PARTIAL AMENDMENT

The Philadelphia Stock Exchange, Inc. (“Exchange” or “Phlx”) hereby submits this Partial Amendment constituting Amendment No. 2 to its rule filing Phlx-2005-93 filed on December 30, 2005. The purpose of this Partial Amendment is to make clarifying changes to the rule text, expand the definition of Independent Governor in the Certificate of Incorporation, add language to the By-Laws regarding what the Nominating, Elections and Governance Committee must consider in evaluating nominees for Independent Governor, define the term ‘Vice-Chairman’ in the “Purpose” section and to request accelerated approval by April 1, 2006 in order to have sufficient time to commence the Exchange’s nominating and elections process which is scheduled to begin on April 10, 2006 with the notice of open meetings to accept nominations for candidates for Governors and culminate with the Annual Meeting of Members on June 5, 2006 and the Annual Meeting of Shareholders on June 6, 2006.

Additions are underlined and bolded; Deletions are bracketed and bolded.

* * *

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

a. Purpose

Single Vice-Chairman

Secondly, the By-Laws and Charter are being amended to create a single Vice-Chairman of the Board of Governors, in proposed By-Law Article V, Section 5-2, who shall be recommended by the Chairman for nomination by the Nominating, Elections and Governance Committee and elected by the stockholders. The Vice-Chairman shall not be subject to a term limit. The Vice-Chairman shall be an individual who, anytime within the prior three (3) years, has been a Member primarily engaged in business on the Exchange’s equity market or equity options market or is a general partner,
executive officer (vice-president or above) or a Member associated with a Member Organization primarily engaged in business on the Exchange’s equity market or equity options market. Currently, the By-Laws require two Vice-Chairmen of the Board of Governors, with one Vice-Chairman elected as an On-Floor Governor by the Members, and the other Vice-Chairman elected as an Off-Floor Governor by the stockholders. The Exchange proposed this amendment to conform to a structure that is more typical of a for-profit stock corporation and also because the two Vice-Chairmen model is not sustainable if the “On-Floor” and “Off-Floor” distinctions are eliminated, as discussed below.

Election of Governors

The By-Laws and Charter are also being amended to reflect that two of the Independent Governors will be nominated and elected by the Members of the Exchange, as will both Member Governors and the PBOT Governor, in order to maintain the 20% fair representation of membership on the Board of Governors.¹ The proposed amendments to the Charter and By-Laws, in and of themselves, would require minimal changes to the present composition of the Board, subject to a formal analysis and determination by the Board of the qualifications of the Independent Governors, and would be largely a reclassification of Board positions.

The conversion of the Board to conform to the new qualifications would occur as follows: following the approval by the Commission, the Exchange would hold an Annual Meeting of Member and Member Organizations followed by the Annual Meeting of Stockholders to elect the class of Governors for 2006. The class of 2006 will be

¹ See Section 6(b)(3) of the Act and 18 U.S.C. 78, Proposed SRO Governance Rule. The Exchange is voluntarily adopting certain concepts addressed in this proposal.
nominated and elected pursuant to the amended Charter and By-Laws, with two of the
eight Board positions being nominated and selected by the Members and elected by the
Trustee of the Series [Class] A Preferred Stock. The classes of 2007 and 2008 will be
permitted to complete their terms but will be appointed by the Nominating and Elections
Committee, with the approval of the Board, to fill the new positions established by the
amendments until which time those positions come up for election in either 2007 and
2008 respectively.² Following the election of the Class of 2006, over 20% of the
Governors serving on the Board will have been nominated and elected by the Members.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated
Effectiveness Pursuant to Section 19(b)(2)

The Exchange requests accelerated approval by April 1, 2006 in order to have
sufficient time to commence its nominating and elections process which is scheduled to
begin on April 10, 2006 with the notice of open meetings to accept nominations for
candidates for Governors and culminate with the Annual Meeting of Members on June 5,

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RESTATED CERTIFICATE OF INCORPORATION OF PHILADELPHIA STOCK EXCHANGE, INC.

FIRST – FOURTH(a)(ii) No Change.

(iii) Voting Rights. The holder of the Series A Preferred Stock shall have one
vote in respect of the share thereof held by such holder of record as of a date specified by
the Board of Governors on the books of the Corporation on each matter for which the
vote of the holder thereof is required. The holder of the share of Series A Preferred Stock
shall have the sole right to elect the [On- Floor Industry Governors] two Member

² See Exchange By-Law Article IV, Section 4-7.
Governors, the PBOT Governor and two Designated Independent Governors (collectively, the “Designated Governors”) (each as hereinafter defined) in this Article FOURTH and in the PHLX By-Laws (as in hereafter defined) and shall have no other voting rights other than in connection with the removal of Designated Governors in accordance with paragraph (b) of Article SIXTH of this Certificate.

