

Exhibit 2*New text underlined; deleted text bracketed***SUMMARY OF EQUITY OPTION CHARGES (p. 1/2)**

OPTION COMPARISON CHARGE (applicable to all trades – except specialist trades)

Registered Option Trader ⊕	\$.03 per contract
Firm / Proprietary ⁹ +	\$.04 per contract
Customer Executions, Broker-Dealer Orders	No charge

OPTION TRANSACTION CHARGE

Customer Executions	No charge
Firm / Proprietary ¹⁰ +	\$.20 per contract
<i>Firm / Proprietary Facilitation Transaction</i> +	\$.10 per contract
Registered Option Trader (on-floor) *	\$.19 per contract
Specialist ^ * ⊕	\$.21 per contract
Broker/Dealer ¹¹ (AUTOM-delivered) and Linkage “P” Orders ¹²	\$.45 per contract
Broker/Dealer ¹³ (non-AUTOM-delivered) Up to 2,000 contracts	\$.35 per contract
Between 2,001 and 3,000 contracts	\$.25 per contract (for all contracts)
Residual above 3,000 contracts	\$.20 per contract above 3,000 contracts (with the first 3,000 contracts charged \$.25 per contract)

+ Subject to a maximum fee of \$50,000, except for QQQ license fees of \$0.10 per contract side – see page 13

^ Specialists may also elect to pay a fixed fee monthly charge, see Specialist Unit Fixed Monthly Fee described below

* ROTs are eligible for a \$.08/contract side rebate and specialists who have not elected the fixed monthly fee are eligible for a \$.07/contract side rebate for trades occurring as part of a dividend spread strategy.

⊕ These fees are waived from May 1, 2004 until August 31, 2004 for transactions in equity options that begin trading on the Exchange between January 1, 2004 and June 30, 2004.

⁹ For the purpose of this Summary of Equity Option Charges, the Firm / Proprietary comparison or transaction charge applies to member organizations for orders for the proprietary account of any member or non-member broker-dealer that derives more than 35% of its annual, gross revenues from commissions and principal transactions with customer. Member organizations will be required to verify this amount to the Exchange by certifying that they have reached this threshold and by submitting a copy of their annual report, which was prepared in accordance with Generally Accepted Accounting Principles (“GAAP”). In the event that a firm has not been in business for one year, the most recent quarterly reports, prepared in accordance with GAAP, will be accepted.

¹⁰ See footnote 9.

¹¹ For the purpose of this Summary of Equity Option Charges, this charge applies to members for transactions, received from other than the floor of the Exchange, for any account (i) in which the holder of beneficial interest is a member or non-member broker-dealer or (ii) in which the holder of beneficial interest is a person associated with or employed by a member or non-member broker-dealer. This includes transactions for the account of an ROT entered from off-floor.

¹² Fees for Linkage “P” Orders are subject to a pilot program scheduled to expire July 31, 2005.

¹³ See footnote 11.

SUMMARY OF EQUITY OPTION CHARGES (p. 2/2)

OPTION FLOOR BROKERAGE ASSESSMENT

Monthly Net Floor Brokerage Income	Assessment
\$0 to \$300,000	5.5%
\$300,001 - \$500,000	6.5% (excess > \$300,000)
\$500,001 and Over	7.5% (excess > \$500,000)

Monthly Cap: \$100,000

FLOOR BROKERAGE TRANSACTION FEE

\$.05 per contract, for floor brokers executing transactions for their own member firms

SPECIALIST DEFICIT (Shortfall) FEE

\$.35 per contract for specialists trading any Top 120 Option if 12% of the total national monthly contract volume (“volume threshold”) for such Top 120 Option is not effected on the PHLX. The fee shall be limited to \$10,000 per month per option provided that the total monthly market share effected on the Phlx in that Top 120 Option is equal to or greater than 50% of the volume threshold in effect.

For any top 120 option listed after February 1, 2004 and for any top 120 option acquired by a new specialist unit** within the first 60-days of operations, the following thresholds will apply:

First full month of trading:	0% national market share
Second full month of trading:	3% national market share
Third full month of trading:	6% national market share
Fourth full month of trading:	9% national market share
Fifth full month of trading (and thereafter):	12% national market share

The Specialist Deficit (Shortfall) Fee is not applicable to any option traded on Phlx XL, either on a variable or fixed fee basis.

REAL-TIME RISK MANAGEMENT FEE

\$.0025 per contract for firms/members receiving information on a real-time basis

** A new specialist unit is one that is approved to operate as a specialist unit by the Options Allocation, Evaluation, and Securities Committee on or after February 1, 2004 and is a specialist unit that is not currently affiliated with an existing options specialist unit as reported on the member organization’s Form BD, which refers to direct and indirect owners, or as reported in connection with any other financial arrangement, such as is required by Exchange Rule 783.

