

Nasdaq PHLX Rules, Sec. 1, Offices

[Click to open document in a browser](#)

Stock Clearing Corporation of Philadelphia shall have its principal office in the City of Philadelphia, Commonwealth of Pennsylvania. It may have branch offices at such other places as the Board of Directors may from time to time determine.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 2, Business Hours

[Click to open document in a browser](#)

The offices of the Corporation shall be open for the transaction of business for clearing members at 9:00 A.M. each day that the Exchange is open, and shall close at 5:00 P.M., except as otherwise determined by the Board of Directors.

Amendments.

September 8, 1960; October 11, 1972; September 23, 1983.

Redesignation.

Redesignated from Article VII to Article I; September 23, 1983.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 1, Seal

[Click to open document in a browser](#)

The seal of Stock Clearing Corporation of Philadelphia shall be circular in form with the words, "STOCK CLEARING CORPORATION OF PHILADELPHIA" on the circumference and the figures "1927" in the center. It shall be kept by the Secretary and shall be affixed to all instruments requiring the seal.

Redesignation.

Redesignated from Article V to Article II; September 23, 1983.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 1, Meeting of Shareholders

[Click to open document in a browser](#)

Meetings of the shareholders shall be held at the registered office of the Corporation, or at such other place or places within the Commonwealth of Pennsylvania as may from time to time be selected.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 2, Annual Meeting

[Click to open document in a browser](#)

The annual meeting of the shareholders shall be held on the first Monday of May in each year if not a legal holiday, and if a legal holiday, then on the next secular day following at 4 o'clock P.M., when they shall elect Board of Directors, and transact such other business as may properly be brought before the meeting. If the annual meeting shall not be called and held during any calendar year, any shareholder may call such meeting at any time thereafter. A special election and meeting of shareholders shall be held to implement any amended By-Laws which alter the composition of the Board of Directors.

Amendment.

February 2, 1998 (97-06).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 3, Terms of Office—Board of Directors

[Click to open document in a browser](#)

The terms of office of the persons elected to the Board of Directors shall commence on the date of their election and shall continue for the periods of time hereafter specified in [Article IV, Section 1, of these By-Laws](#).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 4, Nominating Committee

[Click to open document in a browser](#)

- (a) The Nominating Committee shall consist of three persons appointed by the Chairman of the Board.
- (b) The Committee shall submit nominations for the number of directors to be elected by the shareholders to the Board of Directors of the Corporation at the annual meeting and election of the Corporation.
- (c) The Committee shall report in writing to the Secretary of the Corporation, on the first Monday in April, nominees for the number of directors to be elected by the shareholders to the Board of Directors at the next annual election of the Corporation.
- (d) The Secretary of the Corporation, upon receipt of the report of the Nominating Committee, shall notify the participants in the Corporation of the names of such nominees.
- (e) Independent nominations for the positions of director on the Board of Directors which are to be filled at the annual meeting and election of the Corporation may be made by a written petition filed with the Secretary of the Corporation in a sealed envelope within two weeks after the posting of the report of the Nominating Committee. No such nomination shall be valid unless it is signed by a participant or a general partner or officer of a participant. No participant shall propose more than one nominee. The Secretary of the Corporation shall open such envelopes, and if found eligible for election, the persons nominated by petition conforming with the foregoing provisions shall be deemed nominees for the position of director on the Board of Directors.
- (f) A ballot shall be prepared by the Secretary of the Corporation containing the names of all nominees for the office of director which comply with By-Law requirements. The names of persons nominated by the Nominating Committee shall be identified on the ballot by an appropriate symbol.
- (g) The official ballot shall be available in such numbers as may be required at the annual meeting of shareholders at which directors are elected.

Amendments.

December 19, 1994 (94-03).