“Designated Independent Governors” shall mean those Independent Governors, as defined herein, who are elected by the holder[s] of Series A Preferred Stock [as per] in accordance with Article SIXTH of the Certificate of Incorporation. The term “PBOT Governor” shall mean a Governor who is a member of the Philadelphia Board of Trade (“PBOT”). The term “Member Governors” shall mean a Governor who is a Member or a general partner or an executive officer (vice-president and above) of a Member Organization.

* * *

(iii) Voting Rights. The holders of Class A Common Stock and Class B Common Stock shall vote together as a single class on all matters; provided, however, that: (A) the holders of Class A Common Stock, voting separately as a class, shall be entitled to approve by the vote of a majority of the shares of Class A Common Stock then outstanding any amendment, alteration or repeal of any of the provisions of this Certificate which adversely affects the rights, powers or privileges of the Class A Common Stock (but not of the Class B Common Stock); and (B) the holders of Class B Common Stock, voting separately as a class, shall be entitled to approve by the vote of a majority of the shares of Class B Common Stock then outstanding any amendment, alteration or repeal of any of the provisions of this Certificate which adversely affects the rights, powers or privileges of the Class B Common Stock (but not of the Class A Common Stock).

(A) Subject to paragraph (b)(v)(B) of this Article FOURTH, and except as otherwise provided in paragraph (b)(iii)(B) of this Article FOURTH: (1) each holder of Common Stock shall have one vote in respect of each share of Common Stock held by such holder on the books of the Corporation on each matter on which the holders of Common Stock shall be entitled to vote; (2) the holders of shares of Common Stock shall
have the sole right to elect [the Non-Industry] ten Independent Governors, [and the Off-Floor] six Stockholder [Industry] Governors and the Vice-Chairman (each, as hereinafter defined in this Article FOURTH and in the By-Laws); (3) the holders of shares of Common Stock shall have the sole right to elect the individual then holding the office of Chief Executive Officer of the Corporation (the "Chief Executive Officer") to the Board of Governors as described in paragraph (a)(iii) of Article SIXTH of this Certificate; and (4) the holders of Common Stock shall have no voting rights with respect to the election of the [On-Floor Industry Governors] two Member Governors, the PBOT Governor and the two Designated Independent Governors.

“Independent Governor[s]” shall mean a Governor [who must satisfy the definition of “Independent”] who is a person affirmatively determined by the Board of Governors as having no Material Relationship with the Exchange or any affiliate of the Exchange, any member of the Exchange or any affiliate of such member, or any issuer of securities that are listed or traded on the Exchange or a facility of the Exchange. “Stockholder Governor” shall mean a Governor who is a Stockholder or an officer, director (or a person in a similar position in business entities that are not corporations), designee or an employee of a Stockholder or any affiliate or subsidiary of such Stockholder.

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SIXTH: The business and affairs of the Corporation shall be managed by and under the direction of the Board of Governors, which shall consist of the directors of the Corporation (each, a "Governor"), who shall meet the qualifications set forth in paragraph (a) of this Article SIXTH and in the By-Laws. The Governors shall, in managing the business and affairs of the Corporation, consider applicable requirements for registration as a national securities exchange under Section 6(b) of the Exchange Act, including, without limitation, the requirements that (a) the rules of the Corporation shall be designed to protect investors and the public interest, and (b) the Corporation shall be so organized and have the capacity to carry out the purposes of the Exchange Act and (subject to such exceptions as are set forth in the Exchange Act or the rules and regulations thereunder) to enforce compliance by its [m]Members and persons associated with its [m]Members, with the provisions of the Exchange Act, the rules and regulations thereunder, and the
rules of the Corporation. The foregoing provision shall not be construed to create the basis for any cause of action against any Governor, and no Governor shall be liable, by virtue of such provision, for such Governor's consideration or failure to consider the matters referred to therein.

