

Additions underscored
 Deletions [bracketed]

Rules of the Exchange

Rule 1.

[Effect of Definitions

Unless the context requires otherwise, the terms defined in Rules 2 to 25 {~~¶~~2002–2025}, inclusive, shall, for all purposes of the Rules, have the meanings therein specified.]

“The Exchange”

The term "the Exchange," when used with reference to the administration of any rule, means [either the Board of Directors of] the New York Stock Exchange LLC or the officer, employee, person, entity or committee to whom appropriate authority to administer such rule has been delegated by the [Board] Exchange [pursuant to the provisions of Section 14 of Article IV of the Constitution].

Unless otherwise indicated in the rule, the terms Board, Board of Directors, Chairman, Chairman of the Board, Chief Executive Officer, or CEO refer to the Board, Board of Directors, Chairman, Chairman of the Board, Chief Executive Officer and CEO of the Exchange.

Rule 2.

“Member,” “Membership,” “Member Firm,” etc.

[The terms "member," "membership," "member firm," "allied member," "non-member", "member corporation" and "approved person" shall have the meaning specified in Section 3 of Article I of the Constitution, and the terms "publicly held security," "voting stock" and "non-voting stock," when used with respect to a member corporation, shall also have the meanings specified in Section 3 of Article I of the Constitution.]

(a) The term “member,” when used to denote a natural person approved by the Exchange, means a natural person associated with a member organization who has been approved by the Exchange and designated by such member organization to effect transactions on the floor of the Exchange or any facility thereof.

(b)(i) The term "member organization" means a registered broker or dealer (unless exempt pursuant to the Securities Exchange Act of 1934) approved by the Exchange and authorized to designate an associated natural person to effect transactions on the floor of

the Exchange or any facility thereof. This term shall include a natural person so registered, approved and licensed who directly effects transactions on the floor of the Exchange or any facility thereof.

(ii) The term "member organization" also includes any registered broker or dealer, which does not own a trading license and agrees to be regulated by the Exchange as a member organization and which the Exchange has agreed to regulate.

(iii) The term "member organization" includes "member firm" and "member corporation."

(c) The term "allied member" means a natural person who is a general partner of a member organization or other employee of a member organization who controls or is a principal executive officer of such member organization who has been approved by the Exchange as an allied member.

(d) The term "approved person" means a person, other than a member or allied member, or employee of a member organization who controls a member organization or is engaged in a securities or kindred business that is controlled by or under common control with a member or member organization who has been approved by the Exchange as an approved person.

(e) The term "person" shall mean a natural person, corporation, limited liability company, partnership, association, joint stock company, trust, fund or any organized group of persons whether incorporated or not.

(f) The term "control" means the power to direct or cause the direction of the management or policies of a person whether through ownership of securities, by contract or otherwise. A person shall be presumed to control another person if such person, directly or indirectly,

(i) has the right to vote 25 percent or more of the voting securities,

(ii) is entitled to receive 25 percent or more of the net profits, or

(iii) is a director, general partner or principal executive officer (or person occupying a similar status or performing similar functions) of the other person.

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[The term "person" shall mean a natural person, corporation, partnership, association, joint stock company, trust, fund or any organized group of persons whether incorporated or not.]

(g) The term "engaged in a securities or kindred business" shall mean transacting business generally as a broker or dealer in securities, including but not limited to, servicing customer accounts or introducing them to another person.

(h) The term "State" shall mean any state of the United States, the District of Columbia, Puerto Rico, [the Canal Zone,] the Virgin Islands, or any other possession of the United States.

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Rule 2A.

Jurisdiction

(a) The Exchange, may, with approval of the Exchange Board of Directors and the NYSE Regulation Board of Directors, adopt, amend or repeal such rules as it may deem necessary or proper, including rules with respect to (i) the making and settling of Exchange Contracts, (ii) the access of members and member organizations and their employees to and the conduct of members, member organizations and their employees upon the floor of the Exchange and their use of Exchange facilities, (iii) insolvency of member organizations, (iv) the formation of member organizations, the continuance thereof and the interests of members, allied members and other persons therein, (v) the partners, officers, directors, stockholders and employees of member organizations, (vi) the offices of members, allied members and member organizations, (vii) the business conduct of members, allied members and member organizations, (viii) the business connections of members, allied members and member organizations, and their association with or domination by or over corporations or other persons engaged in the securities business, (ix) capital requirements for member organizations, (x) the procedure for arbitration and dispute resolution, (xi) trading licenses and the transfers thereof, (xii) types, terms, conditions and issuance of securities by member organizations and trading in such securities, (xiii) the conduct and procedure for disciplinary hearings and reviews there from, (xiv) the location and use on the floor of the Exchange of such facilities as may be approved by the Exchange to permit members to send orders from the floor to other markets and receive orders on the floor from other markets for the purchase or sale of securities traded on the Exchange, (xv) options and other derivative trading, (xvi) matters related to non-member broker-dealers that choose to be regulated by NYSE Regulation, and (xvii) any other matter relevant to the conduct of the business of a securities exchange and self-regulatory organization.

(b) The Exchange may approve applications for the listing of securities and the admission of securities, including securities on a "when issued" or "when distributed" basis, to dealings on the Exchange, and may suspend dealings in such securities and may remove the same from listing.

(c) The Exchange shall have general supervision over members, allied members and member organizations, employees of member organizations and over approved persons in connection with their conduct of the business of member organizations. The Exchange shall have general supervision over other broker-dealers that choose to be regulated by NYSE Regulation. The Exchange may examine into the business conduct and financial condition of members, allied members, member organizations, employees of member organizations, approved persons and other broker-dealers that choose to be regulated by NYSE Regulation. It shall have supervision over partnership and corporate arrangements

and over all offices of such members and organizations, whether foreign or domestic, and over all persons employed by such members and organizations, and other broker-dealers that choose to be regulated by NYSE Regulation and may adopt such rules with respect to the employment, compensation and duties of such employees as it may deem appropriate. It shall have supervision over all matters relating to the collection, dissemination and use of quotations and of reports of prices on the Exchange. It shall have the power to approve or disapprove any connection or means of communication with the floor and may require the discontinuance of any such connection or means of communication. It may disapprove any member acting as a specialist or odd-lot dealer.

(d) The Exchange shall adopt such rules as it deems necessary or appropriate for the discipline of members, member organizations, allied members, approved persons, and registered and non-registered employees of member organizations and over other broker-dealers that choose to be regulated by NYSE Regulation for the violation of the Securities Exchange Act of 1934 (the Act), the rules of the Exchange and for such other offenses as may be set forth in the rules of the Exchange. The Exchange shall also adopt such rules as it deems necessary or appropriate governing the conduct of disciplinary proceedings including disciplinary hearings and reviews thereof. The determination and penalty, if any, of the Board after review shall be final and conclusive, subject to the provisions of the Act.

(e) The Exchange shall have jurisdiction after notice and a hearing to discipline members, member organizations, allied members, approved persons in connection with their conduct of the business of a member organization, and registered or non-registered employees of member organizations and other broker-dealers that choose to be regulated by NYSE Regulation. The Exchange may impose one or more of the following disciplinary sanctions: expulsion, suspension; limitation as to activities, functions, and operations, including the suspension or cancellation of a registration in, or assignment of one or more stocks, fine, censure, suspension or bar from being associated with any member or member organization, or any other fitting sanction.

(f) The Exchange shall have jurisdiction over any and all other functions of its members, member organizations, allied members, approved persons in connection with the conduct of the business of member organizations, and registered or non-registered employees of members or member organizations and other broker-dealers that choose to be regulated by NYSE Regulation in order for the Exchange to comply with its statutory obligation as a Self Regulatory Organization.

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Rule 2B.

No Affiliation between Exchange and any Member Organization

Without prior SEC approval, the Exchange or any entity with which it is affiliated shall not, directly or indirectly, acquire or maintain an ownership interest in a member organization. In addition, a member organization shall not be or become an affiliate of

the Exchange, or an affiliate of any affiliate of the Exchange. The term affiliate shall have the meaning specified in Rule 12b-2 under the Act. Nothing in this rule shall prohibit a member organization from acquiring or holding an equity interest in NYSE Group, Inc. that is permitted by the ownership limitations contained in the certificate of incorporation of NYSE Group, Inc.

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Rule 11.

“The Exchange”

[The term "the Exchange," when used with reference to the administration of any rule, means either the Board of Directors or the officer, employee or committee to whom appropriate authority to administer such rule has been delegated by the Board pursuant to the provisions of Section 14 of Article IV of the Constitution {¶1164}.]

Effect of Definitions

Unless the context requires otherwise, the terms defined in Exchange Rules [2 to 25 {¶2002-2025}, inclusive,] shall, for all purposes of the Exchange Rules, have the meanings therein specified.

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Rule 16.

Liability of Exchange Relating to Operation of ITS and Pre - Opening Application

As used in this Rule the term "System Transaction" shall mean any purchase or sale of a security which results from the acceptance of a commitment or obligation to trade received on the Floor through ITS or the Pre-Opening Application or from the acceptance in another market of a commitment or obligation to trade sent from the Floor through ITS or the Pre-Opening Application. Each System Transaction shall be reported on the clearing tape generated by the system at the end of each trading day and such tape shall also identify one or more clearing members who will clear and settle each System Transaction. The member on the Floor who instructed the ITS cle[a]rk-(referred to in paragraph (B) hereof) to issue or accept the commitment or obligation to trade which resulted in the System Transaction reported on the clearing tape (the "instructing member") shall also be identified in Exchange records.

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(c) All disputed claims shall be referred for binding arbitration to an arbitration panel and the decision of a majority of the arbitrators selected to hear and determine the controversy shall be final and there shall be no appeal to the Board of Directors from the

decision of such panel. The arbitration panel shall be composed of an odd number of panelists. Each of the parties to the dispute shall select one member or allied member to serve as panelist on the arbitration panel. The panelists so selected shall then select one or more additional panelist(s); provided that the additional panelist(s) so selected are either members or allied members of the Exchange, and provided further that no member of the arbitration panel may be a person with a direct or indirect financial interest in the claim. In the event that the initial panelists selected by the parties to the dispute cannot agree on the selection of the additional panelist or panelists, as the case may be, then in that event such additional panelist(s) shall be appointed by an Executive Floor Governor [BoE Floor Representative] who has no direct or indirect financial interest in the claim. Each party to the dispute may make oral and written submissions and present witnesses to the arbitration panel.

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(C) Whenever a clearing agency to which a System Transaction has been reported excludes such System Transaction from the clearance procedures conducted by such agency, either because such agency ceases to act (either with respect to transactions generally or as to a particular transaction) for a member or member organizations, or because of the insolvency of such member or member organization, the Exchange may, but shall not be obligated to, assume and honor any one or more or all of such excluded System Transaction for the account of and on behalf of the member or member organization for which the clearing agency ceased to act or which is insolvent and the Exchange may take such action in the market to close out or offset its position as it may deem appropriate. In any such case, the Exchange shall have a claim against such member or member organization in the amount of the loss incurred by the Exchange as a result of such assumption of such excluded System Transaction(s). The Exchange may assert such claim against such member organization in any appropriate forum [and, without limiting the generality of the foregoing, in connection with the transfer of any trading license by such member organization, such claim shall be entitled to priority in payment as a sum due the Exchange.]

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Rule 17.

Use of Exchange Facilities

The Exchange shall not be liable for any damages sustained by a member, allied member or member organization growing out of the use or enjoyment by such member, allied member or member organization of the facilities afforded by the Exchange, except as provided in the rules.

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Rule 20.

Delegation, Authority and Access

(a)(1) New York Stock Exchange LLC (the “Exchange LLC”), a registered national securities exchange, is the parent company of the wholly-owned subsidiaries NYSE Market, Inc. (“NYSE Market”) and NYSE Regulation, Inc. (“NYSE Regulation”).

(2) The Exchange delegates to NYSE Market and NYSE Regulation the authority to act on behalf of the Exchange LLC as set forth in a Delegation Agreement adopted by the Exchange’s Board of Directors and approved by the Commission pursuant to its authority under the Securities Exchange Act of 1934 (the “Exchange Act”).

(3) Notwithstanding any delegation of authority to the NYSE Market and NYSE Regulation pursuant to this Rule, the books, records and premises of the NYSE Market and NYSE Regulation are the books, records and premises of the Exchange LLC, subject to oversight pursuant to the Exchange Act, and all officers, directors, employees and agents of NYSE Market and NYSE Regulation are the officers, directors, employees and agents of the Exchange for purposes of the Exchange Act.

(b) NYSE Market shall establish a Market Performance Committee and NYSE Regulation shall establish a Regulatory Advisory Committee, each to include persons associated with member organizations. The committees shall include representatives of both those member organizations doing business on the Floor of the Exchange and those who do not do business on the Floor. Individuals may serve on one or both rule advisory committees as appropriate. The Market Performance Committee shall act in an advisory capacity regarding trading rules and other matters within its Charter. The Regulatory Advisory Committee shall act in an advisory capacity regarding disciplinary matters and regulatory rules other than trading rules.

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Rule 22.

Disqualification Because of Personal Interest

(a) No member of the NYSE Group Inc. (“NYSE Group”), the Exchange LLC, NYSE Market, and NYSE Regulation boards of directors [or of the Board of Executives] or of any committee authorized by the NYSE Group, the Exchange, NYSE Market, and NYSE Regulation Boards of Directors shall participate (except to the extent of testifying at the request of such Boards or of such committee) in the investigation or consideration of any matter relating to any member, allied member, approved person, or member organization with knowledge that such member, allied member, approved person, or member organization is indebted to such director or committee member, or to their member organization or any participant therein, or that they, their member organization or any participant therein is indebted to such member, allied member, approved person, or member organization, excluding, however, any indebtedness arising in the ordinary

course of business out of transactions on any exchange, out of transactions in the over-the-counter markets, or out of the lending and borrowing of securities.

(b) No person shall participate in the consideration, review or adjudication of any matter in which they are personally interested.

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Rule 28.

Fingerprint-Based Background Checks

Fingerprint-Based Background Checks of Exchange Employees and Others

(a) In order to enhance the security of the respective facilities, systems, data, and/or records of the [New York Stock Exchange, Inc. ("the Exchange["))] and its principal subsidiaries (collectively, "facilities and records"), the Exchange shall obtain fingerprints from, and conduct a fingerprint-based background check of, all prospective and current employees, temporary personnel, independent contractors, and service providers of each of the Exchange and its principal subsidiaries. However, the Exchange may determine not to obtain fingerprints from, or to seek fingerprint-based background information with respect to, a person due to that person's limited, supervised, or restricted access to facilities and records; or the nature or location of his or her work or services. The Exchange shall apply this rule in all circumstances where permitted by applicable law.

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Rule 37.

Visitors

Visitors shall not be admitted to the Floor of the Exchange except by permission of an Officer of the Exchange or an Officer of NYSE Market or NYSE Regulation, a Senior Floor Official, Executive Floor Official, a Floor Governor, or [a]an Executive Floor Governor [BoE Floor Representative between the hours of 10:00 a.m. and 3:30 p.m. Approval of an Exchange Officer or BoE Floor Representative (or Senior Floor Official, Executive Floor Official, or Floor Governor in the absence of the BoE Floor Representatives) is required to bring visitors onto the Floor 30 minutes before or after the opening and 30 minutes prior to closing].

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Rule 38.

Communications

Communications or announcements shall not be posted on the bulletin board without the consent of the Chief Executive Officer of NYSE Market, or a person authorized by the Exchange to give such consent.

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Rule 46.

Floor Officials - Appointment

(a) [Each member of the Board of Executives who represents the groups referenced in clauses (ii) and (iii) of Article V, Section 2(b) of the Constitution shall be a BoE Floor Representative] Each Executive Floor Governor [and] shall be approved as a Floor Official and shall be empowered to perform any duty, make any decision or take any action assigned to or required of a Floor Governor.

(b) The Exchange Chairman, in consultation with the Executive Floor Governors [BoE Floor Representatives] and NYSE Regulation Board of Directors and with the approval of the Exchange Board, shall, at the annual meeting of the Exchange Board of Directors or at such other time as may be deemed necessary:

(i) designate as Floor Officials such other members as he may determine, who shall perform such duties as are prescribed by the Rules of the Exchange [Board] to serve at the pleasure of the Exchange Board of Directors or until the next annual [election] meeting of the Exchange Board of Directors [and their] at which time Floor Officials successors are appointed and take office.

(ii) designate twenty such other members as Floor Governors, who shall be empowered to perform any duty, make any decision or take any action assigned to or required of an Executive Floor Governor [BoE Floor Representative] as are prescribed by the Rules of the [Board] Exchange or as may be designated by the Exchange Board.

For purposes of this rule, a Floor Governor, by virtue of his appointment as such, shall also be deemed to be a Floor Official, and, therefore empowered to perform such duties as are specifically prescribed by the Rules of the Exchange Board or as may be designated by the Exchange Board regarding Floor Officials.

(iii) designate such number [as he may determine] of Executive Floor Officials as he may determine from those Floor Governors who have completed their term of service as Floor [g]Governors [as Executive Floor Officials], who shall be empowered to perform any duty, make any decision or take any action assigned to or required of a Floor Governor as are prescribed by the Rules of the Exchange [Board] or as may be designated by the Exchange Board regarding Floor Governors.

(iv) designate such number [as he may determine] of Senior Floor Officials as he may determine from Floor Officials who are entering their fifth or sixth year of service [as such as Senior Floor Officials], who shall be empowered to perform any duty, make any decision or take any action assigned to or required of a Floor Governor as are prescribed by the Rules of the [Board] Exchange or as may be designated by the Exchange Board regarding Floor Governors.

(c) Each Floor Official, Floor Governor, Executive Floor Official [and] Senior Floor Official and Executive Floor Governor so appointed pursuant to [this] Rule 46A shall

serve at the pleasure of the Exchange Board of Directors or until the next annual [election] meeting of the Exchange and their successors are appointed and take office.

