional P/A Order to the same Participant. If sent, such additional P/A Order must be for at least the lesser of 100 contracts or the entire remainder of the Customer order.

In each instance, the receiving Participant will immediately report any trade to OPRA for dissemination under the OPRA Plan with the identifier assigned to the receiving Participant. In addition, if the receiving Participant does not execute the P/A Order in full, it must move its quote to a price inferior to the Reference Price of the P/A Order. A Market Maker may not send a P/A Order ineligible for automatic execution at a price inferior to the NBBO.

(2) Example. As a non-exclusive example of how such a P/A Order would be routed, assume that a Broker/Dealer receives a Customer order to sell 200 contracts of a series of an Eligible Option Class that is traded on exchanges A, C and P, and directs the order to exchange A for execution. Further assume that the Firm Customer Quote Size is 25 contracts on each of the three exchanges. In this example, the Market Maker on exchange A handling the order would attempt to execute the order on that exchange at the NBBO or better. Quotation information available at the location where the Market Maker is located shows the bids and offers being disseminated by Participants other than exchange A, identifying the Participant with the Best bid and the Participant with the Best offer. The Market Maker on exchange A finds that the highest bid on exchange A is 2.70. The Market Maker observes higher bids of 2.75 being disseminated by exchanges C and P. Having learned this information, the Market Maker on exchange A would attempt to sell the contracts on behalf of its Customer at 2.75 through the Linkage by directing one or more P/A Orders to either exchange A or exchange P at 2.75 (or both). Any such P/A Order is firm and irrevocable. The two ways in which the Market Maker on exchange A can represent the Customer order through one or more P/A Orders are as follows:

(a) The Market Maker may choose to enter the 200 contract P/A Order into the Linkage as a single order. In that case, if the 2.75 bid is disseminated when the P/A Order to sell is received at the receiving Participant, or if a higher bid is available, the order shall be executed at such bid for at least 25 contracts, the Firm Customer Quote Size. The receiving Participant will have 15 seconds from receipt of the P/A Order to inform the Market Maker on exchange A of the quantity executed and the quantity, if any, that was not filled and to move its quote if it did not execute the order in full; or

(b) The Market Maker may choose to send a P/A Order for 25 contracts, the Firm Customer Quote Size, to either exchange C or exchange P. Assume that the Market Maker sends the sell order to exchange C and that exchange provides an automatic execution of the order. If exchange C continues to disseminate the same bid 15 seconds after reporting the execution of the initial P/A Order, and that bid continues to be the NBBO, the Market Maker then may (but is not obligated to) send an additional P/A Order to exchange C. If the Market Maker does send an additional P/A Order to Exchange C, that order must be for at least 100 contracts (up to the remaining 175 contracts). Since this order is for greater than the Firm Customer Quote Size, exchange C will have 15 seconds from receipt of the P/A Order to inform the Market Maker on exchange A of the quantity executed (and to move its quote if it did not execute the order in full), and exchange C must be firm for at least 25 contracts, the Firm Customer Quote Size.

(C) Principal Orders. An Eligible Market Maker may access the Linkage on behalf of its principal trading account by sending a Principal Order at the NBBO as specified in this section. An Eligible Market Maker may not send a Principal Order through the Linkage at a price inferior to the NBBO. If the Principal Order is not larger than the Firm Principal Quotation Size, the receiving Participant shall execute the Principal Order in its automatic execution system, if available, if its disseminated quotation is equal to or better than the price specified in the Principal Order when that order arrives at the receiving Participant. If the Principal Order is larger than the Firm Principal Quotation Size, the receiving Participant must (1) execute the Principal Order at its disseminated quotation for at least the Firm Principal Quote Size and (2) within 15 seconds of receipt of such order, reply to the sending Participant, informing that Participant of the amount of the order that was executed and the amount, if any, that was canceled. In addition, if the receiving Participant does not execute the Principal Order in full, it must move its quote to a price inferior to the Reference Price of the Principal Order.