(a) Prior to the first annual meeting of the stockholders of the Corporation following the date hereof (the "Initial Annual Meeting"), the Board of Governors shall consist of those persons serving as Governors as of the date hereof. Thereafter, subject to Article SEVENTH, the Board of Governors shall consist of [22] twenty-three Governors, as follows:

(i) [Eleven] Twelve Governors [(the "Non-Industry Governors") who shall be Independent Governors who meet the qualifications set forth in the By-Laws with respect to ["non-industry"] Independent Governors, [who] ten of whom shall be elected by a plurality vote of the holders of the Common Stock and two of whom shall be Designated Independent Governors elected by the vote of the holder of the Series A Preferred Stock;  

(ii) [Ten] Six Governors who shall be Stockholder Governors [(the "Industry Governors")]

who meet the qualifications set forth in the By-Laws with respect to ["industry"] Stockholder Governors, [provided that (x) five of such Industry Governors shall meet the qualifications set forth in Section 4-1 of the By-Laws with respect to "On-Floor Governors" (the "On-Floor Industry Governors") and shall be elected by the vote of the holder of the Series A Preferred Stock, and (y) five of such Industry Governors shall meet the qualifications set forth in Section 4-1 of the By-Laws with respect to "Off- Floor Governors" (the "Off-Floor Industry Governors") and] who shall be elected by a plurality vote of the holders of the Common Stock; [and]

(iii) One Governor who shall be a PBOT Governor who meets the qualifications set forth in the By-Laws with respect to the PBOT Governor, who shall be elected by the vote of the holder of the Series A Preferred Stock;

(iv) Two Governors who shall be Member Governors who meet the qualifications set forth in the By-Laws with respect to the Member Governors, who shall be elected by the holder of the Series A Preferred Stock:
(iii) One Governor, to serve as the Chairman of the Board of Governors, who shall be the Chief Executive Officer, who shall be elected by a plurality vote of the holders of the Common Stock; and

(vii) One Governor, to serve as the Vice-Chairman of the Board of Governors, who meets the qualifications set forth in the By-Laws with respect to the Vice-Chairman of the Board of Governors, who shall be elected by a plurality vote of the holders of the Common Stock.

(b) Removal of Governors.

(i) In the event of the refusal or failure of any Governor to discharge his duties or for any reason deemed sufficient by the Board of Governors, the Board of Governors may, by the affirmative vote of a majority of Governors then in office, recommend to the stockholders of the Corporation entitled to vote thereon that such Governor be removed and call a special meeting of stockholders entitled to vote thereon for the purpose of voting on such removal.

(ii) If a Governor shall have been absent from three (3) regular meetings of the Board of Governors within a twelve-month period, the Executive Committee of the Board of Governors shall conduct a review of such Governor's attendance and may make a recommendation to the full Board of Governors which may, by a majority vote of the Governors then in office, recommend to the stockholders of the Corporation entitled to vote thereon that such Governor be removed and call a special meeting of stockholders entitled to vote thereon for the purpose of voting on such removal.

(iii) Governors may be removed only for cause except in the case of the proposed removal of one or more Governors upon a recommendation of the Board of Governors pursuant to paragraph (b)(i) or (b)(ii) of this Article SIXTH, in which case Governors may be removed with or without cause, and in all cases Governors may be removed only by the affirmative vote of at least two-thirds of the total number of stockholders entitled to vote thereon or give consent thereto or, in the case of a Designated Governor or Governors, a vote of the holder of the Series A Preferred Stock following a vote of the Member Organization Representatives pursuant to By-Law Article III, Section 3-3.
(iv) In the case of the removal of any Governor without cause, only the [s]Stockholders entitled to elect such Governor shall be entitled to vote on or give consent to such Governor's removal without cause.

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BY-LAWS OF

PHILADELPHIA STOCK EXCHANGE, INC.

Nomination of [On-Floor] Designated Governors

SEC. 3-4.(a) The Nominating, [and] Elections and Governance Committee shall submit nominations for the positions of [On-Floor] Designated Governors from candidates selected in accordance with Sections 3-4 and 3-6 of these By-Laws, so that the Designated Nominees may be selected at the annual meeting of [m]Members and [m]Member [o]rganizations as contemplated by Section 3-2 of these By-Laws. The Nominating, [and] Elections and Governance Committee shall give due consideration to the various functions and activities of the Exchange and its [m]Member and participant organizations in making its nominations. In addition, the Nominating, Elections and Governance Committee shall be [held to] required to apply the definition of “Independent” as such term is defined herein in evaluating the qualifications of the Designated Independent Governors.

(b) If [On-Floor] Designated Governors are to be elected to fill vacancies differing in length, the nominees with the largest number of votes shall be elected for the longest terms.

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Duties and Powers

SEC. 4-4.(a) The Board of Governors shall be vested with all the powers necessary for the management of the business and affairs of the Exchange, the regulation of the business conduct of [m]Members, participants, [and m]Member Organizations, and participant organizations, and persons associated with such organizations and for the
promotion of the welfare, objects and purposes of the Exchange, and in addition to the power and authority conferred by these By-Laws, may exercise all powers of the Exchange and do all such lawful acts and things as are not by statute, these By-Laws or the Certificate of Incorporation directed or required to be exercised or done by the [s]Stockholders.