Rule 46A

Executive Floor Governors

(a) The Board of Directors of the Exchange, in consultation with the Board of Directors of NYSE Regulation, shall appoint such number of Executive Floor Governors as it deems appropriate, each of whom shall serve for a term of one year, or until the next annual organizational meeting of the Exchange Board, whichever first occurs.

(b) Executive Floor Governors shall consist of (i) at least two registered specialists, each of whom spends a substantial part of his or her time on the Floor of the Exchange; and (ii) at least two Floor brokers, each of whom spends a majority of his or her time on the Floor of the Exchange executing transactions on the Floor of the Exchange for other than his or her own account or the account of his or her member organization. Executive Floor Governors assist in the administration of the rules regarding trading on the Exchange and any facility thereof.

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Rule 51.

Hours for Business

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Except as may be otherwise determined by the Exchange Board of Directors, the Chief Executive Officer of the Exchange shall have the power to halt or suspend trading in some or all securities traded on the Exchange, to close some or all Exchange facilities, and to determine the duration of any such halt, suspension or closing, when he deems such action to be necessary or appropriate for the maintenance of a fair and orderly market or the protection of investors, or otherwise in the public interest, due to extraordinary circumstances, such as (1) actual or threatened physical danger, severe climatic conditions, civil unrest, terrorism, acts of war, or loss or interruption of facilities utilized by the Exchange, or (2) a request by a governmental agency or official, or (3) a period of mourning or recognition for a person or event. In considering such action, the Chief Executive Officer of the Exchange shall consult with such available Executive Floor Governors [BOE Floor Representatives] as he deems appropriate under the circumstances. The Chief Executive Officer of the Exchange shall notify the Exchange Board of actions taken pursuant to this Rule, except for a period of mourning or recognition for a person or event, as soon thereafter as is feasible.

Supplementary Material: -----

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The Exchange Board has also determined that, when any holiday observed by the Exchange falls on a Saturday, the Exchange will not be open for business on the preceding Friday and when any holiday observed by the Exchange falls on a Sunday, the Exchange will not be open for business on the succeeding Monday, unless unusual business conditions exist, such as the ending of a monthly or the yearly accounting period.

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Rule 54.

Dealings on Floor - Persons

Only members shall be permitted to make or accept bids and offers, consummate transactions or otherwise transact business on the Floor in any security admitted to dealings on the Exchange, [, except that the provisions of this Rule shall not apply in the case of a person authorized to transact business on the Floor pursuant to Section 7 of Article II of the Constitution].

Nothing in this rule to the contrary shall be construed to prohibit a commitment or obligation to trade received on the Floor through ITS, or any other Application of the System, from being accepted or rejected on the Floor.

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Rule 75.

Disputes as to Bids and Offers

Disputes arising on bids or offers, if not settled by agreement between the members interested, shall be settled by a Floor Official. In rendering a decision as to disputes regarding the amount traded, the Floor Official shall give primary weight to statements by any member who was not a party to the transaction and shall also take into account the size of orders held by parties to the disputed transaction, and such other facts as he deems relevant. If both parties to a dispute agree, and the dispute involves either a monetary difference of \$10,000 or more or a questioned trade, the matter may be referred for resolution to a panel of three Floor Governors, Senior Floor Officials, or Executive Floor Officials, or any combination thereof, whose decision shall be binding on the parties. As an alternative to a panel of three Floor Governors, Senior Floor Officials, or Executive Floor Officials, or any combination thereof, members may also proceed to resolve a dispute through long-standing arbitration procedures established under the Exchange's [Constitution and] Rules.

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Rule 98.

Restrictions on Approved Person Associated with a Specialist's Member Organization

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Guidelines for Approved Persons Associated with a Specialist's Member Organization

(a) An "approved person" is a person (other than a member, allied member, or employee of a member organization) who controls a member or member organization, or is engaged in a securities or kindred business and is controlled by or under common control with a member or member organization (the term "approved person" is defined in Rule 2 [Article I, Section 3(g) of the Exchange Constitution]. The term "engaged in a securities or kindred business" is defined in Rule 2.). The term "control" is defined in Rule 2 to mean the power to direct, or cause the direction of, the management or policies of a person, whether through ownership of securities, by contract or otherwise. Under the definition, a person is presumed to control another person if such person, directly or indirectly, has the right to vote 25% or more of the voting securities, or is entitled to receive 25% or more of the net profits, or is a director, general partner or principal executive officer (or a person occupying a similar status or performing similar functions), of the other person. In these Guidelines, a member organization having one or more employees, partners or officers who are members registered with the Exchange as specialists is referred to as a "specialist member organization" and the approved person of a specialist member organization is sometimes referred to as being "associated" with the member organization.

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Rule 103.

Registration of Specialists

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Supplementary Material:

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.11 Temporary Reallocation of Stocks.—The Chief Regulatory Officer or his or her designee and two non-specialist Executive Floor Governors [BoE Floor Representatives] or if only one or no non-specialist Executive Floor Governor [BoE Floor Representatives] is present on the Floor, the most senior non-specialist Floor Governor or Governors based on length of consecutive service as a Floor Governor at the time of any action covered by this rule, acting by a majority shall have the power to reallocate temporarily any security on an emergency basis to another location on the Floor whenever in their opinion such reallocation would be in the public interest.

The member to whom a security has been temporarily reallocated under the provisions of this Rule will be registered as the regular specialist therein until the Chief Regulatory Officer or his or her designee and two non-specialist Executive Floor Governors [BoE Floor Representatives] determine that the security may be returned to the original specialist organization or has been reallocated pursuant to Exchange rules.

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Rule 103A.**Specialist Stock Reallocation and Member Education and Performance**

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(g) Right to Review.-A decision by the Committee that one or more stocks should be reallocated shall be final, subject to the specialist unit's right to have such decision reviewed by the Exchange's Board of Directors [pursuant to the provisions of Article IV, Section 14 of the Exchange's Constitution].

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Rule 103B.

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III. ALLOCATION PANEL

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Selection

Panel members are nominated by the membership. A selection committee, appointed by the Executive Floor Governors [BoE Floor Representatives], reviews the nominations and recommends panel appointments to the Executive Floor Governors [BoE Floor Representatives], who finalize recommendations for presentation to the QOMC. The selection committee operates in accordance with such guidelines as are established and made known to the membership from time to time. The selection committee and, in turn, the Executive Floor Governors [BoE Floor Representatives] seek to develop a representative panel that maximizes professional expertise and broad exposure on the Floor by including members from various types of firms and from diverse locations on the Floor. To the maximum extent possible, the Floor members on the panel are expected to be a core group of experienced, senior professionals, such as former Allocation Committee chairmen, Senior Floor Officials, Executive Floor Officials, and current and former Floor Governors.

In the case of allied members and representatives of institutional investor organizations, the allied member organization and the institutional investor organization are appointed to the panel. The individual representative is then selected by the organization. [A]An Executive Floor Governor [BoE Floor Representative] gives guidance to the organization in selecting an appropriate representative.

Eligibility

Professional expertise and experience are essential to the excellence of the allocation system. Therefore, a Floor member must have a minimum of 5 years experience as a

member on the Floor in order to be eligible for appointment to the Allocation Panel. In the case of allied members and representatives of institutional investor organizations, the organization shall select a representative with at least 5 years of trading experience in listed equities and a senior position on the trading desk, and each may designate one alternate who meets the Panel qualifications, subject to approval by the Executive Floor Governors [BoE Floor Representatives].

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IV. ALLOCATION CRITERIA

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V. POLICY NOTES

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Allocation Freeze Policy

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Following the Allocation Prohibition, a second six month period will begin during which a specialist unit may apply for new listings, provided that the unit demonstrates to the Exchange relevant efforts taken to resolve the circumstances that triggered the Allocation Prohibition. The determination as to whether a unit may apply for new listings will be made by [Exchange] the staff of NYSE Regulation, in consultation with the Executive Floor Governors [BoE Floor Representatives]. The factors the [Exchange] staff will consider will vary depending on the unit's particular situation, but may include one or more steps such as:

- supplying additional manpower/experience;
- changes in professional staff;
- attaining appropriate dealer participation;
- enhancing back-office staff; and
- implementing more stringent supervision/new procedures.

IX. PROVISIONS FOR ALLOCATION OF SECURITIES ISSUED BY NYSE GROUP OR ITS AFFILIATES

With respect to any security issued by NYSE Group and any entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with NYSE Group, where "control" means that one entity possesses, directly or indirectly, voting control of the other entity either through ownership of capital stock or other equity securities or through majority representation on the board of directors or other management body of such entity ("NYSE Group Affiliate"):

(a) Where the issuer chooses to select its specialist (as opposed to having its specialist selected by the Allocation Committee), the issuer shall have the right to determine the

number and identity of the specialist firms that will be included in the group from which it shall choose a specialist, provided such group consists of at least four specialist firms.

(b) The issuer shall review the same material with respect to each specialist firm applicant as would have been reviewed by the Allocation Committee in allocating other securities.

(c) All other provisions of this rule shall continue to apply.

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Rule 123A

Miscellaneous Requirements

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.45 Members' off-floor orders. -- Two persons consisting of [two] Executive Floor Governors [BoE Floor Representatives], or in the absence of any of them, two Floor Governors, Senior Floor Officials, or Executive Floor Officials in the order of seniority, have the authority to limit or ban the execution of off-Floor orders for accounts in which members or member organizations have an interest.

(See also [Rule 112A.10 and] Rule 410(b).)

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Rule 123B.

Exchange Automated Order Routing Systems

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(e) [In accordance with Article II, Section 6 of the Exchange's Constitution, t] The Exchange shall not be liable for any loss sustained by a member or member organization resulting from the use of the System. Generally, a loss pertaining to an order that is entered through the System and which does not appear on the System's Merged Order and Report Log will be absorbed by the entering member organization. A loss pertaining to an order that is entered through the System, which was designated for a particular specialist's post and which does appear on the System's Merged Order and Report Log will generally be absorbed by the specialist.

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Rule 123D.

Openings and Halts in Trading

(1) Delayed Openings/Halts in Trading

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All indications require the supervision and approval of a Floor Official. If it involves a bank or brokerage stock, the approval of [a]an Executive Floor Governor [BoE Floor Representative's approval] is required. If [a]an Executive Floor Governor [BoE Floor Representative] is unavailable, a Floor Governor's or Senior Floor Official's approval must be obtained. In addition to the mandatory criteria, specialists should use their judgment as to when it is appropriate to seek Floor Official approval for disseminating a price indication.

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- Tape indications before the opening should be disseminated at 9:15 a.m., if possible, but any tape indications disseminated prior to 9:30 a.m. require the approval of [a]an Executive Floor Governor [BoE Floor Representative] or Floor Governor, or the approval of a Floor Official if it relates to a spin-off or if trading had been halted and not resumed the prior day.

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As with other openings, tape indications are discretionary for IPO's with the approval of [a]an Executive Floor Governor [BoE Floor Representative] or Floor Governor except that it is mandatory if the opening price change as measured from the offering price meets the requirements for a mandatory indication.

If an indication is disseminated after the opening bell, it must be considered a delayed opening. In addition, any stock that is not opened with a trade or reasonable quotation within 30 minutes after the opening of business must be considered a delayed opening (except for IPO's) and requires Floor Official supervision, as well as an indication. That 30-minute time frame may only be extended by [a]an Executive Floor Governor [BoE Floor Representative] on a Floor-wide basis.

More than one indication should be disseminated if an opening will be outside the first indication or if the first indication had a wide spread, especially if the time frame for delayed openings has been extended by the Executive Floor Governor [BoE Floor Representative]. A reduction in time between indications can be used when multiple indications are disseminated. Generally, a minimum of 10 minutes must elapse between the first indication and a stock's opening as measured by the time the indication appears on the PDU. However, when more than one indication is disseminated, a stock may open five minutes after the last indication provided that at least 10 minutes must have elapsed from the dissemination of the first indication.

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An Executive Floor Governor [BoE Floor Representative] or Floor Governor should be consulted in any case where there is not complete agreement among the Floor Officials participating in the discussion.

Floor Governors should keep apprised of developments when consulted, and should seek the assistance of Executive Floor Governors [BoE Floor Representatives], when appropriate, as soon as possible.

* * * * *

Once trading has commenced, trading may only be halted with the approval of a Floor Governor or two Floor Officials. [A] An Executive Floor Governor [BoE Floor Representative], or in their absence a Senior Floor Governor, should be consulted if it is felt that trading should be halted in a bank or brokerage stock due to a potential misperception regarding the company's financial viability.

Sometimes the Client Service Division is notified by a listed company in advance of publication concerning news which might have a substantial market impact. That Division will immediately notify the Floor Operations Division, which will advise [a] an Executive Floor Governor [BoE Floor Representative] or Floor Governor, or in their absence a Floor Official.

If Client Service Division makes a recommendation that trading should be halted in a stock pending a public announcement by the company and the Executive Floor Governor [BoE Floor Representative] or Floor Governor disagrees, he or she should seek the opinion of another Executive Floor Governor [BoE Floor Representative] or Floor Governor. If the Executive Floor Governors [BoE Floor Representatives] or Floor Governors are in agreement that trading should not be halted, trading should continue. If one of the two is in agreement with the recommendation to halt trading, then trading should be halted. While the time period may vary from case-to-case as a result of the particular circumstances involved, normally if the announcement is not made within approximately 30 minutes after the delay or halt is implemented, the Exchange may commence the opening or reopening of trading in the stock. Special care is taken to ensure that material nonpublic information is not disclosed, even inadvertently, as a result of someone overhearing details relating to trading halts or delayed opening situations.

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Rule 128B.

Publication of Changes, Corrections, Cancellations or Omissions and Verification of Transactions

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.12 Mechanical, system and clerical errors.—Erroneous publications made on the tape due to mechanical or system troubles or to clerical errors may be corrected on the tape on the day of the transaction, or on the tape by at least ten minutes prior to the opening of business on the following business day, or in the "sales sheet" * within three business days of the date of the transaction under the direction of an authorized [New York Stock Exchange] NYSE Market employee.

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Rule 200.

Assignments—By Member Organizations

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Supplementary Material:

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.20 Medallion Signatures. The Exchange has adopted the New York Stock Exchange, Inc. Medallion Signature Program (the "Exchange Medallion Program") providing for the use by a member, member firm, member corporation or Qualified Clearing Agency or nominee thereof who participates in the program (a "participant") of medallions in the place of signatures in effecting assignments, powers of substitution, signature guarantees and other certifications and guarantees incident to the transfer, payment, exchange, purchase or delivery of certificates representing securities, including, but not limited to, erasure guarantees, one-and-the-same guarantees and situs certifications.

* * * * *

Rule 281.

Contracts of Suspended Parties

When an announcement is made of the suspension of a member or member organization [pursuant to the provisions of Article XIII of the Constitution], member or member organizations having contracts with the suspended member or member organization for the purchase, sale or loan of securities shall, without unnecessary delay, proceed to close such contracts on the Exchange or in the best available market, except in so far as the rules of a Qualified Clearing Agency are applicable and provide the method of closing; provided, however, that upon any such suspension, the Board may, in its discretion, suspend the mandatory close-out provisions of this rule and may, in its discretion, reinstate such provisions at such time as it may determine.

Should such a contract not be closed when required to be closed by this Rule, the price of settlement [for the purpose of Section 3 of Article XI of the Constitution] shall be fixed by the fair market value at the time when such contract should have been closed under this Rule.

* * * * *

Rule 287.**Liability of Succeeding Parties**

The closing of a contract pursuant to the Rules of the Exchange [Board of Directors] or pursuant to the rules of a Qualified Clearing Agency shall be for the account and liability of each succeeding party in interest in such contract, and, in case notice that such contract will be closed has been re-transmitted, as provided in Rule 285, such closing shall also automatically close all contracts with respect to which such re-transmitted notice shall have been delivered prior to the closing.

* * * * *

Rule 300.**Trading Licenses**

(a) A trading license issued by the Exchange is required to effect transactions on the floor of the Exchange or through any facility thereof. An organization may acquire and hold a trading license only if and for so long as such organization is qualified and approved to be a member organization of the Exchange. A member organization holding a trading license may designate a natural person to effect transactions on its behalf on the floor of the Exchange, subject to such qualification and approvals as the Exchange may require. A trading license is not transferable and may not be, in whole or in part, transferred, assigned, sublicensed or leased; provided, however, that the holder of the trading license may, with the prior written consent of the Exchange, transfer a trading license to a qualified and approved member organization in connection with the transfer of all or substantially all of the assets of such trading license holder to such member organization or an affiliate thereof.

(b) Trading licenses for the following calendar year will be sold annually by means of an auction conducted in December. The Exchange will determine the minimum price that a bidder will be required to pay for each license (the "Minimum Bid Price"), which will be no greater than 80% of the last annual Auction Price (as defined below). Unpriced "at the market" bids will also be permitted. At the end of the auction, the Exchange will select as the purchase price for each trading license the highest bid price that will allow it to sell the number of trading licenses that will maximize auction revenue to the Exchange (the "Clearing Price"), provided that (i) the Clearing Price shall not be greater than the price that will result in the sale in the auction of at least 1000 trading licenses, (ii) the Exchange will not sell in the auction more than 1366 trading licenses, and if the bids at the Clearing Price are for more than 1366 trading licenses, the Exchange will allocate the 1366 trading licenses among those bids by lot, and (iii) the Exchange at its discretion may sell the number of trading licenses determined by the Clearing Price at a price less than the Clearing Price but not lower than the Minimum Bid Price. Notwithstanding the foregoing, if there are insufficient bids at the Minimum Bid Price (including unpriced at the market bids) to purchase at least 1000 trading licenses, the Exchange may, although it

need not, sell the largest number of trading licenses as can be sold at a price at least equal to the Minimum Bid Price, even though such number of trading licenses is less than 1000. In the alternative, under such circumstances the Exchange may conduct another auction or auctions, setting a new Minimum Bid Price, which may be lower than that determined by the formula above, and in any such auction the Clearing Price will be determined as aforesaid, but without the requirement to sell at least 1000 trading licenses. In such case the Exchange shall use its discretion to conclude an auction that will best serve the dual goals of raising adequate proceeds for the Exchange while selling a number of trading licenses adequate to serve the needs of investors and the broker-dealer community. The price at which the trading licenses are sold in the auction shall be referred to herein as the "Auction Price".