If an Eligible Market Marker on a Participant sends a Principal Order to another Participant for automatic execution in a series of an Eligible Option Class, the sending Participant cannot send another Principal Order in the same Eligible Option Class for at least 15 seconds unless there is a change of price in the receiving Participant's disseminated offer (bid) in the series of the Eligible Option Class in which the first Principal Order was executed and such price continues to be at the NBBO. After this 15 second period, and until there is such a change in the disseminated offer (bid), the Participant that sent the initial Principal Order for automatic execution may only send Principal Orders for greater than the Firm Principal Quotation Size. This restriction on sending Principal Orders for automatic execution will expire one minute after the time of the initial automatic execution.

(D) Satisfaction Order. Any member of a Participant may send a Satisfaction Order to satisfy a Trade-Through as specified in Section 8(c) of the Plan.

(iii) Failure to Respond in a Timely Manner to a P/A Order or Principal Order. A member that sends a P/A Order or Principal Order through the Linkage, and who does not receive a reply to such order within 30 seconds from sending the order, may reject any response received thereafter purporting to report an execution of all or part of that order. The member that sent the original P/A Order or Principal Order must inform the receiving

Participant that it is rejecting the response within 15 seconds of receipt of such response. Upon receipt of such rejection, the receiving Participant must report the cancellation of the transaction to OPRA.

(b) Technical Matters

(i) Linkage Order Information. A Linkage Order shall, at the minimum:

- identify whether the order is a P/A Order, Principal Order or Satisfaction Order;
- contain a unique order identification number;
- include the name and omnibus clearing account number of the sending Participant market;
- specify the time the Linkage Order is sent;
- identify the name of the receiving Participant;
- specify the series of the Eligible Option Class that is the subject of the order (including underlying security, expiration month and strike price);
- include a designation either to buy or to sell;
- specify the number of contracts included in the Linkage Order; and
- include a Reference Price.

(ii) Linkage Order Validation; Routing. At the time of transmission, each Participant must assure that Linkage Orders contain all information required under Section 7(b)(i) of the Plan. If the Linkage Order contains the required information, the order will be routed to the receiving Participant, and shall contain a unique identification number, together with a record of the time that the Linkage Order was sent. A receiving Participant must reject a Linkage Order that does contain all the information required under Section 7(b)(i) of the Plan and must send an appropriate error message to the sending Participant.

(iii) <u>Responses; Partial Executions.</u> Each response to a Linkage Order must contain all information required under Section 7(b)(i) of the Plan when entered. The unique order identification number contained in the response must compare with that of the Linkage Order. The response, if an execution, must represent the contra side of the original Linkage Order. The response must identify, as the contra side, the proper clearing account. If an execution is reported, the size executed must be equal to or smaller than the Linkage Order size. The execution price must equal or better the Reference Price. The validation process must assure that the Linkage Order associated with the response does not represent a duplicate execution of the same Linkage Order.

A Participant must reject a response that fails its validation check and must send an appropriate error message to the Participant market that originated the response. The validation of a response allows the Participant to update its internal records with appropriate response information. Each Participant is expected to integrate transactions resulting from Linkage Orders with its normal market data systems.

When a Linkage Order is partially executed, the executing Participant must generate a cancellation for the unexecuted quantity and append the cancellation to the execution report that it sends to the Participant that originated the Linkage Order. A Participant that rejects or cancels a Linkage Order during normal market conditions must do so within 15 seconds of receipt of the Linkage Order.

Section 8 – Participants' Implementation Obligations

(a) Participant Trading Rules

A Participant's trading rules shall be applicable to Linkage Orders received by such Participant and shall govern the execution of Linkage Orders therein. Each Participant shall determine the extent to which its trading rules shall apply to its members within its market with respect to such members' issuance of Linkage Orders from its market.

(b) Linkage Access

(i) General. Each Participant shall determine where Linkage Access Devices are to be made available, but each Participant agrees that Linkage Access Devices shall be accessible so as to encourage the use, supervision and surveillance of the Linkage. Subject to the limitations specified in this Plan, each Participant shall be authorized to send communications through the Linkage Access Devices.

Each Participant shall determine how Linkage Orders received in the market for which it has responsibility are to be handled therein and agrees that any procedures it may adopt in this regard shall be consistent with the provisions of the Plan and the efficient operation of the Linkage. Each Participant also shall take reasonable steps to preclude any communications from being entered into the Linkage from its market except (A) on behalf of a member of such Participant who is permitted by the Plan and such Participant's rules to use the Linkage with respect to Eligible Option Classes that are the subject of the communication or (B) by employees of such Participant in performance of such Participant's obligations under the Plan.