In the exercise of its powers it may adopt such rules, issue such orders and directions and make such decisions as it may deem appropriate.

(b)(i) – (iii) - No Change.

Trials

It may try charges against [m]Members, participants, [and m]Member Organizations and participant organizations and persons associated with [or employed by] [m]Member or participant organizations, and may punish such persons and organizations as may be found guilty.

Annual Independence Review

The Board of Governors shall, no less frequently than annually and as often as necessary in light of a Governor’s circumstances, review the incumbent Independent Governors to ensure no Material Relationship has developed that would cause an Independent Governor to fall outside of the definition of “Independent” set forth in By-Law Article I, Section 1-1. It will be incumbent upon each Governor to promptly inform the Chairman or a member of the Executive Committee of any development that may affect such Governor’s status as an Independent Governor.

(b)(iv) – (v) No Change.

Members' contracts

It may adopt such rules as it may deem necessary or proper with respect to Members' Contracts.
(vi) Organizations, Offices, and Employees of Members. The Board of Governors may adopt such rules as it may deem necessary or proper with respect to the formation of Member Organizations, the continuance thereof and the interest of Members and other persons therein, the offices of Members and such organizations and the employees thereof, the business connections of Members and such organizations and their association with or domination by or over corporations or other persons engaged in the securities business.

Member Organizations

The Board of Governors may adopt rules prescribing the terms and conditions under which a Member may qualify a Member Organization and a Member Organization may register as Member Organization of the Exchange; and may impose further terms and conditions in connection with such qualification or registration whenever it may deem it advisable.

(vii) – (viii) - No Change.

Qualification and registration of Member Organizations

The Board of Governors (or its designee) shall receive and act upon the application of a Member to qualify a Member Organization and the application of a Member Organization to register with the Exchange; also upon the application to terminate such qualification or registration.

(ix) Applications for Permits and Reinstatement. The Board of Governors may receive reports of the Admissions Committee in connection with applications for permits, applications by non-members for admission as foreign currency options participants, and applications for reinstatement of suspended permits or privileges.

Removal of governors or trustees of gratuity fund and stock exchange for cause

In the event of the refusal or failure of any Governor to discharge his duties or for any reason deemed sufficient by the Board of Governors, the Board of Governors may,
by the affirmative vote of a majority of Governors then in office, recommend to the [s]Stockholders (and, in the case of a[n On-Floor] Designated Governor, the [m]Members) that such Governor be removed and call a special meeting of [s]Stockholders (and, in the case of a[n On-Floor] Designated Governor, a special meeting of the [m]Members and Member Organizations and subsequently a special meeting of the holder of the Series A Preferred Stock, who shall be required to vote in accordance with Article SIXTH of the Certificate of Incorporation and the Trust Agreement) for the purpose of voting on such removal. The Board may, by the affirmative vote of a majority of Governors then in office, remove any Trustee of the Stock Exchange Fund and declare the position held by him to be vacant upon the like refusal or failure or for like cause.

(x) Removal of Governors for Absence. If a Governor shall have been absent from three (3) regular meetings of the Board of Governors within a twelve-month period, the Executive Committee shall conduct a review of such Governor's attendance and may make a recommendation to the full Board of Governors which may, by a majority vote of the Governors then in office, recommend to the [s]Stockholders (and, in the case of a[n On-Floor] Designated Governor, the [m]Members) that such Governor be removed and call a special meeting of [s]Stockholders (and, in the case of a[n On-Floor] Designated Governor, a special meeting of the [m]Members and Member Organizations and subsequently a special meeting of the holder of the Series A Preferred Stock, who shall be required to vote in accordance with Article SIXTH of the Certificate of Incorporation and the Trust Agreement) for the purpose of voting on such removal.

(xi) – (xviii) No Change.

(xix) The Board of Governors shall have the power, by resolution, to adopt, amend or repeal such rules as it may deem necessary with respect to the initiation of disciplinary action, the procedure and conduct for disciplinary hearings and reviews therefrom, and the imposition of disciplinary sanctions, as such matters may apply to any [m]Member, participant, [or m]Member Organization or participant organization or any partner, officer, director (or persons in similar positions) or person [employed by or]
associated with any [m]Member, participant, [or m]Member Organization or participant organization.