(c) In each auction, the Exchange will limit the number of trading licenses that may be bid for by a single member organization to a number that is the greater of (i) 35 and (ii) 125% of the number of trading licenses utilized by the member organization in its business immediately prior to the auction.

(d) Between auctions, the Exchange shall sell additional trading licenses expiring at the end of the current year at a price equal to the last Auction Price, plus the Premium (as hereinafter defined). For purposes of this rule, the Premium shall be, if the license commences on or prior to June 30 of any calendar year, 10% of the Auction Price, or if the license commences on or after July 1 of any calendar year, 5% of the Auction Price. The Exchange shall not sell additional trading licenses if such sale would cause the number of outstanding trading licenses to exceed 1366.

(e) For purposes of this rule the "Trading License Price" shall mean the Auction Price plus any Premium. A buyer of a trading license shall pay to the Exchange the Trading License Price in equal monthly installments in advance over the period during which the trading license is in effect. Prior to the commencement of the trading license, the holder shall pay to the Exchange the first monthly installment of the Trading License Price, plus a cash deposit (the "Deposit") equal to one month's installment of the Trading License Price. The Deposit shall be applied to the last month's installment or to any applicable Termination Fee (as defined below).

(f) Trading licenses shall expire at the end of the calendar year for which they are issued. Notwithstanding the foregoing, the holder of a trading license may terminate such trading license prior to the scheduled expiration of such trading license by providing at least 10 days' prior written notice to the Exchange of such termination and by paying the Exchange a Termination Fee. The termination will be effective at the end of the month following the end of such 10-day notice period. The Termination Fee will be equal to one monthly installment of the Trading License Price.

(g) If a holder of a trading license shall cease to be a member organization of the Exchange for any reason, such holder shall be deemed to have terminated the trading license as of the last date of member organization status, and the applicable Termination Fee shall be due.

Rule 300T

Transition Rules Regarding the Merger

(a) For the calendar year in which the business combination involving the New York Stock Exchange, Inc. and Archipelago Holdings, Inc. (the "Merger") occurs, the Exchange may conduct an auction of trading licenses in accordance with the provisions of Rule 300, except that the trading licenses sold in such auction shall expire at the end of the calendar year in which the Merger occurs.

(b) In the auction referred to in paragraph (a) above, the Minimum Bid Price shall be eighty percent (80%) of the average annual lease price for leases (including renewal leases) which leases (or renewals) commenced during the six-month period ending on the last business day of the last calendar month ending at least thirty days before the opening of the auction, provided, however, that the eighty percent (80%) referenced above in this sentence shall be reduced by multiplying (i) the eighty percent by (ii) a fraction the numerator of which is the number of months for which the license shall be issued and the denominator of which is twelve (12).

(c) In the auction referred to in paragraph (a) above, the Exchange will limit the number of trading licenses that may be acquired by a single member organization to a number that is the greater of (i) 35 and (ii) 125% of the number of regular and electronic access Exchange memberships utilized by the member organization in its business immediately prior to the Merger.

(d) Subject to their continued compliance with all applicable rules and requirements, each member organization, and each individual regular member qualified and approved to effect transactions on the trading floor, and each allied member, approved person or registered employee, in good standing at the time of the Merger, shall continue qualified in their respective capacities upon completion of the Merger. Without limiting the foregoing, a regular member qualified and approved to effect transactions on the floor of the Exchange on behalf of his or her member organization shall be deemed qualified and approved to be a person designated by such member organization to effect transactions on the floor of the Exchange on its behalf in connection with a trading license acquired by such member organization.

* * * * *

Rule 301. Qualifications for Membership**[Proposed Transfer or Lease of Membership**

(a) An offer or agreement by a member described in Section 1(a) of Article II of the Constitution for the transfer of his membership or for the lease of his membership may be made only in writing in such form as may from time to time be prescribed by the Constitution of the Exchange or the Rules of its Board of Directors and shall be executed personally by such member or by his legal representatives, except that an attorney-in-fact of such member may execute such documents in his behalf only if the following

conditions are complied with, vis.:

(1) The Exchange has approved the execution of the power of attorney running to such attorney-in-fact;

(2) the Exchange is satisfied as to the validity and continued effectiveness of such power of attorney; and

(3) the Exchange is satisfied that the holder of such power of attorney is acting thereunder solely as agent for the member and is neither directly nor indirectly acting in his own behalf or in behalf of any third person and that he is not a creditor of such member and does not directly or indirectly represent any person who is such a creditor, unless

(A) the holder of such power of attorney is the Secretary of the Exchange acting pursuant to a power executed by the member and approved by the Exchange in connection with an agreement made with respect to the financing of the purchase of the membership; or

(B) the holder of such power of attorney is a partner or a principal executive officer in a member organization with which such member is associated as a member and has no financial interest in the transfer other than such as may arise by virtue of such attorney's interest in such member organization.

(b) No transfer or lease of a membership in the Exchange described in Section 1(a) of Article II of the Constitution shall be effective without the prior approval of the Board of Directors and each application for membership described in Sections 1(a), 1(b), 1(c) or 2 of said Article II shall require the approval of the Board. The membership of a member described in Sections 1(b), 1(c) or 2 of Article II of the Constitution shall not be transferable and shall not be leased.

(c) A member described in Section 1(a) of Article II of the Constitution shall notify the Exchange in writing prior to any lease of his membership. A fully executed copy of the lease agreement, any amendment thereto and any proxy executed by the lessee as permitted by Section 7 of Article III of the Constitution shall be filed with and found acceptable by the Exchange prior to becoming effective.

In order to be found acceptable by the Exchange, each lease agreement shall include provisions stating:

- (1) that upon the death of the lessee, the expiration of the term stated in the lease agreement, or the occurrence of any other event specified in such agreement, the lease agreement shall terminate and the Exchange shall be given notice of any termination or proposed termination of the lease agreement as promptly as possible;
 - (2) that the lessor shall not be permitted to transfer his leased membership during the term of the lease;
 - (3) all financial arrangements between the lessor and lessee regarding the lease of the membership;
 - (4) that, in the event the lessee fails to be approved for membership in the Exchange or the Board of Directors does not approve the lease agreement, that agreement shall be void;
 - (5) the Board of Directors may dispose of the membership in accordance with provisions of Section 6 of Article X of the Constitution;
 - (6) during the term of a lease, the lessee, rather than the lessor, shall for all purposes of the Constitution and the Rules thereunder be deemed to be the member of the Exchange, except that the lessor shall be deemed to be the member for the purposes of Article XV of the Constitution and shall be entitled to receive, with respect to such membership, any distribution of the assets of the Exchange in the event of any liquidation, dissolution or winding up the affairs of the Exchange;
 - (7) during the term of the lease agreement and subject to any proxy executed by the lessee and filed with the Secretary of the Exchange pursuant to Section 7 of Article III of the Constitution, the lessee shall exercise all voting rights with respect to the membership; and
 - (8) that all controversies arising between the lessor and lessee relating to the lease agreement, the termination or breach or alleged breach thereof, shall be arbitrated in accordance with the provisions of Article XI of the Constitution.
- (d) The lessor of a membership described in Section 1(a) of Article II of the Constitution, who does not intend to renew the lease agreement, shall give written notice to the Exchange as promptly as possible. Such notice shall be posted on the bulletin board and in the Weekly Bulletin of the Exchange for at least ten days []

Qualifications

Supplementary Material: ...]

[.10](a) **Age.** --An applicant for membership in the Exchange must be at least the

minimum age of majority required to be responsible for his contracts in each jurisdiction in which the applicant conducts business.

[Procedure Regarding Election]

[.20 Bids and offers --Memberships. --Agreements for the transfer of memberships described in Section 1(a) of Article II of the Constitution are usually arranged through the Membership Transfer Section who maintains a file of written bids for and offers of memberships. Although such agreements may be negotiated elsewhere, the final arrangements for the transfer must be consummated through the Membership Transfer Section. In general, all documents relating to the transfer must be executed personally by the member. Under certain circumstances, however, a power of attorney running to a third person and authorizing him to act for the member in this connection may be recognized by the Exchange.]

[.21 Deposit --Indemnity agreement. --A candidate for membership as described in Section 1(a) of Article II of the Constitution must, immediately upon the execution of an agreement for the transfer of a membership (other than a transfer for a nominal consideration), deposit with the Membership Transfer Section either (1) a certified check for twenty percent of the agreed purchase price, or (2) a written guarantee (on a form supplied by the Exchange) by a member organization. The purpose of this requirement is to provide some indemnification protection to the prospective seller against any loss which he may sustain in the eventual price realized by him in the prompt resale and transfer of his membership in case the proposed purchaser repudiates his agreement or fails to deposit the balance of the purchase price and the initiation fee at the proper time, but the amount of the check or guarantee so deposited shall not be a limitation on any rights of either party. In the event that the applicant fails to be eligible for membership, the deposit will be returned to him or the guarantee will become void, as the case may be.]

[.22](b) Application for membership. --In making application for membership, a candidate is required to sign a personal statement, on a form prescribed by the Exchange, giving, among other things, complete details as to business history. A candidate who will be active on the Floor will be required to arrange with the Medical Clinic located in the Exchange building for a physical examination. A candidate may also be required to present letters of recommendation from at least three responsible persons. [other than those persons referred to in .24 below.]

[.23](c) Fingerprinting --Every member and every applicant for membership is required to be fingerprinted and to submit such fingerprints, or cause the same to be submitted to the Exchange for identification and appropriate processing.]

[.24 Sponsorship. --An applicant for membership shall be sponsored by two members or allied members of the Exchange of at least one year's standing, or be proposed for membership by two other responsible individuals, who have known the applicant sufficiently well and over a long enough period of time that they can unqualifiedly

endorse the character and integrity of the applicant from their personal knowledge of him and of his business connections.

A casual social or business acquaintanceship is not sufficient basis to qualify a member, an allied member or other individual to sponsor or propose the membership applicant.

Individuals who sponsor or propose an applicant for membership are required to read and sign the candidate's application and may be required to appear with an applicant at the time the applicant is presented for consideration.]

[.25] (d) Appearance of applicant. --An applicant for membership to the Exchange is required to appear personally at the time his application for membership is presented for consideration. The [Membership Transfer Section] Exchange will advise the applicant of the date of such appearance at the time arrangements are entered into for the proposed admission to membership.

[.26 Posting. --The Constitution provides that at least ten days must elapse between posting of a notice of a proposed transfer or leasing of a membership as described in Section 1(a) of Article II and consideration of the proposed transfer or lease. Notice of a proposed transfer or lease is posted on the bulletin board of the Exchange and published in the Weekly Bulletin of the Exchange upon the submission, in proper form, of *all* required documents.

Notice of proposed admission to membership of members described in Sections 1(b) and 1(c) of Article II shall also be posted on the bulletin board of the Exchange and published in the Weekly Bulletin of the Exchange upon the submission, in proper form, of all required documents. At least ten days must elapse between posting of a notice and consideration of the proposed admission to membership.]

[.27 Payments to be made on day of approval of transfer or lease and payments to be made prior to admission to membership. --On the day on which the application for a membership described in Section 1(a) of Article II of the Constitution is scheduled to be considered, the proposed member (hereinafter referred to as a "new member") must deposit with the Exchange the balance of the purchase price of his membership, and pay to the Exchange an initial contribution to the Gratuity Fund of \$15 (Art. XV, Sec. 1), the unexpired portion of the transferor's dues for the period for which dues are then payable, and an initiation fee for the transfer of such membership which shall be determined as follows, notwithstanding the provisions of Section 4 of Article II:

(1) in the event that the new member shall have purchased such membership through a membership auction facility furnished by the Exchange the initiation fee for the transfer of the membership shall be the greater of \$1,000 or five percent of the purchase price paid for the membership, up to a maximum amount of \$5,000;

(2) in the event that:

(i) a member (hereinafter referred to as "outgoing member") whose membership shall be transferred to a new member shall have had a contractual obligation to transfer the membership to such person as may be designated by the member organization of which the outgoing member then shall be a partner or an officer or employee therein, and

(ii) said contractual obligation shall have been entered into at the same time as the outgoing member shall have acquired said membership, and

(iii) the Exchange at the time said contractual obligation shall have been entered into shall have in writing approved or consented to the entering into of said obligation, and

(iv) the membership of the outgoing member shall in satisfaction of such obligation be transferred to the new member pursuant to such a designation, and the new member shall have substantially the same relationship to and financial interest in the member organization as the outgoing member had, and

(v) the new member shall have a contractual obligation to the same member organization to transfer the membership of the new member to such person as may be designated by the member organization, which obligation shall be upon substantially the same terms and conditions of said contractual obligation of the outgoing member to the member organization, then the initiation fee for the transfer of the membership shall be the greater of \$1,000 or five percent of the purchase price at which the most recent contracted sale of a membership occurred through the auction facility prior to the date on which notice of the new member is posted, up to a maximum amount of \$5,000;

(3) in the event that the membership of a new member shall have been acquired in a manner other than as contemplated in either clause (1) or clause (2) of this paragraph the initiation fee for the transfer of the membership shall be the greater of \$1,000 or five percent of the purchase price at which the most recent contracted sale of a membership occurred through the auction facility prior to the date on which notice of the new member is posted, up to a maximum amount of \$5,000.

On the day on which an application for a membership described in Section 2 of Article II of the Constitution is scheduled to be considered, the proposed member shall pay to the Exchange an initiation fee for the leasing of a membership described in Section 1(a) of Article II which initiation fee shall be the greater of \$1,000 or five percent of the purchase price at which the most recent contracted sale of a membership occurred through the auction facility prior to the date on which notice of such new member is posted, up to a maximum amount of \$5,000, and pay to the lessor the unexpired portion of the lessor's dues for the period for which dues are then payable, provided, however, that no initiation fee shall be required upon the renewal of a lease agreement between the lessor and the lessee. Upon the termination of the lease agreement, the lessor shall pay the lessee the unexpired portion of the dues for the period for which dues are then payable.

Occasionally when a membership is to be transferred pursuant to option (c) of an a-b-c agreement, the member organization has not decided which person within the organization should be designated as the transferee of the membership and "work" the

membership on the Floor for the organization or, perhaps, the member organization does not then have within the organization any person it wishes to acquire and "work" the membership. In such case, the member organization may designate, as the immediate transferee of the membership, one of its officers, partners or employees who is acceptable to the Exchange and is not active on the Floor, to hold the membership in his name subject to an Exchange approved a-b-c agreement or subordination agreement with the member organization until the member organization is able to identify another officer, partner or employee satisfactory to the Exchange who will acquire the membership and "work" it for the member organization on the Floor. In any such case, at the time of the first transfer of the membership to the partner or employee who is not active on the Floor, an initiation fee computed in accordance with (2) of .27 shall be paid to the Exchange. If within 90 days following such transfer, the membership is retransferred to an officer, partner or employee of the member organization satisfactory to the Exchange who is to "work" such membership on the Floor and who is to hold the membership subject to an Exchange approved a-b-c agreement or is to finance the acquisition of such membership by an Exchange approved subordination agreement with the member organization, or if, within such time, the membership is leased to such a partner or employee pursuant to an Exchange approved lease thereof, then, in that event, no initiation fee will be due the Exchange with respect to such second transfer or such lease. In all other cases (for example, if the second transfer, or the lease, occurs or commences after such 90-day period) the normal initiation fee will be due the Exchange with respect to such second transfer or lease.]

[.28 Signing Constitution. --No person admitted to membership shall be entitled to the privileges of membership until he has signed the Constitution of the Exchange, thereby pledging himself to abide by the Constitution, as from time to time amended, and the rules adopted pursuant thereto. (*Art. II, Sec. 5.*)]

[Financial Arrangements Regarding Memberships Described in Section 1(a) of Article II of the Constitution

.30 General. --The purchase of a membership described in Section 1(a) of Article II may be financed in whole or in part as follows:

I. By the applicant's own means (see .31);

II. By gift to the applicant, accompanied by a release from the donor (see .32);

III. By funds advanced as a subordinated loan (see .33); or

IV. By funds advanced by a member organization accompanied by a release, the applicant simultaneously entering into an a-b-c agreement with the firm or corporation (see .34).

Financing arrangements which do not conform to one or more of the above will not be approved.

.31 I. Own means. --No special documents are required to be filed with the Exchange when an applicant finances the purchase of his membership, including the payment of the initiation fee, entirely with his own personal means. In his appearance as an applicant for membership, he is required to agree with the Exchange that he will not thereafter enter into any agreement whatsoever with reference to his membership unless the specific approval of the Exchange is first obtained.

.32 II. Gift under release. --If all or any part of the purchase price is being advanced to an applicant as a gift, the Exchange requires that the applicant file with the Exchange a general release from the donor to evidence the fact that the new member will be under no obligation to make any payment to the donor. A similar general release must be obtained from the transferor in the case of a transfer of a membership for a nominal consideration.

.33 III. Funds advanced as a subordinated loan. --If an applicant for membership borrows funds to be used for the purchase of a membership, or if a member borrows funds to refinance a membership, the instrument evidencing the member's obligations must be in the form of a "subordination agreement". Similarly, if a present member who originally financed the purchase of his membership in whole or in part with borrowed funds desires to refund his outstanding obligations, any new agreements must be in the approved form. Copies of all agreements executed in connection with such borrowings or refinancings must be filed with and approved by the Exchange prior to becoming effective, and will be retained by the Exchange as part of its records.

The purpose of the required subordination agreement is to preclude the lender from asserting any claim against the membership or the proceeds of its transfer prior to the payment in full of all claims entitled to priority under the provisions of Article II of the Constitution, and the Rules of the Exchange.