No Participant shall allow a P/A Order or Principal Order to be sent from its market containing a Reference Price that is equal to or higher (lower), in the case of a Linkage Order to sell (buy) than the bid (offer) in the market of the sending Participant.

(ii) Limitation on P/A Order Access. The Participants agree that the Linkage is not designed to be, and should not be used as, an order delivery system whereby all or a substantial portion of Customer orders to buy and sell series of Eligible Option Classes that are sent to a Participant market are not executed within that market, but executed using P/A Orders routed through the Linkage. In the normal course, a great majority of orders received within a Participant market are expected to be executed within that Participant's market without the use of P/A Orders. Reasonable efforts to probe the market to achieve a satisfactory execution of a Customer order are expected to be taken before a P/A Order is routed to another market through the Linkage on behalf of that Customer order.

(iii) Limitations on Principal Order Access. The Participants agree that Eligible Market Makers should send Principal Orders through the Linkage on a limited basis and not as a primary aspect of their business. Accordingly, the Participants shall approve and submit to the SEC for its consideration uniform rules providing for an "80/20 Test." Specifically, for each calendar quarter, each Participant will apply the following formula to each of its Market Makers for each Eligible Option Class a Market Maker trades:

$$\frac{X}{X+Y}$$

In this formula, X equals the total contract volume the Market Maker effects against Customer orders in the market of the Participant during the calendar quarter in an Eligible Option Class; Y equals the total contract volume the Market Maker effects in such Eligible Option Class by sending Principal Orders through the Linkage during the calendar quarter. Contract volume effected by sending P/A Orders through the Linkage shall not be included in this calculation, but contract volume effected by executing incoming P/A Orders shall be considered contract volume executed in that market against Customer orders that the Market Maker effects in its own market. If the calculation of the 80/20 Test indicates that, for a calendar quarter, the Market Maker effected less than 80 percent of the Market Maker's volume in the Eligible Option Class in the market of the Participant (that is, the Market Maker effected 20 percent or more of the Market Maker's volume by sending Principal Orders through the Linkage), the rules of the Participant shall provide that the Market Maker will be precluded from sending Principal Orders through the Linkage for the next calendar quarter.

(c) Order Protection

The Participants agree that, absent reasonable justification and during normal market conditions, members in their markets should not effect Trade-Throughs. Accordingly, the Participants agree to approve and submit to the SEC for its consideration uniform rules governing Trade-Throughs that contain the following provisions:

(i) Trade-Throughs. When purchasing or selling, either as principal or agent, any options series of an Eligible Option Class, or when sending a Linkage Order, members of a Participant should avoid initiating a Trade-Through unless one or more of the provisions of paragraph (iii) below are applicable.

(ii) Satisfaction of Trade-Throughs.

(A) General Provisions. Except as provided in paragraph (iii) below, if a Trade-Through occurs and a complaint thereof is received by a member of a Participant from a member of another Participant whose bid or offer was traded through (the "aggrieved party"), either: (1) the member in the market of the Participant who initiated the Trade-Through shall satisfy, or cause to be satisfied, through the Linkage, the aggrieved party as determined in accordance with paragraph (c)(ii)(B) below; or (2) if the member elects not to do so (and, in the case of a Third Participating Market Center Trade-Through, the member obtains the agreement of the contra-party that received the Linkage Order that caused the Trade-Through), then the price of the transaction that constituted the Trade-Through shall be corrected to a price at which a Trade-Through would not have occurred and the price correction shall be reported through OPRA.

(B) Price and Size. The price and size at which the bid or offer traded-through shall be satisfied is as follows:

(1) Price. The price of such bid or offer; or, if the transaction that constituted the Trade-Through was a Block Trade, the price of the transaction that caused the Trade-Through.