February 2, 1998 (97-06).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 5, Quorum and Action by Shareholders

[Click to open document in a browser](#)

The presence, in person or by proxy, of shareholders entitled to cast at least a majority of the votes which all shareholders are entitled to cast on the particular matter shall constitute a quorum for the purpose of considering such matter, and, unless otherwise provided by statute, the acts, at a duly organized meeting of the shareholders present, in person or by proxy, entitled to cast at least a majority of the votes which all shareholders present are entitled to cast shall be the acts of the shareholders. The shareholders present at a duly organized meeting can continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum. Adjournment or adjournments of any annual or special meeting may be taken, but any meeting at which directors are to be elected shall be adjourned only from day to day, or for such longer periods not exceeding fifteen days each, as may be directed by shareholders who are present in person or by proxy and who are entitled to cast at least a majority of the votes which all such shareholders would be entitled to cast at an election of directors until such directors have been elected. If a meeting cannot be organized because a quorum has not attended, those present may, except as otherwise provided by statute, adjourn the meeting to such time and place as they may determine, but in the case of any meeting called for the election of directors, those who attend the second of such adjourned meetings, although less than a quorum, shall nevertheless constitute a quorum for the purpose of electing directors.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 6, Right to Vote

[Click to open document in a browser](#)

Every shareholder entitled to vote at a meeting of shareholders, or to express consent or dissent to corporate action in writing without a meeting, may authorize another person or persons to act for him by proxy. Every proxy shall be executed in writing by the shareholders, or by their duly authorized attorney in fact, and filed with the Secretary of the Corporation. A proxy, unless coupled with an interest shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of a proxy shall not be effective until notice thereof has been given to the Secretary of the Corporation. No unrevoked proxy shall be valid after eleven months from the date of its execution, unless a longer time is expressly provided therein, but in no event shall a proxy, unless coupled with an interest, be voted on after three years from the date of its execution. A proxy shall not be revoked by the death or incapacity of the maker unless before the vote is counted or the authority is exercised, written notice of such death or incapacity is given to the Secretary of the Corporation. A shareholder shall not sell his vote or execute a proxy to any person or any sum of money or anything of value. A proxy coupled with an interest shall include an unrevoked proxy in favor of a creditor of a shareholder and such proxy shall be valid so long as the debt owed by him to the creditor remains unpaid. Elections for directors need not be by ballot, except upon demand made by a shareholder at the election and before the voting begins. In each election of directors cumulative voting shall be allowed. No share shall be voted at any meeting upon which any installment is due and unpaid.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 7, Written Consent of Shareholders Without a Meeting

[Click to open document in a browser](#)

Except as otherwise provided in the Articles or By-Laws of the Corporation, any action which may be taken at a meeting of shareholders or a class of shareholders may be taken without a meeting, if a consent or consents in writing, setting forth the action so taken, shall be signed by all of the shareholders who would be entitled to vote at a meeting for such purpose and shall be filed with the Secretary of the Corporation.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 8, Notice of Annual Meeting

[Click to open document in a browser](#)

Written notice of the annual meeting shall be given to each shareholder entitled to vote thereat, at least five days prior to the meeting.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 9, Judges of Election

[Click to open document in a browser](#)

In advance of any meeting of shareholders, the Board may appoint judges of election, who need not be shareholders, to act at such meeting or any adjournment thereof. If judges of election be not so appointed, the chairman of any such meeting may, and on the request of any shareholder or his proxy shall, make such appointment at the meeting. The number of judges shall be one or three. If appointed at a meeting on the request of one or more shareholders or proxies, the majority of shares present and entitled to vote shall determine whether one or three judges are to be appointed. On request of the chairman of the meeting, or of any shareholder or his proxy, the judges shall make a report in writing of any challenge or question or matter determined by them, and execute a certificate of any fact found by them. No person who is a candidate for office shall act as a judge.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 10, Special Meetings

[Click to open document in a browser](#)

Special meetings of the shareholders may be called at any time by the Chairman, or the Board, or shareholders entitled to cast at least one-fifth of the votes which all shareholders are entitled to cast at the particular meeting. At any time, upon written request of any person or persons who have duly called a special meeting, it shall be the duty of the Secretary to fix the date of the meeting, to be held not more than sixty days after the receipt of the request, and to give due notice thereof. If the Secretary shall neglect or refuse to fix the date of the meeting and give notice thereof, the person or persons calling the meeting may do so.