Subsection Fourth of Section 11 of Article II of the Constitution expressly provides that the Exchange will not recognize any purported assignment of or attempted lien upon the proceeds or any part of the proceeds of the transfer of a membership, except as specifically provided in the Constitution; nor will the Exchange in general give effect to any power of attorney or direction to pay such proceeds or any part of the proceeds to any person except the member himself or, under the circumstances set forth in subsection Fourth of Section 11 of Article II of the Constitution, to his firm or corporation. (See Rule 302 [¶2302] regarding permissible powers of attorney.)

A subordination agreement may provide that at the date of maturity of the agreement the lender of funds to finance or refinance in whole or in part the purchase of a membership is entitled to repayment of an amount equal to or based upon the value of an Exchange membership. The method by which the value of a membership is to be determined (e.g., last sale, last bid, average sale, etc.) shall be specified in the subordination agreement.

A member organization may enter into a subordination agreement evidencing the lending of funds to enable the borrower to purchase a membership or to refinance outstanding obligations with respect thereto, provided such agreement meets the requirements of Regulation T of the Board of Governors of the Federal Reserve System.

Each subordination agreement shall provide that any controversies arising in connection with the subordination agreement shall be arbitrated in accordance with the provisions of Article XI of the Constitution.]

[.34 IV. A-B-C agreement. --

Definition. --An a-b-c agreement is a form of arrangement entered into when it is intended that a portion of the risk of fluctuations in the value of a membership owned by a member of the Exchange, who is a general partner or employee of a member firm or an officer or employee of a member corporation, shall rest with the partners of the firm or with the corporation with which such member is associated as a member rather than have the entire risk rest with the member individually. It should be noted a membership, even if it is the subject of an a-b-c agreement, remains a personal franchise vested solely in the member.

All a-b-c agreements must be approved by the Exchange prior to becoming effective.

Terms of agreement. --Under an a-b-c agreement the firm or corporation shall release the member from any obligation to repay the funds advanced, except under the terms of the agreement. Approved forms of releases are available from the Exchange.

The member shall agree that upon the dissolution of the member organization, its ceasing to be a member organization, his ceasing to be a general partner, officer or employee therein, upon his death or upon the occurrence of any other contingency set forth in the agreement, he or his legal representatives shall comply with the terms of one of the three following options:

- (a) Retain the membership and pay to the partnership or corporation the amount necessary to purchase another membership; or
- (b) sell the membership with the proceeds paid over to the partnership or corporation; or
- (c) transfer the membership for a nominal consideration to a person who is designated by the partnership or corporation and who is eligible for membership in the Exchange.

The a-b-c agreement shall clearly state the method by which the amount necessary to purchase another membership is to be determined in the event of the exercise of option (a) and who shall be responsible for the payment of any related initiation fee in the event of the exercise of option (a) or (c).

The member must have the unqualified right, at all times, subject only to his making the agreed payment to his member organization, to retain his membership (i.e., to election option (a)).

The a-b-c agreement shall provide that the member shall have the absolute right for a period of 30 days, or such longer period as specified in the a-b-c agreement, to exercise

option (a) computed from the date on which the member organization has dissolved or ceased to be a member organization, the member's status as a partner, officer or employee therein has terminated, or such other contingency as specifically set forth in the a-b-c agreement has occurred. In the event of the death or incompetency of the member the period for exercise of option (a) (at least 30 days) shall be deemed to expire ten days after the appointment of the legal representative or committee of the member.

For the purpose of this rule, a merger or split-up of a firm in which the member who is a partner in such firm and all participants in the a-b-c agreement become partners in a new firm, or in the case where the member is not a partner in such firm, all the partners who are participants in the a-b-c agreement become partners in a new firm; the extension of partnership articles; the entering into of substantially identical new partnership articles; the admittance of a new partner or the death or retirement of a partner; are not regarded *per se* as constituting the dissolution of a partnership.

The a-b-c agreement shall provide that if the member or his legal representative does not elect to retain the membership (option (a)), or does not exercise such option within the time period specified, the member organization shall have the absolute right to elect option (b) or option (c), and shall be obligated to elect such option (b) or option (c) within 30 days, or such longer period as specified in the a-b-c agreement, computed from the date on which notice is specifically given by the member or his legal representative that option (a) will not be exercised, or, if no such notice is given, from the expiration of the time period specified for the exercise of option (a). The a-b-c agreement shall further provide that if the member organization fails to elect option (b) or (c) within the specified period of time, the member or his legal representative shall sell the membership with the proceeds paid over to the member organization.

Any sums payable under option (a) or (b) must be payable to the member organization so as to be wholly available to its creditors.

Each a-b-c agreement shall provide that any controversies arising in connection with the a-b-c agreement shall be arbitrated in accordance with the provisions of Article XI of the Constitution.

Although the Exchange will not object to the inclusion, pursuant to Rule 301, in the partnership articles or separate agreement, of a power of attorney authorizing a partner or a principal executive officer in the member organization in which such member is a member to execute documents on the member's behalf in connection with the sale or transfer of the membership after the expiration of the 30-day period specified for exercise of option (a), the Exchange reserves the right to pass upon the use of such power of attorney in any particular instance.

Lease of a-b-c membership. --The provisions above under "Terms of Agreement" apply to Exchange memberships described in Section 1(a) of Article II which are not leased as permitted in Section 2 of that Article. The Exchange will not object to the inclusion in the a-b-c agreement of a provision permitting the leasing of the membership in accordance with Exchange Rules. However, the terms of any such lease must be consented to by the member organization. The lease agreement must spell out what the consequences under

that agreement will be, if any, in the event that, during the term of the lease, the member organization dissolves, or the lessor ceases to be a participant therein, or the lessor dies, or any other contingency occurs that, in the absence of the lease, would give rise to the election of option (a), (b) or (c).

As provided in Section 2 of Article II, during the term of the lease, the lessee, rather than the lessor, shall for all purposes of the Constitution and Rules be deemed to be the member of the Exchange, except for the limited purposes set forth in said Section 2. Consequently, the lessor cannot, during the term of the lease, qualify a broker or dealer as a member organization.

Transactions of Business as a Member. --A member may, until such time as option (a), (b), or (c) is exercised, transact business as a member not associated with a member organization as a member provided:

(1) The Exchange determines that such action is consistent with the protection of investors and public interest;

(2) the member is a registered broker or dealer unless exempted by the Securities Exchange Act of 1934; and

(3) the member complies with the requirements of Rule 325(e).

(See Rule 312 for status of member organization whose only member has ceased to be a general partner, officer or employee.)

Inclusion in partnership articles or separate agreement. --In the case of firms, all a-b-c agreements must be incorporated in the partnership articles of the firm or an amendment thereto, and in the case of corporations, all a-b-c agreements must be incorporated in a separate written agreement between the member and the corporation. Such articles and agreements must be submitted to and approved by the Exchange prior to becoming effective.

Non-conforming agreements. --An existing a-b-c agreement which does not conform to the requirements above described, having been entered into with the approval of the Exchange prior to the adoption of such requirements, may remain in effect without change until terminated by the dissolution of the member organization, the sale or transfer of the membership, or the death of the Exchange member.]

[.35 V. Other agreements. --Except as described above, no member of applicant for membership shall execute any instrument or enter into any agreement, oral or written, in regard to the membership or the funds advanced for the purchase or financing of the membership. In an application for membership, the applicant must describe in detail the method by which the acquisition of the membership is being financed and must specifically agree that, without the specific approval of the Exchange, no change whatsoever will thereafter be made in the initial financing arrangements except, without

the use of borrowed money, the payment of principal and interest on a subordination agreement or the discharge of the applicants obligations under an a-b-c agreement.]

[.36] (e) Miscellaneous Provisions

[Proceeds of transfer

(1) The proceeds of the transfer of a membership of each member described in Section 1(a) of Article II of the Exchange Constitution shall be subject to the priorities specified under Article II, Section 11. Such priorities include sums due by the member and his member organization. (See Art. II, Sec. 11.)]

[Gratuity payments to members

(2) Only the persons specified in Article XV in the Constitution may share in Gratuity benefit payments. Therefore, there may be no oral understanding nor may provisions be embodied in partnership articles, in an agreement, a Will or in any other document which may have the effect of directly or indirectly defeating the purpose of said Article.]

Floor commissions

[(3)](1) All Floor commissions of an Exchange member who is associated with a member organization as a member must be for the account of the organization.

Specialist trading

[(4)](2) When an Exchange member is a specialist, in a member organization, his ordinary trading business as a specialist must be for the organization's account, or for the joint account in which his organization is permitted to participate under the provisions of Rule 94(b).

[Rule 302.

Surplus of Proceeds of Membership Transferred

Payment of the surplus, if any, of the proceeds of the transfer of a membership described in Section 1(a) of Article II shall be made only to the person or persons specified in subsection Fourth of Section 11 of Article II of the Constitution, except that payment of such proceeds may be made to an attorney-in-fact of the person whose membership has been transferred only if the following conditions are complied with, viz.:

(1) The Exchange has approved the execution of the power of attorney running to such attorney-in-fact;

(2) the Exchange is satisfied as to the validity and continued effectiveness of such power of attorney; and

(3) the Exchange is satisfied that the holder of such power of attorney is acting thereunder solely as agent for the person whose membership has been transferred and is not, directly or indirectly, acting in his own behalf or in behalf of any third person and that he is not a creditor of the person whose membership has been transferred and does not directly or indirectly represent any person who is such a creditor, unless the holder of such power of attorney is, or immediately preceding the transfer was, a general partner or a principal executive officer in a member organization with which such member was associated as a member and has no financial interest in such proceeds other than such as may arise by virtue of the fact that he is or was such a partner or such an officer in such member organization.

Supplementary Material: ...

.10 Claims against proceeds of memberships. --At the time a membership is posted for transfer or lease, a member or member organization asserting claims for priority of payment out of proceeds of sale pursuant to Article II of the Constitution should promptly file a statement of such claim, in duplicate, with the Secretary of the Exchange. Forms for the filing of claims under subsection Second of Section 11 of Article II may be obtained from the Office of the Secretary.]

Rule 303.

Limitation on Access to Floor

[The Exchange may, in accordance with the procedures set forth in Rule 475, deny access to the Floor of the Exchange to a member, or may impose such conditions and limitations as it may determine with respect to his access thereto and the transactions which he may effect thereon, (1) if legal proceedings of any nature are instituted or if any legal process is served upon the Exchange purporting to attach, levy upon, encumber, or in any way effect any immediate or future disposition or transfer of the membership of such member or the proceeds of such transfer, or (2) if the then existing obligations or arrangements of such member with respect to the disposition of his membership or of the proceeds of the transfer thereof are not in accordance with the Constitution, Rules and practice of the Exchange.

.30 Subletting spaces on Floor. --No member or member organization may, without specific permission of the Exchange, sublet to another member or member organization any telephone or specialist space on the Floor.

.40](a) Members' badges. --All members who execute orders on the Floor must be provided with an identification badge and must wear the same while on the Floor.

Every member's badge must contain his name and a number[, and if he is a participant in a member organization, the name of such organization] and the name of his or her member organization.

(b) Subletting spaces on Floor. --No member or member organization may, without specific permission of the Exchange, sublet to another member or member organization any telephone or specialist space on the Floor.

[Supplementary Material: ...

.10 Disposition of memberships. --The Board of Directors may dispose of the membership of

(1) a deceased member (Art. II, Sec. 12);

(2) an expelled member or a member ineligible for reinstatement (Art. II, Sec. 12);

(3) a member delinquent in payment of dues, charges, or fees under Article X; or contributions under Article XV; or fines under Section 5, Article IX; or any sums due to the Exchange (Art. X, Sec. 6).

.20 Designation of alternates.—A member of the Exchange who, in time of national emergency for this country, is on active duty in the armed forces of the United States or of any nation or State which is then allied or associated with the United States, or who is engaged in any public service incident to the national defense, may make application to the Board of Directors for approval of a person who is or shall become an allied member in the member organization in which such member is a general partner, officer or employee to act as his alternate on the Floor of the Exchange. (Art. II, Sec. 7). The procedure in submitting an application for approval of an alternate is, in general, the same as that followed by an applicant for membership.]

Rule 304.

Allied Members and Approved Persons

(a) No person shall become or remain an allied member or approved person unless such person meets and continues to meet the standards prescribed in the [Constitution and] Rules of the Exchange.

(b) Any natural person, not a member of the Exchange, shall become an allied member of the Exchange by [pledging himself] agreeing to abide by [the Constitution as the same has been or shall be from time to time amended, and by] all rules adopted [pursuant to the Constitution] from time to time by the Exchange and by being either

(i) a general partner in a member firm or an employee who controls such member firm; or

(ii) an employee of a member corporation who is:

(a) a person who controls such corporation, or

(b) a principal executive officer of such corporation.

Such [pledge] agreement to abide by the [Constitution and] Rules shall be made by

written instrument filed with the Exchange in which the signer [pledges himself] agrees as aforesaid. Any person registered with the Exchange in any capacity shall become an Allied Member upon written notice to the Exchange that such person is included in either (i) or (ii), above.

[(c) Any person becoming an allied member shall have all the rights and privileges and shall be under all duties and obligations of an allied member of the Exchange in accordance with the Constitution. Allied members shall have no right to go upon the Floor of the Exchange except as provided in Articles II and IV.]

[(d) An allied membership shall not be transferable.]

[(e)](c) When an allied member dies or is expelled, his allied membership shall terminate.

[(f) When an allied member is elected Chairman of the Board or Chief Executive Officer or is elected to membership in the Exchange, his allied membership shall terminate.]

[(g)](d) When an allied member ceases or fails to be an allied member associated with a particular member organization, and does not forthwith qualify as an allied member associated with another member organization continuing the business of the first member organization, his allied membership shall terminate.

[(h)](e) Any person who controls a [member or] member organization, or who engages in a securities or kindred business and is controlled by or under common control with a [member or] member organization but is not a member or allied member or an employee of a member organization shall apply for approval by the Exchange as an approved person by furnishing the Exchange with such information with respect to such applicant, its history and business, its equity-holders, officers, partners and directors, any person controlling such applicant, and such other information as the Rules of the Exchange may require. Each such applicant shall agree to:

(1) Supply the Exchange with information with respect to such applicant's relationship and dealings with the member or member organization with which it is associated as the Exchange may reasonably require to ascertain whether the applicant is in compliance with applicable provisions of Federal Securities Laws, the rules and regulations thereunder, and the Rules of the Exchange; and

(2) to supply the Exchange with information relating to the existence of any statutory disqualification to which the applicant or any person associated with the applicant may be subject, as defined in the Securities Exchange Act of 1934; and

(3) to abide by such provisions of the [Constitution and] Rules of the Exchange relating to approved persons as shall from time to time be in effect; and

(4) to permit examination by the Exchange, or any person designated by it, at any time or from time to time, of its books and records to verify the accuracy of the information required to be supplied herein and by the Rules of the Exchange.

Supplementary Material:

[.10 Allied member sponsorship. --An applicant for approval as an allied member of the Exchange shall be sponsored by two members or allied members of the Exchange of at least one year's standing, or be proposed for allied membership by two other responsible individuals who have known the applicant sufficiently well and over a long period of time that they can unqualifiedly endorse the character and integrity of the applicant from their personal knowledge of him and of his business connections. A casual social or business acquaintanceship is not sufficient basis to qualify a member, an allied member or other individual to sponsor or propose the applicant. They should, if possible, not be associated with the organization which the applicant proposes to join. They are required to read and sign the proposed allied member's application.

An applicant for allied membership who has been either a member or an allied member of the Exchange within one year of the date of the new application is not required to be sponsored or proposed.]

[.11 Posting. --An application for approval of admission of any party (other than an application for a member of the Exchange) or for the approval of the formation and admission of a member organization, is ordinarily not acted upon by the Exchange until after the application has been posted on the bulletin board of the Exchange and published in the Weekly Bulletin of the Exchange for a period of not less than two weeks. Such notice is posted upon submission in proper form of all required papers in connection with the application.]

[.12].10 Notwithstanding the provisions of Rule 304[(h)](e)(4), no applicant to become an approved person (the "applicant") or approved person which is domiciled outside the United States shall be required to permit examination by the Exchange, or any person designated by it, of the applicant's or approved person's books and records, at its place of domicile, to verify the accuracy of information required to be supplied by the Rules of the Exchange whenever such examination would, in the opinion of the independent person or government official (as hereinafter specified,) be contrary to the law to which the applicant or approved person is subject in its place of domicile or contrary to generally accepted custom or business practice of such place. Whenever an applicant or an approved person chooses to invoke the provisions of the preceding sentence of this paragraph, the applicant or approved person shall, at its expense, submit to the Exchange a written certification acceptable to the Exchange by a person deemed independent of the applicant or approved person and of its affiliated member organization, which person is recognized as an enrolled attorney or counselor at law in such place of domicile (the "independent person") or an appropriate governmental official of the place of domicile stating that the examination of the books and records of the applicant or approved person by the Exchange or any person designated by it at its place of domicile would be contrary to the law to which the applicant or approved person is subject in its place of domicile or contrary to generally accepted custom or business practice of such place. Whenever and so long as an approved person chooses to invoke the provisions of the first sentence of this paragraph, the approved person shall, at its expense, submit to the Exchange, not less frequently than annually and upon specific request by the Exchange, a written

certification acceptable to the Exchange by an independent person or a person deemed independent of the applicant or approved person and its affiliated member organization which person is recognized in the place of domicile of the applicant or approved person as an auditor stating that upon reasonable examination conducted by the said person in accordance with generally accepted practices and principles prevalent in the approved person's place of domicile, (i) in respect of any appropriately designated omnibus account carried by the affiliated member organization for the account of the approved person but not for its benefit, said independent person has no reason to believe that any of the persons on whose behalf and for whose benefit any transaction was effected therein was a person associated with the approved person or its affiliated member organization within the meaning of the Securities Exchange Act of 1934 as amended (the "Act"), or the rules thereunder, and (ii) in respect of any account carried by the affiliated member organization in the name and for the account and benefit of the approved person, which account reflects transactions effected in reliance on Section 11(a)(1)(G) of the Act, the rules thereunder and, in particular, Rule 11a1-2 thereunder, the approved person, during its preceding fiscal year, derived more than fifty percent of its gross revenues from one or more of the sources specified in Section 11[(a)](a)(G)(i) of the Act.