(2) Size. The Verifiable Number of Customer Contracts in the market of each Participant, that were included in the disseminated bid or offer of that Participant subject to the following limitations:

(a) If the number of contracts to be satisfied in the market of any one or more Participant(s) exceeds the size of the transaction that caused the Trade-Through, satisfaction with respect to such Participant(s) shall be limited to the size of the transaction that caused the Trade-Through; and

(b) If the transaction that caused the Trade-Through was for a size larger than the Firm Customer Quote Size with respect to any of the Participants traded through, the total number of contracts to be satisfied cumulatively, with respect to all Participants, shall not exceed the size of the transaction that caused the Trade-Through and shall be allocated pro rata based on the Verifiable Number of Customer Contracts traded through on each Participant.

(C) Protection of Customers. Whenever paragraph (ii)(A) applies, if Customer orders (or P/A Orders representing Customer orders) constituted either or both sides of the transaction involved in the Trade-Through, each such Customer order (or P/A Order) shall receive:

(1) the price that caused the Trade-Through; or

(2) the price at which the bid or offer traded through was satisfied, if it was satisfied, pursuant to paragraph (ii)(A)(1), or the adjusted price, if there was an adjustment, pursuant to paragraph (ii)(A)(2),

whichever price is most beneficial to the Customer order. Resulting differences in prices shall be the liability of the member who initiated the Trade-Through.

(iii) Exceptions to Trade-Through Liability. Paragraph (ii) shall not apply under the following circumstances:

(A) the member who initiated the Trade-Through made every reasonable effort to avoid the Trade-Through, but was unable to do so because of a systems/equipment failure or malfunction;

(B) the member trades through the market of a Participant to which such member had sent a P/A Order or Principal Order, and within 30 seconds of sending such order the receiving Participant had neither executed the order in full nor adjusted the quotation traded through to a price inferior to the Reference Price of the P/A Order or Principal Order;

(C) the bid or offer traded through was being disseminated from a Participant whose quotes were Non-Firm with respect to such Eligible Option Class;

(D) the Trade-Through was other than a Third Participating Market Center Trade-Through and occurred during a period when, with respect to the Eligible Option Class, the Participant's quotes were Non-Firm; provided, however, that, unless one of the other conditions of this paragraph (iii) applies, during any such period: (1) members shall make every reasonable effort to avoid trading through the firm quotes of another Participant; and (2) it shall not be considered an exception to paragraph (ii) if a Participant regularly trades through the firm quotes of another Participant during such period;

(E) the bid or offer traded through was being disseminated by a Participant during a trading rotation in the Eligible Option Class;

(F) the transaction that caused the Trade-Through occurred during a trading rotation;

(G) the transaction that caused the Trade-Through was effected as a portion of a "complex trade," as that term may be defined by the Operating Committee from time to time;

(H) in the case of a Trade-Through other than a Third Participating Market Center Trade-Through, a complaint with respect to the Trade-Through was not received by the Participant from the aggrieved party promptly following the Trade-Through and, in any event, (1) except in the final five minutes of trading, within three minutes from the time the report of the transaction(s) that constituted the Trade-Through was disseminated over OPRA, and (2) in the final five minutes of trading, within one minute from the time the report of the transaction(s) that constituted the Trade-Through was disseminated over OPRA; or

(I) in the case of a Third Participating Market Center Trade-Through, a complaint with respect to the Trade-Through was not received by the Participant that initiated the Trade-Through promptly following the Trade-Through. In applying this provision, the aggrieved party must send the Participant that executed the Linkage Transaction a complaint within three minutes from the time the report of the transaction that constituted the Trade-Through was disseminated over OPRA. To avoid liability for the Trade-Through, the Participant receiving such complaint then must forward the complaint to the Participant that initiated the Trade-Through within three minutes of the receipt of such complaint, sending a copy to the aggrieved party.

(iv) Responsibilities and Rights Following Trade-Through Complaints.

(A) When a Trade-Through complaint is received by a Participant, that Participant's member who initiated the Trade-Through shall respond as promptly as practicable to the aggrieved party by either:

(1) notifying the aggrieved party that one of the exceptions to Trade-Through liability specified in paragraph (iii) above is applicable and identifying that particular exception; or

(2) taking the appropriate corrective action pursuant to paragraph (ii) above.