See Appendix A for additional fees

Exhibit 3*New Text Underlined; Deleted Text Bracketed***SPECIALIST UNIT FIXED MONTHLY FEE (p. 1/4) ***

For specialist units that have been actively trading equity and index option books in the capacity of a specialist unit for at least one year from September 1, 2002, and have elected to continue to pay a fixed monthly charge for the period March 1, 2004 through August 31, 2004, the calculation of the fixed monthly fee is described below:

1. Compute the equity options and index options volume that each specialist unit transacted in May 2003 and June 2003;
2. Multiply the May 2003 and June 2003 total volumes by the specialist transaction charges currently in effect (i.e. \$0.21 per contract for equity options and \$0.24 per contract for index options). The total of these transaction charges are added together to arrive at a total for the period; ***
3. For equity options calculate the shortfall fee from May 2003 and June 2003 at the current rate (currently 12%, with a monthly limit of \$10,000 per option, if applicable); ^^
4. Add the May 2003 and June 2003 transaction fees together, add the shortfall fee calculation, if applicable, divide the total by two, and multiply the quotient by 1.062, producing the fixed monthly fee.

A Specialist unit may, by the 15th day of the billing month, select the fixed monthly fee methodology for subsequent months, which will be continued until August 31, 2004.

A Specialist Unit that has selected the fixed monthly fee may return to the variable fee method by notifying the Exchange in writing thirty days prior to the beginning of the calendar month in which it wishes to return to the variable fee method.

* The specialist unit fixed monthly fee is capped at \$310,000 per specialist unit per month, plus QQQ license fees, if applicable.

*** In the case of the specialist unit trading QQQ options, the calculation is slightly different. The May 2003 and June 2003 QQQ equity options volume will be subtracted from the May 2003 and June 2003 total equity and index option volumes; that figure will then be multiplied by the current equity option charges (\$0.21 per equity option contract and \$0.24 per index option contract) and then added to the product of \$0.11 multiplied by the May 2003 and June 2003 QQQ equity options volume (the \$0.10 license fee owed to the Nasdaq subtracted from the \$0.21 charge). Steps 3 and 4 above are then followed. Then, all QQQ equity option transactions to which the specialist unit is a party will incur an additional \$0.10 per contract, which will be added to the specialist unit's fixed fees.

^^ The Shortfall fee is not applicable to any option traded on Phlx XL, either on a variable or fixed fee basis.

SPECIALIST UNIT FIXED MONTHLY FEE (p. 2/4)

For a specialist unit that has selected the fixed monthly fee and acquires, after September 1, 2003, an equity option or index option book already traded on the Exchange, a similar methodology described to calculate the fixed monthly fee is applied to that specialist unit's book, provided that option book was not previously listed by a specialist unit who has elected to pay the fixed monthly fee. In the case where an equity option or index option is acquired from a specialist unit who has not elected to pay the fixed monthly fee, the same 2 months volume (May 2003 and June 2003) will be multiplied by the applicable specialist transaction fee of \$0.21 or \$0.24 applicable to the acquired options book. If applicable, any shortfall fee will be recalculated as described in step 3 on the previous page, with the totals for May 2003 and June 2003 added together. Those aggregate totals will then be divided by two and the result then multiplied by 1.062 to arrive at the fixed monthly fee for that options book. That fee is then added to the acquiring specialist unit's fixed monthly fee for all other equity and index options.

A specialist unit that has elected to pay the fixed monthly fee and relinquishes an equity option or index option book, and that same book is allocated within 30 days from the date of relinquishment to another specialist unit that has elected the fixed monthly fee, the relinquishing specialist unit will have the fixed monthly fee reduced, pro-rata for the month, by the amount used to calculate the fixed monthly fee for that equity option or index option book. The specialist unit that has elected the fixed monthly fee and is allocated the relinquished equity or index option book will have its fixed monthly fee increased, pro-rata for the month, by the same amount that was calculated for the relinquishing specialist unit.

For a specialist unit who has selected the fixed monthly fee and who obtains a book after September 1, 2003 as a result of a new Exchange listing, the methodology used to calculate the fixed fee for the newly listed Exchange equity or index option books will be the average of the two previous months' national volume multiplied by 12% with that product multiplied by 21%, which is then multiplied by the specialist unit's current transaction charge of \$0.21⁺⁺. ⊕

In both cases, for requests after September 1, 2003, if the equity or index option book does not have a complete two months' volume, the then-current transaction charge is used until that option book trades for two full calendar months nationally, after which the above methodology is applied.

This does not apply to products with license fees, which may incur separate charges.