Rule 304A.

Member and Allied Member Examination Requirements

- (a) Every applicant for membership, or allied membership shall pass [a]n [basic] examination required by the Exchange unless such examination is waived by the Exchange.

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Rule 308.

Acceptability Proceedings

- (a) The Exchange may disapprove (i) the application of a prospective member or member organization; or (ii) the application for employment or association with a member or member organization, of any prospective member, allied member, approved person, registered representative, or other person required by the [Constitution or] Rules of the Exchange [thereunder] to be approved by the Exchange; or (iii) any change in the status of any person which change requires approval of the Exchange; or (iv) the application of any non-member broker/dealer accessee, as provided for in the Exchange [Constitution and] Rules [thereunder], or in the Securities Exchange Act of 1934, as amended.

* * * * *

- (c) All proceedings under this rule shall be conducted in accordance with the provisions of this rule and shall be held before an Acceptability Committee consisting of at least three persons being members of the Acceptability Board to be selected by the Chief

Hearing Officer (as designated under Rule 476(b)) in accordance with paragraph (d) of this rule.

The Chairman of the Board of the Exchange, or officer, employee or committee or board to whom appropriate authority has been delegated, subject to the approval of the Board of Directors, shall from time to time appoint an Acceptability Board to be composed of such number of members and allied members of the Exchange who are not members of the Board of Directors, and registered employees and non-registered employees of members and member organizations, as the Chairman of the Board of the Exchange shall deem necessary. The members of the Acceptability Board shall be appointed annually and shall serve at the pleasure of the Board of Directors.

(d) In any proceeding under this rule involving, as an applicant therein, a prospective member, member organization, allied member, or approved person, or non-member broker/dealer accesssee, the members of the Acceptability Board serving on the Acceptability Committee shall be members or allied members who, to the extent reasonably possible, are engaged in similar activities as the applicant proposes to engage in, or have knowledge of those activities. In any such proceeding relating to proposed activities on the Floor of the Exchange, all persons serving on the Acceptability Committee shall be members active on the Floor of the Exchange. In any such proceeding relating to any other proposed activities, all persons serving on the Acceptability Committee shall work in the offices of a member or member organization which engages in a business involving substantial direct contact with securities customers.

* * * * *

(1) The membership of each Acceptability Committee shall designate from among themselves that person who shall serve as [C]chairman.

* * * * *

(g) Any person whose application has been disapproved by an Acceptability Committee, or any member of the Board of Directors of the Exchange, any member of the Committee of NYSE Regulation Board of Directors to which it is delegated the authority to review disciplinary decisions on behalf of the Board, any Executive Floor Governor, and the Division of the Exchange initiating the proceedings [or the Board of Executives of the Exchange] may require a review by the Board of any determination of an Acceptability Committee. A request for review shall be made by filing with the Secretary of the Exchange a written request therefore, within twenty days after notification of the determination of the Acceptability Committee. Upon review, the Board of Directors may sustain any determination, or may modify or reverse any such determination as it deems appropriate. The determination of the Board of Directors shall be final and conclusive action by the Exchange.

* * * * *

Rule 311

Formation and Approval of Member Organizations

(a) Any person who proposes to form a member organization or who proposes to become [a member or] an allied member in an organization for which application is made for approval as a member organization and any member organization which proposes to admit therein any:

[(1) member]

[(2)](1) allied member

[(3)](2) approved person

shall notify the Exchange in writing before any such formation or admission, pay any applicable fee and shall submit such information as may be required by the Rules of the Exchange. No such [member or] member organization shall become or remain a member organization unless all persons required to be approved are so approved and execute such agreements with the Exchange as the Rules of the Exchange may prescribe.

(b) to (e)—No change.

(f) Every member firm shall be a partnership and every member corporation shall be a corporation created or organized under the laws of, and shall maintain its principal place of business in, the United States or any State thereof. The Exchange may, in its discretion, and on such terms and conditions as the Exchange may prescribe, approve as a member organization entities that have characteristics essentially similar to corporations, partnerships, or both. Such entities, and persons associated therewith shall, upon approval, be fully, formally and effectively subject to the jurisdiction, and to the [Constitution and] Rules of the Exchange to the same extent and degree as are any other member organization and person associated therewith.

(g) Each member organization shall execute and file with the Exchange a written agreement in a form acceptable to the Exchange evidencing

(1) the authority of any member who is an officer or employee of such member organization to transact business on the Floor on behalf of such member organization, and

(2) such member organization's responsibility and obligation with respect to any contract entered into on the Floor by any such member [as specified in Section 3 of Article VII of the Constitution].

(h) Except as may be otherwise permitted by the Exchange, no member organization or allied member shall conduct business under a firm name unless there exists at least two partners in such firm, nor shall any member firm doing business with the public have less

than two general partners who are active in the firm's business; provided however, that if by death or otherwise a member or allied member becomes the sole general partner in a firm, he may continue business under the firm name for such period as may be allowed by the Exchange. [(See Rule 404 re carrying of accounts by individual members.)]

Supplementary Material:

.10 Rescinded effective February 15, 1979. (See Rule 351 for reporting requirements.)

.11 Application --The papers required to be submitted prior to approval of the formation or admission of a member organization are as follows:

(1) Letter giving name and address of proposed or existing organization, date of proposed formation or admission, and names of all proposed or present officers and other parties required to be approved by the Exchange under Rules 304 and 311; and

(2) individually executed applications by all parties whose approval by the Exchange is required.

The papers required to be submitted prior to approval of the admission to an existing member organization of any party[, other than a member,] requiring the approval of the Exchange under Rules 304 and 311 are as follows:

(1) Letter stating name of such proposed party and proposed date of admission to member organization; and

(2) an individually executed application by such proposed party.

[The papers required to be submitted prior to approval of the admission of an Exchange member to an existing member organization are as follows:

(1) Letter signed either by an Exchange member who is a general partner or an officer in the organization or by an allied member who is a general partner or an officer in the organization and by the Exchange member proposed to be admitted to the member organization giving the proposed date of admission to the member organization and stating whether the member will be a general partner, an officer or employee.

(2) Application executed by the proposed Exchange member proposed to be admitted to the member organization.]

.12 Authorization and Statement of Understanding --Each member organization, or proposed member organization, must submit the following authorization and statement of understanding executed by each natural person requiring the approval of the Exchange under Rule 304:

"In connection with my current application, I authorize the [New York Stock] Exchange[, Inc.] and any agent acting on its behalf, to conduct an investigation of my character, credit worthiness, ability, business activities, educational background, previous employment and reasons for termination thereof.

"I authorize and request any and all of my former employers, and any other person to furnish to the [New York Stock] Exchange[, Inc.], and any agent acting on its behalf, any information that they may have concerning my character, credit worthiness, ability, business activities, educational background, general reputation, previous employment and reasons for termination thereof ..." Moreover, I hereby release each such employer and each such other person from any and all liability of whatsoever nature by reason of furnishing such information to the [New York Stock] Exchange[, Inc.] and any agent acting on its behalf.

"Further, I recognize that I will be the subject of an investigative report ordered by the [New York Stock] Exchange[, Inc.] and acknowledge that I have been informed of my right to request information from the [New York Stock] Exchange[, Inc.,] concerning the nature and scope of the investigation requested."

.13 to .16—No change.

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Rule 312.

Changes Within Member Organizations

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[(f) The Exchange may, on the application of the directors or partners in a member organization whose sole Exchange member has died or ceased to be associated as a member therewith, permit, provided such action is consistent with the protection of investors and the public interest, such organization which otherwise continues to meet Exchange requirements, to have the status of a member organization for a period of 90 days from the date of the death of the member or on which the member has ceased, or shall be alleged to have ceased, to be associated as a member with such member organization. The Exchange may permit up to an additional 90 days where it determines that such additional time period is required for:

(1) The satisfaction of legal requirements (e.g., appointment of executor/administrator, receipt of tax waivers, death certificate or other legal documents, etc.) necessary for the transfer of the membership; or (2) the resolution through an already commenced arbitration proceeding of any controversies that arose in connection with an a-b-c agreement relating to the membership.

(g)](f)After the completion of a distribution of its securities, no member corporation which has any publicly held security outstanding shall effect any transaction (except on an unsolicited basis) for the account of any customer in, or make any recommendation

with respect to, any such security issued by such member corporation or make any recommendation of any such security issued by any corporation controlling, controlled by or under common control with such member corporation.

* * * * *

This Paragraph [(g)](f) is subject to the provisions of Paragraph (c)(vii) of Rule 800 (Basket Trading: Applicability and Definitions).

[(h)] (g) A member corporation shall not without the prior written approval of the Exchange:

(1) Reduce its capital or purchase or redeem any shares of any class of its stock or in any way amend its charter, certificate of incorporation or by-laws, and the Exchange may at any time in its discretion require the corporation to restore or increase capital or surplus, or both.

(2) Issue any bonds, notes or other instruments evidencing funded indebtedness of the corporation except pursuant to the terms and provisions of such security or of any agreement between the member corporation and the holder of such security, which agreement has been previously filed with and approved by the Exchange.

(3) Amend, modify or cancel any agreement made by it or any of its stockholders relating to the management of the corporation or the issue or transfer of securities of the corporation (other than agreements relating to ordinary securities and commodities transactions).

The Exchange will approve any action described in (1), (2) or (3) above unless it determines that such action will impair the financial responsibility or operational capability of the member corporation.

[(i)](h) No member corporation subject to Rule 325 shall, without the prior written consent of the Exchange, redeem or repurchase any shares of its stock on less than six months notice given to the Exchange no sooner than six months after the original issuance of such shares (or any predecessor shares). Each member corporation shall promptly notify the Exchange if any redemption or repurchase of any of its stock is postponed because prohibited under the provisions of [Securities and Exchange Commission] Exchange Act Rule 15c3-1 (see 15c3-1(e)).

[(j)](i) In order to ensure the continued financial responsibility and operational capability of a member corporation, the Exchange may require such member corporation to file with the Exchange a written report showing the use made by the member organization of the proceeds of any offering of any security issued by such member organization.

[(k)](j) No stock shall be issued by a member corporation except for cash or such other consideration as the Exchange determines will not impair the financial responsibility or operational capability of such member corporation.

* * * * *

[Supplementary Material:

.12 Death of sole exchange member. --Member organizations should consult with the Exchange for suggested provisions for inclusion in partnership articles or in an agreement filed with the Exchange to enable a member organization whose sole Exchange member has died, to apply for permission to continue as a member organization.]

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Rule 313.

Submission of Partnership Articles --Submission of Corporate Documents

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Supplementary Material:

Information Regarding Partnership Articles

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[.14 A-B-C agreements. --For suggested provisions of partnership articles, see ¶2301.34.

.18 Sole board member provision. --For information concerning sole board member provisions, see ¶2312 and Art. II, Sec. 13.]

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Rule 319.

Fidelity Bonds

(a) Each member organization doing business with the public [and each member doing business with the public but not associated with a member organization] shall carry fidelity bonds in such form and in such amounts as the Exchange may require covering [the individual member or, in the case of a member organization,] its general partners or officers and its employees. The Stockbrokers Partnership Bond and the Brokers Blanket Bond approved by the Exchange, are the only forms which may be used. Specific Exchange approval is required for any variation from such forms.

(b) Each such [member and] member organization may self-insure to the extent of \$10,000 or 10% of its minimum insurance requirement as fixed by the Exchange, whichever is greater, for each type of coverage required by the rule. This deductible may be taken without considering it as a debit item in the computation of net capital. Self-insurance in amounts exceeding the above maximum may be permitted by the Exchange provided the member or member organization certifies to the satisfaction of the Exchange that it is unable to obtain greater bonding coverage, and agrees to reduce its self-

insurance so as to comply with the above stated limits as soon as possible, and appropriate charges to capital are made pursuant to [SEC] Exchange Act Rule 15c3-1.

(c) [Members and] Member organizations subject to this rule are required to maintain basic and specific coverage, which apply both to Stockbrokers Partnership Bond and Brokers Blanket Bond, in amounts not less than those prescribed in this Rule. Where applicable, such coverage must also extend to limited partners as employees, outside organizations providing electronic data processing services and the handling of U.S. government securities in bearer form.

(d)[Each member doing business with the public but not associated with a member organization and] Each member organization that introduces all customers' accounts on a fully disclosed basis must maintain minimum coverage as follows:

(i) Minimum basic coverage for such [members and] member organizations whose net capital requirement under Rule 325:

A. does not exceed \$670,000 shall be the greater of \$25,000 or 120% of their net capital requirement.

B. exceeds \$670,000 shall be determined by the schedule set forth in paragraph (e) of this rule.

(ii) Specific coverage for such [members and] member organizations shall be as follows:

A. Misplacement and Check Forgery --the amount of basic bond minimum requirement.

B. Fraudulent Trading (not required of [members not associated with a member organization or] partnerships having no employees) --the greater of \$25,000 or 50% of the basic bond minimum requirement, up to \$500,000.

C. Securities Forgery --the greater of \$25,000 or 25% of the basic bond minimum up to \$250,000.

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Supplementary Material:

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.11 Each [member and] member organization will be expected to review carefully any need for coverage greater than that provided by the required minimums. Where experience or the nature of the business warrants additional coverage the Exchange expects it will be acquired.

.12 Each [member and] member organization subject to this rule shall immediately advise the Exchange in writing if its insurance is entirely or partially canceled.

In addition, each bond shall contain a provision that the insurance carrier will use its best efforts to notify the Exchange in the event the bond is canceled, terminated or substantially modified.*

* The term "substantially modified" shall mean any change in the type or amount of fidelity bonding coverage, or in the exclusions to which the bond is subject, or any other change in the bond such that it no longer complies with the requirements of this rule.

* * * * *

Rule 321

Formation or Acquisition of Subsidiaries

No [member or] member organization may, without the prior written approval of the Exchange, form or acquire a subsidiary company. The [member or] member organization shall require such subsidiary to comply with the following provisions.

Supplementary Material:

Information Regarding Subsidiary Companies of [Members and] Member Organizations

.10 Definition of subsidiary. --For purposes of this rule the term "subsidiary" means an entity engaged in a securities or kindred business that is controlled by a [member or] member organization within the meaning of Rule 2 [of the Constitution and Rules]. However, control shall not be presumed, for purposes of this rule, merely because a member is a director or principal executive officer of another person.

* * * * *

.13 Severance of connection with subsidiary. --The Exchange may at any time require that the [member or] member organization and the partners or stockholders thereof sever all connections with the subsidiary including the disposition of all securities and other interests therein, or such amount thereof as determined by the Exchange. Concurrent with or at any time after directing such severance, the Exchange may require the member organization to change its name if the Exchange finds that the name of the former subsidiary may be confused with the name of such member organization.

* * * * *

Rule 322.

Guarantees by, or Flow Through Benefits for Members or Member Organizations

Prior written notice shall be given the Exchange whenever any member [not associated with a member organization] or any member organization:

(a) guarantees, endorses or assumes, directly or indirectly, the obligations or liabilities of another person; or

(b) receives flow through capital benefits in accordance with Appendix C of Rule 15c3-1 under the Securities Exchange Act of 1934.

Supplementary Material:

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.13 FOCUS Reporting Requirements. --For persons referred to in this rule that are registered broker-dealers, the [member or] member organization shall furnish to the Exchange copies of such person's FOCUS Reports simultaneous with their being filed with the person's designated examining authority. For persons referred to in this rule that are not registered broker-dealers, the Exchange requires, in lieu of FOCUS, submission of financial and operational statements, in such format and at such time periods as may be required by the Exchange, sufficient to gauge the capital and operational effects of the arrangement or relationship. See also Rule 416.10.

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Rule 325.

Capital Requirements [for Individual Members and] Member Organizations

General provisions

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(e) In addition to the net capital requirement prescribed in Rule 15c3-1 promulgated under the Securities Exchange Act of 1934, each member organization [described in Section 1(a), Section 1(b) or Section 2 of Article II of the Constitution who] which employs individuals to execute[s] orders on the floor of the Exchange, must present evidence of [his] financial responsibility in the amount of \$100,000 for each such employee by one of the following methods;

* * * * *

[(5) in the case of a member described in Section 1(a) of Article II of the Constitution, except any member permitted to transact business as a member not associated with a member organization as a member pursuant to Rule 301.34, his exchange membership provided that the current value of such membership equals or exceeds \$150,000 where the current value at any time shall be equal to the price of the last sale of a membership

consummated through the Exchange's Membership Transfer Facility during the preceding calendar month (or, if no sale of a membership was consummated during preceding calendar month, then the last sale prior to the preceding calendar month). Where such current value is less than \$150,000, the difference, but not to exceed \$100,000, shall be provided by any of the methods in subparagraphs (1), (2), (3), or (4) above or by any alternate method approved by the Exchange, or

(6) in the case of a lessee member described in Section (2) of Article II of the Constitution, the value of the lessor's membership, up to an amount of at least \$100,000, provided (i) the lease agreement expressly provides for the lessor to pledge the value of his membership, on his lessee's behalf, free of any lien or encumbrance, in accordance with such procedures as the Exchange may from time to time prescribe; and (ii) the current value of the lessor's membership equals or exceeds \$150,000. Valuation of the lessor's membership shall be in accordance with the principles stated in subparagraph (5) above. Where such current value is less than \$150,000, the lessee shall provide the difference, not to exceed \$100,000, by any of the methods in subparagraphs (1), (2), (3) or (4) above or by any alternate method approved by the Exchange.]

Such written guarantee, escrow account, letter of credit [exchange membership] or marketable securities shall be available solely for sums due the Exchange and such sums as the Board of Directors shall determine are due by such member to [other members or] member organizations as the result of losses arising directly from the closing out under the [Constitution and] Rules, [adopted pursuant thereto] of contracts entered into, in the ordinary course of business in the market on the floor of the Exchange for the purchase, sale, borrowing or loaning of securities.

The Exchange will consider alternate methods of compliance with the financial responsibility standard.

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Rule 342.