(B) If the member who initiated the Trade-Through fails to respond promptly to the complaint and it is determined that:

(1) there was a Trade-Through;

(2) the corrective actions required by paragraph (ii) were not taken within three minutes of the complaint being received by the member who initiated the Trade-Through;

(3) none of the exceptions to Trade-Through liability specified in paragraph (iii) above were applicable; and

(4) the aggrieved party sent an Administrative Message to the Participant that had initiated the Trade-Through that the aggrieved party had taken steps to mitigate any loss incurred as a result of the Trade-Through and that such loss has been established;

(5) then the member who initiated the Trade-Through shall be liable to the aggrieved party or parties for the amount of the actual loss resulting from non-compliance with paragraph (ii) and caused by the Trade-Through and suffered by the aggrieved party or parties, except that, if the actual loss was not established within the earlier of (a) 30 seconds from the time the aggrieved party received the response or (b) in the event that no response is received, six and one half minutes from the time of the OPRA report of the transaction that caused the Trade-Through, then the liability shall be the lesser of the actual loss or the loss proximately caused by the Trade-Through that would have been suffered by the aggrieved party had such party purchased or sold the option series subject to the Trade-Through so as to mitigate the loss, and had such purchase or sale been effected at the "loss basis price."

For the purposes of this paragraph, the "loss basis price" shall be the highest bid (in the case where an offer was traded through) or the lowest offer (in the case where a bid was traded through), as reported by OPRA, in the series in question after the earlier of (a) 30 seconds from the time the aggrieved party received the response or (b) in the event that no response is received, six and one half minutes from the time of the OPRA report of the transaction that caused the Trade-Through. If the complaint is so received within the final six minutes of trading on a Participant on any day except the last day of trading prior to the expiration of the series which is the subject of the Trade-Through, then the loss basis price shall be the price established at the opening of trading in that series on the Participant from which the aggrieved party's bid or offer was disseminated on the next day on which the Participant trades that series except if the price of the opening transaction is below the opening bid or above the opening offer as established during the opening rotation, then the loss basis price shall be the opening bid (in the case where an offer was traded through) or opening offer (in the case where a bid was traded through). If the Trade-Through involves a series that expires on the day following the day of the Trade-Through and the complaint is received within the last six minutes of trading, the "loss basis price" shall be the final bid (in the case where an offer was traded through) or offer (in the case where a bid was traded through) on the day of the Linkage Transaction that resulted in the Trade-Through.

(C) A member of a Participant that is an aggrieved party under the rules of another Participant governing Trade-Through liability must take steps to establish and mitigate any loss such member might incur as a result of the Trade-Through of the member's bid or offer. In addition, the member shall give prompt notice to the other Participant of any such action in accordance with paragraph (B) above.

(d) Notice and Mitigation of Damages; Compensation Limitation. Other than with respect to Trade-Throughs, a member of a Participant (an "aggrieved member") who believes that a member of another Participant or such Participant's employee took an action or failed to take an action prohibited or required by the Plan, or by such other Participant's rules adopted pursuant to the Plan, may take steps to establish and mitigate any loss the member might incur as a result of the action or inaction and shall give prompt notice to such other Participant market of any such steps. No aggrieved member shall be entitled to compensation for any such action or inaction in excess of the amount to which the member would have been entitled had such member taken such steps promptly after the member reasonably should have known (or did know, if earlier) that the action had occurred or had failed to occur. If the close of trading in the market of the Participant in which the aggrieved party was located would have occurred before such prompt action could have been taken, then the time for such prompt action shall be deemed to be the opening of trading in the affected option series in such Participant market on the next day on which that option series trades in such Participant market.

Section 9 – Trade Comparison; Error Resolution

(a) Responsibility for Trade Comparison

Comparison of trades resulting from Linkage Orders shall be the responsibility of the Participants in such trades.

(b) Informational Requests for Trade Resolution

All Participants will be required to promptly make available information as may be maintained by such Participant if another Participant reasonably requests such information in an effort to resolve an error, misunderstanding or regulatory matters resulting from an order or Administrative Message sent through the Linkage. The data must include, at a minimum, whatever information the Operating Committee may from time to time specify that a Participant must maintain.

(c) Clearing Data

At the end of each trading day, each Participant must generate clearing data containing all the information required by OCC as contained in OCC's By-Laws and Rules, for trades resulting from orders sent through the Linkage.