⁺⁺ The 12% represents the Exchange's shortfall target, the 21% represents the average contract sides to which specialists are a party, and the \$0.21 represents the current specialist equity option transaction charge.

⊕ The amount of the applicable increase in the specialist unit fixed monthly fee is waived from May 1, 2004 until August 31, 2004 for equity options and index options that begin trading on the Exchange between January 1, 2004 and June 30, 2004.

See Appendix A for additional fees.

SPECIALIST UNIT FIXED MONTHLY FEE (p. 3/4) *

Specialist units that have been actively trading equity and index option books in the capacity of a specialist unit for at least nine months as of March 1, 2004, may elect to pay a fixed monthly charge for the period from March 1, 2004 through August 31, 2004 as described below:

1. Compute the equity options and index options volume that each specialist unit transacted in October 2003, November 2003, and December 2003;
2. Multiply the October 2003, November 2003, and December 2003 total volumes by the specialist transaction charges currently in effect (i.e. \$0.21 per contract for equity options and \$0.24 per contract for index options). The total of these transaction charges are added together to arrive at a total for the period;
3. For equity options calculate the shortfall fee from October 2003, November 2003, and December 2003 at the current rate (currently 12%, with a monthly limit of \$10,000 per option, if applicable); ^{^^}
4. Add the October 2003, November 2003, and December 2003 transaction fees together, add the shortfall fee calculation, if applicable, divide the total by three, and multiply the quotient by 1.062, producing the fixed monthly fee.

A Specialist unit may, by the 15th day of the billing month, select the fixed monthly fee methodology for subsequent months, which will be continued until August 31, 2004.

A Specialist Unit that has selected the fixed monthly fee may return to the variable fee method by notifying the Exchange in writing thirty days prior to the beginning of the calendar month in which it wishes to return to the variable fee method.

* The specialist unit fixed monthly fee is capped at \$310,000 per specialist unit per month, plus QQQ license fees, if applicable.

^{^^} The Shortfall fee is not applicable to any option traded on Phlx XL, either on a variable or fixed fee basis.

SPECIALIST UNIT FIXED MONTHLY FEE (p. 4/4)

For a specialist unit that has selected the fixed monthly fee and acquires, after March 1, 2004, an equity option or index option book already traded on the Exchange, provided that option book was not previously listed by a specialist unit who has elected to pay the fixed monthly fee, a similar methodology described to calculate the fixed monthly fee is applied to that specialist unit's book. In the case where an equity option or index option is acquired from a specialist unit who has not elected to pay the fixed monthly fee, the same 3 months volume (October 2003, November 2003, and December 2003) will be multiplied by the applicable specialist transaction fee of \$0.21 or \$0.24 applicable to the acquired options book. If applicable, any shortfall fee will be recalculated as described in step 3 on the previous page, with the totals for October 2003, November 2003, and December 2003 added together. Those aggregate totals will then be divided by three and the result then multiplied by 1.062 to arrive at the fixed monthly fee for that options book. That fee is then added to the acquiring specialist unit's fixed monthly fee for all other equity and index options.

A specialist unit that has elected to pay the fixed monthly fee and relinquishes an equity option or index option book, and that same book is allocated within 30 days from the date of relinquishment to another specialist unit that has elected the fixed monthly fee, the relinquishing specialist unit will have the fixed monthly fee reduced, pro-rata for the month, by the amount used to calculate the fixed monthly fee for that equity option or index option book. The specialist unit that has elected the fixed monthly fee and is allocated the relinquished equity or index option book will have its fixed monthly fee increased, pro-rata for the month, by the same amount that was calculated for the relinquishing specialist unit.

For a specialist unit who has selected the fixed monthly fee and who obtains a book after March 1, 2004 as a result of a new Exchange listing, the methodology used to calculate the fixed fee for the newly listed Exchange equity or index option books will be the average of the two previous months' national volume multiplied by 12% with that product multiplied by 21%, which is then multiplied by the specialist unit's current transaction charge of \$0.21⁺⁺. ⊕

In both cases, for requests after March 1, 2004, if the equity or index option book does not have a complete two months' volume, the then-current transaction charge is used until that option book trades for two full calendar months nationally, after which the above methodology is applied.

This does not apply to products with license fees, which may incur separate charges.

⁺⁺ The 12% represents the Exchange's shortfall target, the 21% represents the average contract sides to which specialists are a party, and the \$0.21 represents the current specialist equity option transaction charge.

⊕ The amount of the applicable increase in the specialist unit fixed monthly fee is waived from May 1, 2004 until August 31, 2004 for equity options and index options that begin trading on the Exchange between January 1, 2004 and June 30, 2004.

See Appendix A for additional fees.