Offices - Approval, Supervision and Control

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Supplementary Material:

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.10 Definition of Branch Office

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For purposes of Rule 342.10(B)(viii) and (C), written supervisory procedures for such residences and other remote locations must be designed to assure compliance with applicable securities laws and regulations and with [NYSE] Exchange [R]rules.

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.12 Foreign branch offices.-With prior approval of the Exchange, a [member or] member organization may establish a foreign branch office in corporate or partnership form, provided it is wholly owned by the [member or] member organization. Continuance of the arrangement is subject to any changes in the [Constitution and] Rules of the Exchange as may be thereafter adopted.

Foreign branch offices approved pursuant to this paragraph .12 and their personnel shall be fully subject to the [Constitution and] Rules of the Exchange to the same degree and extent as are members and member organizations and their personnel. All obligations and liabilities of such foreign branch office shall be assumed or guaranteed by its parent [member or] member organization and such [member or] member organization shall be fully responsible for all acts of such foreign branch office.

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Rule 345.

Employees - Registration , Approval , Records

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Supplementary Material:

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.13 Agreements.-Prior to the Exchange's consideration of the application, each candidate for registration, other than a member or allied member of the Exchange shall sign an agreement(s), on a form(s) prescribed by the Exchange, which includes a pledge that the registered person will abide by the [Constitution and] Rules adopted pursuant thereto as these now exist and as from time to time amended.

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Rule 347.

Controversies As to Employment or Termination of Employment

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Supplementary Material:

.10 Nothing in the Rules of the [New York Stock] Exchange [Inc.] is intended, nor shall be construed, to prohibit any employee from bringing a claim against any member or member organization arising out of the employment or termination of employment of such employee with such member or member organization before the Equal Employment Opportunity Commission, any state or local anti-discrimination agency, or the National Labor Relations Board.

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Rule 388.

Prohibition Against Fixed Rates of Commission

The Exchange does not require its members to charge fixed or minimum rates of commission in connection with transactions effected on, or effected by the use of the facilities of the Exchange. Nothing in the [Constitution,] the Rules[,] or practices of the Exchange shall be construed as conferring authority upon members, or persons associated with members to agree or arrange, directly or indirectly, for the charging of fixed rates of commission.

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Rule 414.

Index and Currency Warrants

Definitions

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Applicability

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Except as this Rule otherwise provides, or unless the context otherwise requires, the [provisions of the Constitution and all other] Rules of the Exchange shall apply to trading on the Exchange in currency warrants, currency index warrants and stock index warrants.

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Rule 418.

Audit

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Supplementary Materials:

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.20 A copy of each audited financial and operational report, all statements, schedules, other reports and all pertinent working papers and memoranda should be retained for at least three years. (Working papers, etc., must be made available for review by a representative of the [New York Stock] Exchange[, Inc.] at the office of the respondent or at the office of the independent public accountant.)

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Rule 422.

Loans of and to Directors, etc.

Without the prior consent of the Exchange LLC Board of Directors no member of the b [B]oards of d[D]irectors [or of the Board of Executives] or of any committee of [[the Exchange,]], NYSE Group, Exchange LLC, NYSE Market, and NYSE Regulation and no officer or employee of NYSE Group, Exchange LLC, NYSE Market, and NYSE Regulation [[the Exchange]] shall directly or indirectly make any loan of money or securities to or obtain any such loan from any member organization member, allied member, approved person, employee or any employee pension, retirement or similar plan of any member organization unless such loan be (a) fully secured by readily marketable collateral, or (b) made by a director or committee member to or obtained by a director or committee member from the member organization of which he is a member, allied member or employee or from a member, allied member or employee therein.

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Rule 440G.

Transactions in Stocks and Warrants for the Accounts of Members, Allied Members and Member Organizations

Supplementary Material:

Reports on Form 121

.10 Requirements for filing. ~~Any~~ ROUND-LOT purchase or sale of stock (or certificates therefore) or warrant effected on the floor of the [New York Stock] Exchange for the accounts of:

- (a) [NYSE] members;
- (b) [NYSE] Allied members; or
- (c) [NYSE] member organizations,

must be reported on Form 121 regardless of where the order originated or by whom it was executed.

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Instructions -

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(13) File this report with the Credit Regulation Department, via the [New York Stock] Exchange's Electronic Filing Platform ("EFP") as soon as possible but not later than 12:00 noon on the Friday following the week covered by the report.

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[Rule 440L

Collection of Assessments in Connection with Instrument of Indemnification and Guarantee dated November 5, 1970 between the Exchange and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

••Supplementary Material: -----

The charges imposed by Sec. 9, Art. X of the Constitution apply to transactions effected on the Exchange or transactions in securities admitted to dealings on the Exchange regardless of the market in which such transactions are effected on or after July 1, 1971. These charges will remain in effect until the obligation under the Instrument of Indemnification and Guarantee between the Exchange and Merrill Lynch, Pierce, Fenner & Smith Incorporated is satisfied.

[(1)]Reports on Form 601

.10 When and by whom reports are to be submitted.—

(1) Each member organization and each individual member who is not associated with a member organization as a member is required to submit a report on Form 601 to the Controller's Department.

(2) Reports on Form 601 (which are combined with Form 600) are to be filed on or before the 18th day following the month covered by the report unless the Exchange is closed on such day, in which event the report is to be filed on the next business day.

(3) A member who transfers his membership or a member organization which dissolves will be required to file a report covering the period previously unreported.

(4) A member who ceases to be associated as a member with a member organization and does not immediately become associated as a member with another member organization is required to file a report for the period commencing the next business day following such event. (The first report and subsequent reports are to be filed in accordance with instruction 2 above.)

(5) An individual member who would not as a rule have anything to report on Form 600 may obtain permission to submit only an annual report on Forms 600 and 601 (to be filed on or before December 15 of each year for the period ending November 30) by making a written request to the Controller of the Exchange for such permission, setting forth the reasons therefor.

.20 Contents of report.

Line 5(A)(1) Enter on this line 3/8 of 1% of the Net Commissions Received and Retained for the month covered by the report.

Line 5(A)(2) Enter on this line $\frac{3}{8}$ of 1% of the Net Commissions earned on transactions in securities admitted to dealings on the Exchange but effected in a market other than the Exchange.

Line 5(B) (To be filled in by individual members who are not associated with member organizations as members.) Enter the minimum charge of \$125 per month.

Special Credit. Limited partners of member firms and non-voting stock holders of member corporations who participate in the profits of such member organizations, and who are subject to the minimum charge at the rate of \$1,500 per year, may claim a credit against such minimum for their percentage of the Indemnification payments by the member organization in which they are limited partners or non-voting stockholders. Show this credit as a subtraction from the minimum charge entered on Line 5(B). If such special credit exceeds \$125 in any month, the excess will be carried forward and applied against the minimum charge for subsequent months.

Line 5(C) (To be filled in by member organizations.) Enter the minimum charge of \$125 per month for each Exchange member who was associated as a member with the member organization on the last day of the month covered by the report.

Enter as Line 5 the highest of (A) (B) or (C).

Note: Members and member organizations who ordinarily would report the minimum charge may, in some months, be subject to a higher charge at the rate of $\frac{3}{8}$ of 1% on net commissions reported for the month. If, however, the aggregate commissions reported for the entire year do not require more than the minimum charge (at the annual rate of \$1,500 per member), the Exchange will make an adjustment after the close of the year and will allow any overpayment as a credit against subsequent charges.

.30 Miscellaneous information regarding Form 601.

(1) Individual members who have been given permission to file annual reports on Forms 601 (and Form 600) will be required to file these annual reports in December of each year. During the year, however, such members will automatically be billed for the minimum charge of \$125 per month for their share of the Indemnification charges.

(2) The charge, pursuant to Section 9 of Article X of the Constitution, (¶1459), and any applicable credits, will appear on the next quarterly bill rendered by the Exchange. For example, information shown on reports submitted in August and September for the calendar months of July and August will appear on bills dated September 30.

(3) A report submitted by a member organization should bear the individual signature of a general partner in that firm, or an officer in that corporation, and a report submitted by an individual member should bear his signature.

(4) Additional copies of Form 601 may be obtained at the Subscription and Distribution Divisions.

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Rule 440M.

Collection of Assessments in Connection with Instrument of Indemnification and Guarantee dated November 5, 1970 between the Exchange and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

••Supplementary Material: -----

The charges imposed by Sec. 9, Art. X of the Constitution apply to transactions effected on the Exchange or transactions in securities admitted to dealings on the Exchange regardless of the market in which such transactions are effected on or after July 1, 1971. These charges will remain in effect until the obligation under the Instrument of Indemnification and Guarantee between the Exchange and Merrill Lynch, Pierce, Fenner & Smith Incorporated is satisfied.

[[(2)] Reports on Form 601A

.10 When and by whom reports are to be submitted.

(1) Each member organization and each individual member who is not associated with a member organization as a member who makes transactions on the floor of the Exchange as an odd lot dealer is required to submit a report on Form 601A to the Controller's Department.

(2) Reports on Form 601A (which are combined with Form A) are to be filed on or before the 18th day following the month covered by the report unless the Exchange is closed on such day, in which event the report is to be filed on the next business day.

(3) A member who transfers his membership or a member organization which dissolves will be required to file a report covering the period previously unreported.

.20 Contents of report.

Line 5(A) Enter on this line $\frac{3}{64}$ of 1¢ per share on the total odd lot purchases and odd lot sales effected on the floor of the Exchange as an odd lot dealer for the month covered by the report.

Line 5(B) (To be filled in by individual members who are not associated with member organizations as members.) Enter the minimum charge of \$125 per month.

Special Credit. Limited partners of member firms and non-voting stock holders of member corporations who participate in the profits of such member organizations, and who are subject to the minimum charge at the rate of \$1,500 per year, may claim a credit against such minimum for their percentage of the Indemnification payments by the member organization in which they are limited partners or non-voting stockholders. Show this credit as a subtraction from the minimum charge entered on Line 5(B). If such

special credit exceeds \$125 in any month, the excess will be carried forward and applied against the minimum charge for subsequent months.

Line 5(C) (To be filled in by member organizations.) Enter the minimum charge of \$125 per month for each Exchange member who was associated as a member with the member organization on the last day of the month covered by the report.

Enter as Line 5 the highest of (A), (B), (C).

Note: Members and member organizations who ordinarily would report the minimum charge may, in some months, be subject to a higher charge at the rate of 3/64 of 1¢ per share on odd lot purchases and sales reported for the month. If, however, the aggregate commissions reported for the entire year do not require more than the minimum charge (at the annual rate of \$1,500 per member), the Exchange will make an adjustment after the close of the year and will allow any overpayment as a credit against subsequent charges.

.30 Miscellaneous information regarding Form 601A.

(1) The charge, pursuant to Section 9 of Article X of the Constitution (§1459), and any applicable credits, will appear on the next quarterly bill rendered by the Exchange. For example, information shown on reports submitted in August and September for the calendar months of July and August will appear on bills dated September 30.

(2) A report submitted by a member organization should bear the individual signature of a general partner in that firm, or an officer in that corporation, and a report submitted by an individual member should bear his signature.

(3) Additional copies of Form 601A may be obtained at the Subscription and Distribution division].

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Rule 451.

Transmission of Proxy Material

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Supplementary Material:

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.20 Forms of letters to clients requesting voting instructions.—There appear below specimens of letters containing the information and instructions required pursuant to the proxy rules to be given to clients in the circumstances indicated in the appropriate heading. These are shown as examples and not as prescribed forms. Member

organizations are permitted to adapt the form of these letters for their own purposes provided all of the required information and instructions are clearly enumerated in letters to clients. They have also been published in the NYSE Company Manual as a matter of information for companies having securities listed on this Exchange although member organizations will supply their own letters.

These letters are designed to permit furnishing to clients the actual proxy form for use in transmitting instructions to the member organization.

[[3]]When Broker May Vote on All Proposals Without Instructions

To our Clients:

We have been requested to forward to you the enclosed proxy material relative to shares carried by us in your account but not registered in your name. Such shares can be voted only by the holder of record.

We shall be pleased to vote your shares in accordance with your wishes, if you will execute the enclosed proxy form and return it to us promptly in the self-addressed, stamped envelope, also enclosed. It is understood that, if you sign without otherwise marking the form, the shares will be voted as recommended by the management on all matters to be considered at the meeting.

Should you wish to have a proxy covering your shares issued to yourself or others, we shall be pleased to issue the same.

We urge you to send in your proxy so that we may vote your shares in accordance with your wishes. However, the Rules of the [New York Stock] Exchange provide that if instructions are not received from you by the tenth day before the meeting, the proxy may be given at discretion by the holder of record of the shares. If you are unable to communicate with us by such date, we will, nevertheless follow your instructions, even if our discretionary vote has already been given, provided your instructions are received prior to the stockholders' meeting.

* * * * *

[[4]]When Broker May Vote on Certain But Not All of the Proposals Without Instructions

To our Clients:

We have been requested to forward to you the enclosed proxy material relative to shares carried by us in your account but not registered in your name. Such shares can be voted only by the holder of record.

We wish to call your attention to the fact that, under the rules of the New York Stock Exchange, we cannot vote your shares on one or more of the matters to be acted upon at the meeting without your specific voting instructions.

Accordingly, in order for your shares to be voted on all matters, please give your instructions over your signature on the enclosed proxy form and return it to us promptly in the self-addressed, stamped envelope, also enclosed. It is understood that, if you sign without otherwise marking the form, you wish us to vote the shares as recommended by management on all matters to be acted upon at the meeting. If we do not hear from you by the tenth day before the meeting, we may vote your shares in our discretion to the extent permitted by the rules of the Exchange. If you are unable to communicate with us by such date, we will, nevertheless follow your voting instructions, even if our discretionary vote has already been given, provided your instructions are received prior to the stockholders' meeting.

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Rule 475.

Prohibition or Limitation with Respect to Access to Services Offered by the Exchange or a Member or Member Organization— Summary Proceedings

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(d) [If the Board of Directors determines, after not less than ten days written notice to a member described in Section 1(a) of Article II who is suspended under the provisions of this Rule, that the protection of the persons entitled to make claim against the proceeds of the transfer of the membership of such member under Section 11 of Article II of the Constitution requires the transfer of the membership of such member, such membership may be disposed of by the Board of Directors. In any case, if a member suspended under the provisions of this Rule is not reinstated within one year from the time of his suspension, or within such further time as the Board of Directors may grant, his membership shall be disposed of by the Board of Directors; but the Board may, by the affirmative vote of a majority of the Directors then in office, extend the time for settlement for periods not exceeding one year each.

(e) Any person suspended under the provisions of this Rule shall, at the request of the Exchange, submit to the Exchange his or its books and records (including those books and records with respect to which such person has access or control) or the books and records of any employee thereof and furnish information to or to appear or testify before or cause any such employee to appear or testify before the Exchange.

[(f)] (e) Any person suspended under the provisions of this Rule may, at any time, be reinstated by the Board of Directors.

[(g)] (f) Any person suspended under the provisions of this Rule may be disciplined in accordance with the Rules of the Exchange for any offense committed by him or it either before or after his or its suspension in all respects as if he or it were not under such suspension.

[(h)] (g) A member suspended under the provisions of this Rule shall be deprived during the term of his suspension of all rights and privileges of membership[, but such suspension shall not operate to bar or affect the payments provided for by Article XV of

the Constitution in the event of his death]. Any suspension under the provisions of this Rule of a member or allied member shall create a vacancy in any office or position held by such member or allied member.

(h) Any member of the Board of Directors of the Exchange, any member of the committee of NYSE Regulation to which is delegated the authority to review disciplinary decisions on behalf of the Board as provided for in Rule 476, any Executive Floor Governor, and the Division of the Exchange initiating the proceedings or the respondent may require a review by the Board of any determination under this rule by filing with the Secretary of the Exchange a written request therefore within ten days following such determination. The Board shall have the power to affirm, modify or reverse any such determination, or remand the matter for further proceedings.

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Rule 476.

Disciplinary Proceedings Involving Charges Against Members, Member Organizations, Allied Members, Approved Persons, Employees, or Others

(a) If a member, member organization, allied member, approved person, or registered or non-registered employee of a member or member organization or person otherwise subject to the jurisdiction of the Exchange is adjudged guilty in a proceeding under this Rule of any of the following offenses—

1. violating any provision of the Securities Exchange Act of 1934 or any rule or regulation thereunder;
2. violating any of his or its agreements with the Exchange;
3. violating any provision of [the Constitution or] any Rule adopted by the Board of Directors of the Exchange;

* * * * *

(b) All proceedings under this Rule, except as to matters referred to in paragraph (c), shall be conducted at a Hearing in accordance with the provisions of this Rule and shall be held before a Hearing Panel consisting of at least three persons: a Hearing Officer, who shall be Chairman of the Panel, with the remainder of the Panel being members of the Hearing Board.

The Chairman of the Board of the Exchange, subject to the approval of the Board of Directors of the Exchange, shall from time to time appoint a Hearing Board to be composed of such number of members and allied members of the Exchange who are not members of the Board of Directors, and registered employees and non-registered employees of members and member organizations, as the Chairman shall deem necessary. The members of the Hearing Board shall be appointed annually and shall serve at the pleasure of the Exchange Board of Directors. The Chairman of the Board of the Exchange, subject to the approval of the Exchange Board of Directors, shall also designate from among the officers and employees of the Exchange a Chief Hearing Officer and one or more other Hearing Officers who shall have no Exchange duties or functions relating to the investigation or preparation of disciplinary matters and who shall

be appointed annually and shall serve as Hearing Officers at the pleasure of the Exchange Board of Directors.

* * * * *

(f) The division or department of [the[]Exchange] NYSE Regulation which brought the charges, the respondent, [or] any member of the Board of Directors [or of the Board of Executives] of the Exchange, any member of the committee of NYSE Regulation to which is delegated the authority to review disciplinary decisions on behalf of the Board, and any Executive Floor Governor may require a review by the Exchange Board of any determination or penalty, or both, imposed by a Hearing Panel. A request for review shall be made by filing with the Secretary of the Exchange a written request therefore, which states the basis and reasons for such review, within twenty five days after notice of the determination and/or penalty is served upon the respondent. The Secretary of the Exchange shall give notice of any such request for review to the division or department of the Exchange which brought the charges and any respondent affected thereby.