(d) Comparison of Linkage Trades

The contra side of each Linkage Trade will be a designated OCC omnibus account assigned to each Participant. The clearing member(s) responsible for a Linkage Trade shall follow routine comparison procedures. In instances where an uncompared transaction cannot be resolved through routine procedures, the trade discrepancy will be handled in accordance with the rules of the Participant that effected the Linkage Transaction. Once comparison has been completed, clearance and settlement is handled in a routine manner. Linkage Trades are processed with all other transactions through established clearing interfaces.

Section 10 – Trading Halts and Suspensions, Non-Firm Quotations, and Hours of Operation

(a) Reservation of Authority on Trading Halts and Non-Firm Quotations

Each Participant shall retain its authority to halt or suspend trading in its market or declare market conditions to be Non-Firm whenever such Participant deems such action to be necessary or appropriate.

(b) Closed Markets; Trading Halts and Suspensions

Whenever and so long as a Participant is closed as to an Eligible Option Class due to a halt in or suspension of trading in that Eligible Option Class or because the Participant is closed generally or has not yet opened for trading in the Eligible Option Class, no Linkage Order may be either issued from, or accepted in, that Participant.

(c) Non-Firm Quote Condition

(i) Transmission of Linkage Orders by a Participant Disseminating Non-Firm Quotes. Whenever and so long as a Participant has disseminated notice to the other Participants that its quotations in an Eligible Option Class are Non-Firm, no Eligible Market Maker on that Participant may transmit a Principal Order with respect to such Eligible Option Class through the Linkage.

(ii) Transmission of Linkage Orders to a Participant Disseminating Non-Firm Quotes. A Participant shall not send a Principal Order or P/A Order in an Eligible Option Class to a Participant whose quotes in such class are Non-Firm, and any Participant whose quotes are Non-Firm shall not accept any Principal Order or P/A Order from another Participant.

(d) Change in Market Condition Following the Sending of a Linkage Order

If, after a Linkage Order in a series of an Eligible Option Class has been sent, the Participant from which such Linkage Order originated halts or suspends trading or declares quotations to be Non-

Firm, but the receiving Participant does not halt or suspend trading or declare quotations to be Non-Firm, the Linkage Order must be accepted and be handled in the receiving Participant in accordance with the Plan provisions notwithstanding the trading halt, trading suspension, or Non-Firm quote condition in the sending Participant.

(e) Operating Hours

The Linkage shall be operable at any time two or more Participants are open for trading between 9:00 a.m. and 5:00 p.m. Eastern Time. Administrative Messages may be sent and received through the Linkage between and among Participants whenever the Linkage is operating.

Section 11 - Financial Matters

(a) Development and Operating Costs

The Participants shall share equally in the costs of developing and operating the Linkage. However, each Participant shall assume sole responsibility and costs for any modifications to its Exchange Systems necessary to achieve the efficient operation of the Linkage.

(b) New Participants

Any Eligible Exchange that seeks to become a new Participant shall be required to pay a participation fee. The Operating Committee shall establish the participation fee no less frequently than once a calendar year. The participation fee shall reasonably reflect a new Participant's pro rata share of costs of initially developing the Linkage, as well as any additional development costs the Participants incur in maintaining and enhancing the Linkage. Upon payment, such fee shall be distributed equally to the then-current Participants.

Section 12 - Withdrawal from the Plan

Any Participant may withdraw from the Plan at any time on not less than 30 days' prior written notice to each of the other Participants and to the facilities manager, if any. In the case of any such withdrawal, such withdrawing Participant shall remain liable for, and shall pay upon demand, its portion of accrued costs. Except as to any such payments, the withdrawing Participant shall thereafter have no further rights or obligations whatsoever under the Plan.

Section 13 – 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 nineteenth day of January 2000 by each of the parties hereto.

AMERICAN STOCK EXCHANGE LLC

By: ______________________________________

Date: ______________________

CHICAGO BOARD OPTIONS EXCHANGE, INC.

By: ______________________________________

Date: ______________________

PHILADELPHIA STOCK EXCHANGE, INC.

By: ______________________________________

Date: ______________________

PACIFIC EXCHANGE, INC.

By: ______________________________________

Date: ______________________