Amendment.

February 2, 1998 (97-06).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 11, Business Transacted at Special Meeting

[Click to open document in a browser](#)

Business transacted at a special meeting shall be confined to the original purpose stated in the written notice of such meeting and matters germane thereto, unless notice of an enlarged purpose is given to shareholders not present at such meeting in person or by proxy, or unless all shareholders entitled to vote are present in person or by proxy and consent to enlarge such original purpose.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 12, Notice of Special Meetings

[Click to open document in a browser](#)

Written notice of a special meeting of shareholders stating the time and place and purpose thereof, shall be given to each shareholder entitled to vote thereat at least five days before such meeting, unless a greater period of notice is required by statute in a particular case.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 13, Voting Lists

[Click to open document in a browser](#)

The officer or agent having charge of the transfer books shall make at least five days before each meeting of shareholders, a complete list of the shareholders entitled to vote at the meeting, arranged in alphabetical order, with the address of and the number of shares held by each, which list shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting, and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof kept in this Commonwealth, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book, or to vote in person or by proxy, at any meeting of shareholders.

Amendments.

December 16, 1964; September 23, 1983.

Redesignation.

Redesignated from Article I to Article III; September 23, 1983.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 1, Authorization

[Click to open document in a browser](#)

The business and affairs of the Corporation shall be managed by its Board of Directors.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 2, Composition of Board of Directors

[Click to open document in a browser](#)

(a) The number of Directors of the Corporation shall be not less than five nor more than twenty-three in number, all of whom shall be citizens of the United States. The determination of the actual number of directors to serve shall be made by the Board of Directors then in office.

(b) The Chairman of the Board of Governors of the NASDAQ OMX PHLX LLC, hereinafter referred to as the Exchange, shall be Chairman of the Board of Directors.

(c) The membership of the Board of Directors, provided that such membership consist of a minimum of fifty percent non-participants, at least one participant and such other persons as deemed to be qualified. For the purposes of this by-law provision, the term "non-participant" shall mean: (a) persons who are not officers, directors or employees of participants and persons who have not been employed in any such capacity at any time within the prior three years; and (b) persons who have no consulting or employment relationships with, nor provide professional services to, the Exchange or SCCP and persons who have not had any such relationship nor have provided any such services at any time within the prior three years. They shall be elected by the shareholders at the annual meeting of shareholders of the Corporation, and each such director shall be elected for a term of one year and until his successor shall be elected and shall qualify.

The requirement that the Board of Directors contain at least one participant shall be suspended during any period in which the Corporation has suspended its operations and is in an inactive status.

(d) At least one of the directors authorized to serve shall be a governor of the Exchange. This director shall be the Chairman of the Board of Governors.

(e) If the number required in any classification of directors are not maintained at any time on the Board of Directors, such requirements shall be suspended until the election of directors at the next succeeding annual meeting of the Corporation and their qualification for office.

(f)

Amendments.

May 4, 1987.

December 19, 1994 (94-03).

February 2, 1998 (97-06).

April 21, 1998 (98-01).

October 27, 2010 (10-03).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 3, Powers of the Board of Directors

[Click to open document in a browser](#)

In addition to all of the power and authority expressly conferred upon it by these By-Laws, the Board may exercise all such power and do all such lawful acts and things as are not by statute or by the Articles or by these By-Laws directed or required to be exercised or done by the shareholders.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 4, Meetings of Directors

[Click to open document in a browser](#)

The meetings of the Board may be held at such place within or without the Commonwealth of Pennsylvania as a majority of the directors may from time to time appoint, or as may be designated in the notice calling the meeting.