* * * * *

(g) In lieu of the procedures set forth in paragraph (d) above, a Hearing Panel, at a Hearing called for that purpose, shall also determine whether a member, member organization, allied member, approved person, or registered or non-registered employee of a member or member organization has committed any one or more of the offenses specified in paragraph (a) above, on the basis of a written Stipulation and Consent entered into between the respondent and any authorized officer or employee of the Exchange. Any such Stipulation and Consent shall contain a stipulation with respect to the facts, or the basis for findings of fact by the Hearing Panel; a consent to findings of fact by the Hearing Panel, including a finding that a specified offense had been committed; and a consent to the imposition of a specified penalty.

* * * * *

Any member of the Board of Directors [or of the Board of Executives] of the Exchange, any member of the committee of NYSE Regulation to which is delegated the authority to review disciplinary decisions on behalf of the Board, and any Executive Floor Governor may require a review by the Board of any determination or penalty, or both, imposed by a Hearing Panel in connection with a Stipulation and Consent. In addition, the division or department of the Exchange which entered into the written consent may require a review by the Board of Directors of any penalty, including any determination related thereto, imposed by the Hearing Panel which is less severe than the stipulated penalty. The respondent or the division or department which entered into the written consent may require a review by the Board of Directors of any rejection of a Stipulation and Consent by the Hearing Panel.

* * * * *

(j) When a member is suspended under the provisions of this Rule, such member shall be deprived during the term of his suspension of all rights and privileges of membership. [No such suspension shall operate to bar or affect the payments provided for by Article

XV of the Constitution of the Exchange in the event of the death of the suspended member.] The expulsion of a member shall terminate all rights and privileges arising out of his membership [except such rights as he may have under the provisions of Sections 11 and 14 of Article II of the Constitution].

(k) Any approved person or registered or non-registered employee who shall neglect to pay any fine within forty five days after the same shall become payable may, after written notice mailed to such person at either his office or last place of residence as reflected in Exchange records, be summarily suspended from association in any capacity with a member organization or have his approval withdrawn until such fine is paid. [(See Art. X, Sec. 6 for penalties imposed upon members, allied members and member organizations for failure to pay fines or other sums due the Exchange.)]

Whenever a member, member organization, allied member, approved person or registered or non-registered employee of a [member or] member organization is suspended under the provisions of this Rule, he or it may be proceeded against for any offense other than that for which such member, member organization, allied member, approved person or registered or non-registered employee was suspended.

The suspension or expulsion of a member or allied member under the provisions of this Rule shall create a vacancy in any office or position held by him.

(l) Any member, member organization, allied member, approved person or registered or non-registered employee of a member organization who shall not pay a fine, or any other sums due to the Exchange, within forty-five days after the same shall become payable, shall be reported by the Treasurer to the Chairman of the Board and, after written notice mailed to such member, member organization, allied member, approved person or registered or non-registered employee of a member organization of such arrearages, may be suspended by the Board until payment is made.

* * * * *

Rule 476A.

Imposition of Fines for Minor Violation(s) of Rules

(a) In lieu of commencing a "disciplinary proceeding" as that term is used in [Article IX of the Exchange Constitution] Rule 476, the Exchange may, subject to the requirements set forth in this Rule, impose a [to] fine, not to exceed \$5,000, on any member, member organization, allied member, approved person, or registered or non-registered employee of a member or member organization, for any violation of a rule of the Exchange, which violation the Exchange shall have determined is minor in nature. Any fine imposed pursuant to this Rule and not contested shall not be publicly reported, except as may be required by Rule 19d-1 under the Securities Exchange Act of 1934, and as may be required by any other regulatory authority.

* * * * *

(d) Any person against whom a fine is imposed pursuant to this Rule may contest the Exchange's determination by filing with the Division or Department of the Exchange taking the action not later than the date by which such determination must be contested, a written response meeting the requirements of an "Answer" as provided in Rule 476(d), at which point the matter shall become a "disciplinary proceeding" subject to the provisions of Rule 476. In any such disciplinary proceeding, if the Hearing Panel determines that the person charged is guilty of the rule violation(s) charged, the Panel shall (i) be free to impose any one or more of the disciplinary sanctions provided in Rule 476 and (ii) determine whether the rule violation(s) is minor in nature. NYSE Regulation [The Division or Department of the Exchange which commenced the action under this Rule], the person charged, [and] any member of the Board of Directors [or of the Board of Executives] of the Exchange, any member of the committee of NYSE Regulation to which is delegated the authority to review disciplinary decisions on behalf of the Board, and any Executive Floor Governor may require a review by the Board of any determination by the Hearing Panel by proceeding in the manner described in Rule 476[(f)].

* * * * *

Rule 477.

Retention of Jurisdiction—Failure to Cooperate

(a) If, prior to termination, or during the period of one year immediately following the receipt by the Exchange of written notice of the termination, of a person's status as a member, member organization, allied member, approved person, or registered or non-registered employee of a member or member organization, the Exchange serves (as provided in paragraph (d) of Rule 476) written notice on such person that it is making inquiry into, or serves a Charge Memorandum on such person with respect to any matter or matters occurring prior to the termination of such person's status as a member, member organization, allied member, approved person, or registered or non-registered employee of a member or member organization, the Exchange may thereafter require such person to comply with any requests of the Exchange to appear, testify, submit books, records, papers, or tangible objects, respond to written requests and attend hearings in every respect in conformance with the [Constitution and] Rules of the Exchange in the same manner and to the same extent as if such person had remained a member, member organization, allied member, approved person, or registered or non-registered employee of a member or member organization.

(b) Prior to termination, or during the period of one year immediately following the receipt by the Exchange of written notice of the termination of a person's status as a member, member organization, allied member, approved person, or registered or non-registered employee of a member or member organization, the Exchange may, through the exercise of its jurisdiction, as described in (a) above, require such person to comply with any requests of an organization or association included in Rule 476(a)(11) to appear, testify, submit books, records, papers, or tangible objects, respond to written requests and attend hearings in every respect in conformance with the [Constitution and] Rules of the Exchange in the same manner and to the same extent as if such person had remained a

member, member organization, allied member, approved person, or registered or non-registered employee of a member or member organization with respect to any matter or matters occurring prior to the termination of such person's status as a member, member organization, allied member, approved person, or registered or non-registered employee of a member or member organization.

* * * * *

Rule 497.

Additional Requirements for Listed Securities Issued by NYSE Group, Inc. or its Affiliates

(a) For purposes of this Rule 497 the terms below are defined as follows:

(1) "NYSE Group Affiliate" means NYSE Group, Inc. ("NYSE Group") and any entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with NYSE Group, where "control" means that one entity possesses, directly or indirectly, voting control of the other entity either through ownership of capital stock or other equity securities or through majority representation on the board of directors or other management body of such entity.

(2) "Affiliate Security" means any security issued by a NYSE Group Affiliate, with the exception of Investment Company Units as defined in Para. 703.16 of the Listed Company Manual.

(3) "New York Stock Exchange LLC" (the "Exchange") is a wholly owned subsidiary of NYSE Group.

(4) "NYSE Market, Inc." ("NYSE Market") is a wholly owned subsidiary of the Exchange. NYSE Market is the entity that will manage the Floor trading of securities.

((5) "NYSE Regulation, Inc." ("NYSE Regulation") is a wholly owned subsidiary of the Exchange and will perform the self-regulatory organization responsibilities pertaining to regulating the NYSE Market and the Exchange.

(b) Upon initial listing of the Affiliate Security on the Exchange, NYSE Regulation shall determine that such securities satisfy New York Stock Exchange LLC's rules for listing, and such finding must be approved by the NYSE Regulation Board of Directors.

(c) Throughout the continued listing of the Affiliate Security on the Exchange, NYSE Regulation shall

(1) prepare a quarterly report on the Affiliate Security for the NYSE Regulation board of directors that describes: (a) the NYSE Regulation's monitoring of the Affiliate Security's compliance with the Exchange's listing standards, including, (i) the Affiliate Security's compliance with the Exchange's bid price requirement and (ii) the Affiliate Security's compliance with each of the quantitative maintenance requirements; and (b) NYSE's Regulation's monitoring of the trading of the Affiliate Security including summaries of all

related surveillance alerts, complaints, regulatory referrals, adjusted trades, investigations, examinations, formal and informal disciplinary actions, exception reports and trading data used to ensure that the Affiliate Security's compliance with the Exchange's listing rules. A copy of said report will be forwarded promptly to the Securities and Exchange Commission. ('Commission')

(2) Once a year, an independent accounting firm shall review the listing standards for the Affiliate Security to insure that the issuer is in compliance with the listing requirements and a copy of the report shall be forwarded promptly to the Commission.

(3) In the event that NYSE Regulation determines that the Affiliate Security is not in compliance with any of the Exchange's listing standards, NYSE Regulation shall notify the issuer of such non-compliance promptly and request a plan of compliance. NYSE Regulation shall file a report with the Commission within five days of providing such notice to the issuer of its non-compliance. The report shall identify the date of the non-compliance, type of non-compliance, and any other material information conveyed to the issuer in the notice of non-compliance. Within five business days of receipt of a plan of compliance from the issuer, NYSE Regulation shall notify the Commission of such receipt, whether the plan was accepted by NYSE Regulation or what other action was taken with respect to the plan and the time period provided to regain compliance with the Exchange's listing standards, if any.

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Rule 600.

Arbitration

(a) Any dispute, claim or controversy between a customer or non-member and a member, allied member, member organization and/or associated person arising in connection with the business of such member, allied member, member organization and/or associated person in connection with his activities as an associated person shall be arbitrated under the [Constitution and] Rules of the [New York Stock] Exchange [, Inc.] as provided by any duly executed and enforceable written agreement or upon the demand of the customer or non-member.

(b) Under this Code, the [New York Stock] Exchange [, Inc.], shall have the right to decline the use of its arbitration facilities in any dispute, claim or controversy, where, having due regard for the purposes of the [New York Stock] Exchange[, Inc.] and the intent of this Code, such dispute, claim or controversy is not a proper subject matter for arbitration.

(c) Claims which arise out of transactions in a readily identifiable market may, with the consent of the claimant, be referred to the arbitration forum for that market by the [New York Stock] Exchange[, Inc].

(d) Class Action Claims.

(i) A claim submitted as a class action shall not be eligible for arbitration under the Rules of the [New York Stock] Exchange[, Inc].

(ii) Any claim filed by a member or members of a putative or certified class action is also ineligible for arbitration at the [New York Stock] Exchange[, Inc.] if the claim is encompassed by a putative or certified class action filed in federal or state court, or is ordered by a court to a non SRO arbitration forum for class-wide arbitration. However, such claims shall be eligible for arbitration in accordance with Rule 600(a) or pursuant to the parties' contractual agreement, if any, if a claimant demonstrates that it has elected not to participate in the putative or certified class action or, if applicable, has complied with any conditions for withdrawing from the class prescribed by the court.

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(e) Shareholder Derivative Actions. Shareholder derivative actions may not be arbitrated under the Rules of the [New York Stock] Exchange[, Inc].

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Rule 601.

Simplified Arbitration

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(j) Except as otherwise provided herein, the general arbitration rules of the [New York Stock] Exchange[, Inc.] shall be applicable to proceedings instituted under this Rule.

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Rule 606.

Tolling of Time Limitation(s) for the Institution of Legal Proceedings and Extension of Time Limitation(s) for Submission to Arbitration

(a) Where permitted by law, the time limitation(s) which would otherwise run or accrue for the institution of legal proceedings, shall be tolled when a duly executed Submission Agreement is filed by the claimant(s). The tolling shall continue for such period as the [New York Stock] Exchange[, Inc.] shall retain jurisdiction upon the matter submitted.

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Rule 619.

General Provision Governing Subpoenas, Production of Documents, etc.

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(g) Power to Direct Appearance and Production of Documents.

The arbitrator(s) shall be empowered without resort to the subpoena process to direct the appearance of any person employed or associated with any member or member organization of the [New York Stock] Exchange[, Inc.] and/or the production of any records in the possession or control of such persons or members. Unless the arbitrator(s) direct otherwise, the party requesting the appearance of a person or the production of documents under this section shall bear all reasonable costs of such appearance and/or production.

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Rule 628.

Agreement to Arbitrate

[Article XI of the Constitution and] Rules 600-639 shall be deemed a part of and be incorporated by reference in every agreement to arbitrate under the [Constitution and] Rules of the [New York Stock] Exchange[, Inc].

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Rule 637.

Failure To Honor Award

Any member, allied member, registered representative or member organization who fails to honor an award of arbitrators appointed in accordance with these rules or who fails to honor an award of arbitrators rendered under the auspices of any other self-regulatory organization or pursuant to the rules applicable to securities disputes before the American Arbitration Association, shall be subject to disciplinary proceedings in accordance with Rule 476 [or Article IX of the New York Stock Exchange Constitution and Rules].

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Rule 638.

Mediation

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(b) Mediation Prior to Arbitration

(1) If the parties agree, any matter eligible for arbitration under the [Constitution and] Rules of the [New York Stock] Exchange may be mediated at the Exchange. To begin a mediation under this paragraph, the parties must file with the Exchange an agreement to mediate.

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Rule 700.

Applicability, Definitions and References

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References

(c)(i) [Article VII, Section 4 of the Constitution provides that, "] All contracts for the purchase or sale or writing of options contracts issued or issuable by The Options Clearing Corporation occurring on the Exchange, shall be made subject to [the provisions of the Constitution of the Exchange and of] the rules [adopted pursuant thereto] of the Exchange and of the by-laws and rules of The Options Clearing Corporation; and all such contracts shall be subject to the exercise by the Board of Directors and The Options Clearing Corporation of the powers with respect thereto vested in them by the [Constitution and] rules [adopted pursuant thereto] of the Exchange and by the by-laws and rules of The Options Clearing Corporation.["]

(ii) Pursuant to Rule 3 (Security), option contracts (as defined above) are included within the definition of "security" or "securities" as such terms are used in [the Constitution and] the rules of the Exchange.

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Rule 750A.

Option Specialist Reallocation

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(g) Right of Review.—

A decision by the Committee that option classes or one or more option products should be reallocated shall be final, subject to the specialist unit's right to have such a decision reviewed by the Exchange's Board of Directors [pursuant to the provisions of Article IV, Section 14 of the Exchange's Constitution].

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Rule 753.

**Acceptance, Priority and Precedence of Options Bids and Offers
Acceptance of Options Bids and Offers**

(a) All bids or offers for option contracts dealt in on the Exchange made and accepted in accordance with this 700 series (Rules 700 through 794) shall constitute binding contracts between the parties thereto but shall be subject to the exercise by the Exchange of the powers in respect thereto vested in the Exchange by [the Constitution, and to] the Rules of the Exchange, and said contracts shall also be subject to the rules of The Options

Clearing Corporation and to the exercise by The Options Clearing Corporation of the powers reserved to it in the rules of The Options Clearing Corporation.

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Rule 758.

**Competitive Options Traders
Qualification**

(a) (i) No member shall initiate Exchange transactions in any option while on the Floor for an account in which he has an interest unless such member is registered with the Exchange as a Competitive Options Trader in options of that kind and unless the Exchange has approved his so acting as a Competitive Options Trader and has not suspended or withdrawn such approval.

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A member shall file with the Exchange the agreement required by clause (B) and may so file more than one such agreement. Such an agreement with an earlier effective date will afford the clearing member who is party thereto priority over a clearing member who is a party to a subsequent such agreement for claims [made pursuant to Article II, Section 11 of the Exchange Constitution against the proceeds from the transfer of the member's membership]. The Exchange shall notify each such clearing member of other outstanding agreements that have been filed by the same Competitive Options Trader.

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Rule 772.

Option Contracts of Suspended Members

When a member or member organization, other than a clearing member, is suspended pursuant to the provisions of Rules 475 (Prohibition or Limitation with Respect to Access to Services Offered by the Exchange or a Member or a Member Organization—Summary Proceedings)[and] or 476 (Disciplinary Proceedings Involving charges against Members, Member Organizations, Allied Members, Approved Persons, or Employees), all open short positions of the suspended member or member organization in option contracts and all open positions resulting from exercise of option contracts, other than positions that are secured in full by a specific deposit or escrow deposit in accordance with the rules of The Options Clearing Corporation, shall be closed without unnecessary delay by all member organizations carrying such positions for the account of the suspended member or member organization; provided, however, that upon any such suspension the Board may, in its discretion, suspend the mandatory close-out provisions of this Rule and may, in its discretion, reinstate such provisions at such time as it may determine. No temporary suspension of the mandatory close-out provisions of this Rule shall relieve the suspended member or member organization of his or its obligations or for any damages incurred by member organizations carrying positions for the account of such suspended member or member organization. [Should an open short position or an open position resulting from

an exercise of an option contract not be closed when required to be closed by this Rule, the price for the purpose of determining claims [pursuant to Article II, Sec. 11 of the Constitution] shall be fixed by the price current at the time when such position should have been closed under this Rule.] When a clearing member is suspended pursuant to the provisions of Rules 475 (Prohibition or Limitation with Respect to Access to Services Offered by the Exchange or a Member of a Member Organization—Summary Proceedings) and or 476 (Disciplinary Proceedings Involving Charges against Members, Member Organizations, Allied Members, Approved Persons, or Employees) the positions of such clearing member shall be closed out in accordance with the rules of The Options Clearing Corporation.

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Rule 792.

Days and Hours for Options Trading

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(c) The Chief Executive Officer and the two most senior [BOE Floor Representatives] Executive Floor Governors, or in the absence from the Floor of any of them, the next senior [BOE Floor Representative] Executive Floor Governor present on the Floor acting by a majority shall have the power to suspend trading in all option contracts whenever in their opinion such suspension would be in the public interest. A special meeting of the Board of Directors to consider the continuation or termination of such suspension or closing the market shall be held as soon thereafter as a quorum of Directors can be assembled.