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Business Conduct Committee

SEC. 10-11.(a) The Business Conduct Committee shall, in accordance with the Rules of the Board of Governors of the Exchange, have exclusive jurisdiction to:

(i) monitor compliance with the Exchange Act, the rules and regulations thereunder, these By-Laws and rules of the Exchange or any interpretation thereof, and the rules, regulations, resolutions and stated policies of the Board of Governors or any committee of the Exchange, by [m]Members, participants, [m]Member Organizations and participant organizations and persons associated with [or employed by] any such persons or organizations;

(ii) examine into the business conduct and financial condition of [m]Member, participants, [m]Member Organizations and participant organizations and persons associated with [or employed by] any such persons or organizations

(iii) – (vi) No Change

(b) The Business Conduct Committee shall have authority, whenever it shall appear that a [m]Member [o]Organization is in violation of Rule 703 of the Rules of the Board of Governors to direct a general partner(s) or an executive officer(s) of such [m]Member [o]Organization to appear before the Business Conduct Committee for examination upon forty-eight (48) hours notice, either oral or in writing and, after such examination, such Committee shall have authority to suspend such [m]Member [o]Organization until the requirements of Rule 703 are fully met. Any such suspension directed by the Business Conduct Committee shall be subject to review by the Board of Governors. In the event of a reversal by the Board of Governors of the suspension imposed by such Committee, a [m]Member [o]Organization or officer, partner, director (or person in a similar position) or [s]Stockholder thereof shall be prohibited from
instituting a lawsuit in any forum against the Exchange or the members of the Business Conduct Committee, or hold the Exchange or any member of such Committee liable in damages based in whole or in part upon the suspension imposed by such Committee.

(c) The Business Conduct Committee may prescribe regulations for the carrying of securities on margin by [m]Members, participants and [m]Member Organizations and participant organizations for customers; and it may also make such regulations in regard to the segregation or hypothecation of securities carried in customers' accounts as it deems advisable.

(d) The Business Conduct Committee may prohibit trading by a [m]Member, participant or [m]Member Organization or participant organization which is excessive in view of such person's or organization's capital.

(e) The Business Conduct Committee may require detailed financial reports of a [m]Member, participant or [m]Member Organization or participant organization, and such other operational reports as it may deem advisable.

(f) The Business Conduct Committee shall have supervision over the advertising of [m]Members, participants and [m]Member Organizations and participant organizations.

(g) The Business Conduct Committee shall consist of nine (9) members as follows: three (3) [non-industry Governors (at least one (1) of whom shall be a public Governor)] Independent Governors; one (1) Member whose business is principally carried out on the [E]quity [F]loor [member]; one (1) Member whose business is principally carried out on the [E]quity [O]ptions [F]loor [member; one (1) At-Large [F]loor member]; and four (4) [three (3) Off-Floor members] persons who are Members or persons associated with a Member Organization.

* * *
Nomination of Chairman and Vice-Chairman of the Board of Governors; Independent Nominations by Stockholders; Election of Nominees for [Off-Floor] **Stockholder** and [Non-Industry] **Independent** Governors

SEC.28-3.(a) At any meeting of [s]Stockholders at which the then current term of the Chairman of the Board of Governors shall expire, or a vacancy of the office of Chairman of the Board of Governors shall be filled, the Nominating, [and] Elections and Governance Committee shall nominate the individual then holding the office of Chief Executive Officer of the Exchange for election by the [s]Stockholders to the Board of Governors in accordance with Article SIXTH of the Certificate of Incorporation.

(b) The Vice-Chairman shall be recommended by the Chairman for nomination by the Nominating, Elections and Governance Committee and shall be elected by the Stockholders as set forth in these By-Laws and Certificate of Incorporation.

([b]c) No independent nominations for the positions of [Off-Floor Governors] Stockholder Governor and [non-industry] Independent Governor, excluding Designated Independent Governors, may be made by any [s]Stockholder unless written notice of such nomination shall have been given by such [s]Stockholder to the Secretary of the Exchange not less than ninety (90) nor more than one hundred twenty (120) days prior to the first Monday in February (or such other deadline for the submission of such nominees established by the Board of Governors). Such notice, with respect to each proposed nominee therein, shall state such nominee's name and, in reasonable detail, the reasons for which such nominee is qualified to serve as a[n Off-Floor Governor] Stockholder Governor or a[n] [non-industry] Independent Governor. Such nominee shall provide the Nominating, [and] Elections and Governance Committee with such information as it may request from time to time in connection with determining whether he/she is so qualified.

**In addition, the Nominating, Elections and Governance Committee shall be required to apply the definition of “Independent” as such term is defined herein in evaluating the qualifications of the [Designated] Independent Governors.**
(c) If [non-industry] Governors [or On-Floor Governors] are to be elected to fill vacancies differing in length, the nominees with the largest number of votes shall be elected for the longest terms.