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[Rule 795.

Transfer or Lease of Options Trading Right

A transfer or lease of an options trading right ("OTR") separate from a transfer or lease of a membership of a member described in section 1(a) of Article II of the Constitution may be made upon the approval of the transfer or lease by the Board as follows:

Transfers of OTR

(a) Notice of a proposed transfer or lease of an OTR shall be posted on the bulletin board for at least ten days prior to the transfer or the commencement of such lease, which notice shall specify the date on which the proposed transfer or lease will be effective. Consideration of any proposed transfer or lease may be postponed from time to time. Notice of the date of such postponed consideration shall be posted promptly on the bulletin board.

Contracts on the Exchange by Transferors

(b)(i) An OTR holder proposing to transfer or lease the OTR of such holder shall not, after the posting of notice thereof, enter into a contract on the Exchange for the purchase or sale of an Exchange option (hereinafter referred to as "effecting an Exchange option transaction") for settlement on or after the date on which such proposed transfer or lease will become effective unless the contract is made on behalf of a person who, subsequent to the date of the completion of such transfer or the effectiveness of such lease, will continue to be an OTR holder or a firm or corporation having as a general partner, officer or employee an individual qualified to effect Exchange option transactions.

(ii) If an Exchange option transaction with a transferring OTR holder is effected after the posting of notice of the proposed transfer for settlement on or after the date on which such proposed transfer will be considered by the Board, it shall not, if such transfer is approved, be the basis of a claim against the proceeds of such transfer under sub-division Second of paragraph (d) of this rule. However, if the transferring OTR holder is associated as a general partner, officer or employee with a firm or corporation which, notwithstanding the completion of such transfer, will continue to have associated with it as a general partner, officer or employee an individual qualified to effect Exchange option transactions, such transaction may be the basis of a claim under said subdivision Second of paragraph (d) of this rule against the proceeds of the subsequent transfer of an OTR by any general partner, officer or employee associated with such firm or corporation.

When Contracts Mature

Open Contracts of a Transferring OTR

(c)(i) All open Exchange option transactions of a transferring OTR holder or of an OTR holder proposing to lease the OTR of such holder and of the firm or corporation with which such OTR holder is associated as a general partner, officer or employee, shall mature on the full business day preceding the date on which such proposed transfer or lease becomes effective unless, notwithstanding the completion of such transfer or effectiveness of such lease, such firm or corporation continues to have associated with it as a general partner, officer or employee an individual qualified to effect Exchange option transactions. If the foregoing exception does not apply, all such open Exchange option transactions, if not settled before 2:15 p.m. of such preceding full business day, shall be closed out as in the case of an insolvency, unless the same are assumed or taken over by another OTR holder or by a firm or corporation that has associated with it as a general partner, officer or employee an individual qualified to effect Exchange option transactions.

Notice of Transfer

(ii) Notice of a transfer of an OTR to be made by the Board of Directors shall be posted as in the case of a voluntary transfer and shall have the same effect with respect to open contracts and unmatured debts and obligations of the OTR holder or former OTR holder as in the case of a voluntary transfer.

Priorities in Disposition of Proceeds of Transfer of an OTR

(d)(i) Upon any transfer of an OTR, whether made by an OTR holder or the legal representatives of such holder or by the Board of Directors, the proceeds thereof shall be applied by the Exchange to the following purposes and in the following order of priority, viz:

Due to Exchange

First. The payment of such sums as the Board of Directors shall determine are or may become due to the Exchange from the OTR holder whose OTR is transferred or from the firm or corporation with which such OTR holder is associated as a general partner, officer or employee.

Other Allowed Claims

Second. The payment in the following order of priority of such sums as the Board of Directors shall determine are due by such OTR holder or the firm or corporation with which such OTR holder is associated as a general partner, officer or employee to other members, member firms, member corporations, OTR holders, or firms or corporations with which such holders are associated as general partners, officers or employees, as a result of losses arising directly from the closing out of the following contracts:

- (A) option contracts entered into in the ordinary course of business in the market on the Exchange;
- (B) Exchange Contracts for the purchase or sale of other securities entered into in the ordinary course of business in the market on the Exchange;
- (C) other contracts for the purchase or sale of securities entered into in the ordinary course of business and made subject to the rules of other exchanges;
- (D) Exchange Contracts entered into in the ordinary course of business that are not included under clause (A) or (B) of this subsection Second.

Upon the payment, by the clearing member of such OTR holder or of the firm or corporation with which such OTR holder is associated as a general partner, officer or employee, of any losses described in this subsection Second, such clearing member shall be subrogated to any and all rights of the person to whom the payment was made.

Claims Not Allowed Priority

There shall not be allowed as entitled to priority in payment any claim otherwise allowable under this subsection Second, with respect to which the claimant, in the opinion of the Board of Directors, did not take promptly all other proper steps under the Constitution, the Rules adopted pursuant thereto and practice of the Exchange to protect his or its rights and to enforce such claim when due.

Written Statement of Claim Required

No claim asserted under this subsection Second shall be considered by the Board of Directors nor shall any member, member firm, member corporation, OTR holder or firm or corporation asserting such a claim have any rights thereunder, unless a written statement of such claim shall have been filed with the Secretary of the exchange prior to the transfer of the OTR, the transfer of which gave rise to the proceeds.

Pro Rata Payment of Claims

If the proceeds of the transfer of an OTR are insufficient to pay in full all claims allowed under this subsection Second arising from the closing out of the contracts described in clauses (A), (B), (C) and (D) of this subsection Second, then, insofar as possible, the allowed claims from the closing out of contracts described in each such clause of this subsection Second shall be paid in full in the foregoing order of priority. Whenever the proceeds are insufficient to pay in full all allowed claims from the closing out of the contracts described in any one of the foregoing clauses, then such proceeds shall be applied to the payment of such claims described in such clause pro rata.

Expenses Incurred by Exchange

Third. After provision for the payment of sums payable under subsections First and Second of this paragraph (d), there may, in the discretion of the Board of Directors, be deducted from the remaining proceeds, if any, and paid to the Exchange the amount of any unusual expenses incurred by the Exchange in connection with litigation involving the disposition of such proceeds, including counsel fees and disbursements and the cost of producing records pursuant to a court order or other legal process.

Surplus of Proceeds

Fourth. The surplus, if any, of the proceeds of the transfer of an OTR after provision for the payment of sums payable under subsections First, Second and Third of this paragraph (d), shall be paid directly to the person whose OTR is transferred, or to the legal representatives of such person, upon the execution and delivery to the Exchange of a release or releases satisfactory to the Board of Directors, unless the Board, in its discretion, determines that such surplus should be paid to the firm or corporation with which such OTR holder is or was last associated as a general partner, officer or employee, in view of the fact that such OTR holder had expressly agreed, either in the partnership articles or in a writing filed with the Exchange, that such surplus shall be paid either directly by him or directly by the Exchange to such firm or corporation. In the event the Board makes such determination, such surplus shall be paid to such firm or corporation upon the execution and delivery to the Exchange by such OTR holder or such firm or corporation, or both, of a release or releases satisfactory to the Board of Directors.

Prompt Steps to Protect Rights Required

No payment of such surplus under the provisions of this subsection Fourth shall be made to a firm or corporation with which such OTR holder is or was last associated as a

general partner, officer or employee if such firm or corporation, in the opinion of the Board of Directors, did not take promptly all proper steps to protect and enforce its rights, or if the Board of Directors, in its sole discretion, shall determine that an unreasonable time has elapsed between the date when the OTR holder ceased to be associated with such firm or corporation as a general partner, officer or employee and the date of the transfer.

Agreements

(ii) Except as otherwise specifically provided for by the Constitution or this Rule, no recognition or effect shall be given by the Exchange to any agreement or to any instrument entered into or executed by an OTR holder or the legal representatives of such holder which purports to transfer or assign such holder's interest in such OTR, or in the proceeds or any part thereof, or which purports to create any lien or other right with respect thereto, or which purports in any manner to provide for the disposition of such proceeds to a creditor of such holder; nor shall payment of such proceeds be made by the Exchange to any agent or attorney-in-fact of an OTR holder except as may be permitted by the Rules of the Board of Directors in those cases in which such agent or attorney-in-fact (A) is acting solely for and on behalf of such OTR holder and is neither directly nor indirectly acting on his own behalf or on behalf of any third person or, (B) is a partner or an officer of the firm or corporation with which such OTR holder is associated as a general partner, officer or employee.

Retention of Proceeds

(iii) If the amount of any sum payable under the provisions of this paragraph (d) cannot for any reason be immediately ascertained and determined, the Board of Directors may, out of the proceeds of the OTR, reserve and retain such amount as it may deem appropriate, pending determination of the amount so payable.

OTR of Deceased OTR Holder

(e) When an OTR holder dies, his OTR may be disposed of by the Board of Directors.

Death of Sole Exchange OTR Holder

(f) If, upon the death of an OTR holder, who, at the time of his death, was a general partner, officer or employee in a firm or corporation that had no other general partner, officer or employee qualified to effect Exchange options transactions, the following conditions exist:

(i) the firm or corporation continues in business,

(ii) the deceased OTR holder shall have agreed in the partnership articles of such firm or in a writing filed with the Exchange (1) that such continuing firm or corporation, if permitted by the Board of Directors to have the status of a firm or corporation that has a general partner, officer or employee qualified to effect Exchange option transactions, shall be entitled to have the use of his OTR from the date of his death until the

termination of such status of such continuing firm or corporation or until an individual qualified to effect Exchange option transactions becomes a general partner, officer or employee of such continuing firm or corporation and (2) that, subject to the Constitution and Rules of the Exchange, the proceeds of his OTR shall be an asset of the continuing partnership or corporation during such period, and

(iii) such continuing partnership or corporation shall be permitted by the Board of Directors to have the status of a firm or corporation that has a general partner, officer or employee qualified to effect Exchange option transactions,

then upon the transfer of the OTR of such deceased OTR holder, the proceeds thereof shall be applied to the same purposes and in the same order of priority as if such OTR holder had continued to be an OTR holder of the Exchange and a partner, officer or employee of such firm or corporation until the date of the termination of such status, or until an individual qualified to effect Exchange option transactions becomes a general partner, officer or employee of such firm or corporation, whichever event occurs first.

OTR of Expelled OTR Holder

(g) When an OTR holder is expelled or becomes ineligible for reinstatement, the OTR of such holder may be disposed of by the Board of Directors.

Claims Against Deceased, Suspended or Expelled OTR Holder

(h) The death, expulsion, suspension, retirement or dissolution of an OTR holder shall not affect the rights of creditors under the provisions of paragraph (d) of this Rule.

Claims by Former OTR Holders or Deceased OTR Holders

(i) The death, expulsion, suspension, retirement or dissolution of a member or an OTR holder or the transfer of the OTR of such holder, or the suspension, retirement or dissolution of a firm or corporation that has associated with it as a general partner, officer or employee an individual qualified to effect Exchange option transactions, shall not affect the rights of such member or OTR holder or his estate or of such firm or corporation under the provisions of paragraph (d) of this Rule.

Form of Proposed OTR Lease

(j) An OTR holder shall notify the Exchange in writing prior to any lease of the OTR of such holder. A fully executed copy of the lease agreement and any amendment thereto shall be filed with and found acceptable by the Exchange prior to becoming effective. In order to be found acceptable by the Exchange, each lease agreement shall include provisions stating that:

(i) upon the death of the lessee, the expiration of the term stated in the lease agreement or the occurrence of any other event specified in such agreement, the lease agreement shall terminate and the Exchange shall be given notice of any termination or proposed termination of the lease agreement as promptly as possible;

(ii) the lessor shall not be permitted to transfer his or its leased OTR during the term of the lease;

(iii) in the event the lessee fails to be approved as an OTR holder or the Board of Directors does not approve the lease agreement, that agreement shall be void;

(iv) the Board of Directors may dispose of the OTR in accordance with provisions of Section 6 of Article X of the Constitution;

(v) during the term of the lease agreement, the lessee, rather than the lessor, shall for all purposes of the Constitution and the Rules thereunder be deemed to be the OTR holder of the Exchange; and

(vi) all controversies arising between the lessor and lessee relating to the lease agreement, the termination or breach or alleged breach thereof, shall be arbitrated in accordance with the provisions of the 600 series of the Rules.

Each lease agreement shall also include a provision stating all financial arrangements between the lessor and the lessee regarding the lease of the OTR.

••Supplementary Material: -----

Other Transfer Provisions

.10 Pursuant to Sections 8 and 9 of Article II of the Constitution, the Exchange requires each OTR holder who is not also a member or member organization to enter into an agreement with the Exchange. Such OTR holder undertakes in the agreement to comply with those provisions of the Constitution and Rules that the Exchange from time to time determines to apply to the holder. Through that undertaking, the additional transfer and lease provisions of paragraphs (a) (b) and (d) and the Supplementary Material of Rule 301 (Proposed Transfer or Lease of Membership) apply.]

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Rule 800.

Basket Trading: Applicability and Definitions

Applicability of 800 Series

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(F) references in incorporated Rules to "Floor Officials" shall refer solely to "Floor Governors" and ["BOE Floor Representatives"]Executive Floor Governors?

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Rule 808.

Basket Book Dealers

Regular Basket Book Dealers

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Supplementary Material:

Temporary Reallocation of Baskets

.10 The Chief Executive Officer or, in his absence, such Exchange Officer(s), as the Chief Executive Officer may designate, or, alternatively, a majority, but not fewer than two, of the [BOE Floor Representatives] Executive Floor Governors then available on the Floor, may determine to reallocate temporarily any basket on an emergency basis to another member or member organization on the Floor whenever in their opinion such reallocation would be in the public interest.

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Rule 816.

Discontinuous Auction Markets; Basket Trading Halts

Discontinuous Auction Markets

(a) Whenever such market conditions as the Exchange may from time to time specify are present, the Exchange shall declare a discontinuous auction market. Whenever the Chief Executive Officer or, in his absence, such other Exchange Officer(s) as the Chief Executive Officer may designate, or, alternatively, a majority, but not fewer than two, of the [BOE Floor Representatives] Executive Floor Governors then available on the Floor, determine that market conditions make it unreasonable to conduct basket trading pursuant to regular auction procedures, or, pursuant to such guidelines as the Exchange may from time to time prescribe, whenever two Floor Governors make such a determination, a discontinuous auction market shall be declared. The Basket Book Dealer shall monitor market conditions and adherence to the guidelines and shall conduct the discontinuous auction market as follows:

* * * * *

The Chief Executive Officer, the Chief Executive Officer-designated Officer(s), two [BOE Floor Representatives] Executive Floor Governors or two Floor Governors may terminate the discontinuous auction market after determining that the conditions that precipitated the discontinuous auction market no longer exist.

* * * * *

Basket Trading Halts

(b) In addition to any halt in basket trading pursuant to Rule 80B (Trading Halts Due to Extraordinary Market Volatility) as Rule 800 incorporates that Rule into these Basket Rules, basket trading through the ESP Service shall halt whenever the Chief Executive Officer or, in his absence, such other Exchange Officer(s) as the Chief Executive Officer may designate, or, alternatively, a majority, but not fewer than two, of the [BOE Floor Representatives] Executive Floor Governors then available on the Floor, determines that market conditions warrant such a halt.

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Rule 1100.**Investment Company Units****Scope**

(a) The provisions of the Rule 1100 apply only to "Investment Company Units", as defined and used in Para. 703.16 of the Listed Company Manual. This term shall also mean and apply to securities which fit within said definition but are admitted to dealings by the Exchange on an unlisted trading privileges basis. Except to the extent that specific provisions in this Rule govern, [or unless the context otherwise requires, the provisions of the constitution,] all other Exchange Rules and policies shall be applicable to the trading of Investment Company Units on the Exchange. Pursuant to Exchange Rule 3 ("Security"), Investment Company Units are included within the definition of "security" or "securities" as those terms are used in the [Constitution and] Rules of the Exchange.

Provision of Prospectus and Written Description

(b) This paragraph shall apply only to a series of Investment Company Units as to which the sponsor or other appropriate party has obtained an exemption from Section 24(d) of the Investment Company Act. In connection with any such series of Investment Company Units listed on the Exchange, members and member organizations shall provide to all purchasers of such series a written description of the terms and characteristics of such securities, in a form prepared or approved by the Exchange, not later than the time a confirmation of the first transaction in such security is delivered to such purchaser. In addition, members and member organizations shall include such a written description with any sales material relating to such series that is provided to customers or the public. Any other written materials provided by a member or member organization to customers or the public making specific reference to such a series of Investment Company Units as an investment vehicle must include a statement in substantially the following form:

"A circular describing the terms and characteristics of [] the series of Investment Company Units [] has been prepared or approved by the [New York Stock] Exchange and is available from your broker or the exchange. It is recommended that you obtain and review the circular before purchasing [] the series of Investment Company Units []. In addition, upon request, you may obtain from your broker a prospectus for the [] the series of Investment Company Units []."

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Rule 1200.

Rules Of General Applicability

The rules in this 1200 series (Rules 1200 through 1202) are applicable only to Trust Issued Receipts. Except to the extent that specific rules in this series govern, or unless context otherwise requires, the provisions of the [Constitution, and all other Exchange] Rules and policies shall be applicable to the trading Trust Issued Receipts on the Exchange. Pursuant to Rule 3 ("Security"), Trust Issued Receipts are included within the definition of "security" or "securities" as such terms are used in the [Constitution and] Rules of the Exchange. (See also Rules 13, 36, 98, 104, 105(1), and 460)

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Rule 1300.

streetTRACKS® Gold Shares

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(c) Except to the extent that specific provisions in this Rule govern, [or unless the context otherwise requires, the provisions of the Constitution,] all other Exchange Rules and policies shall be applicable to the trading of streetTRACKS® Gold Shares on the Exchange. Pursuant to Exchange Rule 3 ("Security"), streetTRACKS® Gold Shares are included within the definition of "security" or "securities" as those terms are used in the [Constitution and] Rules.

* * * * *