Amendment.

February 17, 1989.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 5, Regular Meetings

[Click to open document in a browser](#)

Regular meetings of the Board shall be held without notice at such times as the Board shall determine at the registered office of the Corporation, or at such other place within the Commonwealth of Pennsylvania as shall be determined by the Board.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 6, Special Meetings

[Click to open document in a browser](#)

Special meetings of the Board may be called by the Chairman on one hour's notice to each director, either personally or by mail, facsimile or by telegram: special meetings shall be called by the Chairman or Secretary in like manner and on like notice upon the written request of a majority of the directors then in office.

Amendment.

February 2, 1998 (97-06).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 7, Quorum

[Click to open document in a browser](#)

Except where otherwise specifically provided by the By-Laws, a majority of all the directors then in office shall constitute a quorum for the transaction of business and actions of a majority of those present at a meeting at which a quorum is present shall be actions of the Board.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 8, Committees

[Click to open document in a browser](#)

(a) The Standing Committees of the Corporation shall consist of an Audit Committee, a Finance Committee, a Nominating Committee and an Operations Committee. Each of such committees shall be composed of such number of members as may be hereafter prescribed in the By-Laws.

Except as otherwise specifically provided in the By-Laws, members of such committees may be directors of the Corporation, participants, or general partners or officers of participants in the Corporation or other persons who are considered to be qualified.

The requirement to maintain Standing Committees under this Section shall be suspended during any period in which the Corporation has suspended its operations and is in an inactive status.

(b) Except as otherwise specifically provided in the By-Laws, the Standing Committees shall be appointed by the Chairman of the Board, subject to the approval of the Board of Directors, as promptly as possible after each annual meeting and election of the Corporation. Each appointee shall serve for one year or until his successor is appointed. Subject to like approval, the Chairman of the Board shall designate the Chairman of each such committee.

(c) Each Standing Committee shall assist in the supervision, management and control of the affairs of the Corporation within its particular area of responsibility and interest. Subject always to the control and supervision of the Board of Directors, each Standing Committee shall make or recommend for adoption, and administer such rules as it may deem necessary for the orderly transaction of the Corporation's business.

(d) In addition to the Standing Committees, the Board of Directors may constitute and appoint by rule or resolution special committees and designate their composition, responsibilities and powers, as well as their chairmen.

(e) Subject always to the control and supervision of the Board of Directors, each Standing Committee, exclusive of the Audit and Finance Committees, and Special Committee shall determine the manner and form in which its proceedings shall be conducted, and may act at a meeting or without a meeting, and through a quorum composed of a majority of all its members then in office. Except as otherwise specifically provided in the By-Laws or Rules, the decision of a majority of those present at a meeting at which a quorum is present, or the decision of a majority of those participating when at least a quorum participates, shall be the decision of the Committee.

(f) One or more directors may be appointed on a temporary basis to any Standing Committee, exclusive of the Finance Committee, by the Chairman of the Board to effect a quorum when one is lacking for a meeting of such Committee.

(g) The Audit Committee of the Corporation. The Committee shall review annually with the independent auditors their examination of the Corporation. It shall periodically review with the independent auditors and the internal auditor the Corporation's internal controls and the adequacy of the internal audit program. It shall review the annual management letter and other reports submitted by the independent auditors and make such recommendations to the Board of Directors with respect thereto as it may deem appropriate.

(h) The Operations Committee shall consist of not less than three members, as may be determined by the Board of Directors, at least one of whom shall be a director, and any additional number of whom may be persons specified in subsection (a) hereof. The Committee shall review on an ongoing basis the systems of the Corporation, the services it provides, its margin rules, its clearing and participants funds, its linking with other clearing agencies and such other phases of corporate operations as the Committee may consider

appropriate. The Committee shall report its findings to the Board of Directors and make recommendations thereon as it deems necessary.

Amendments.

February 2, 1998 (97-06).

October 27, 2010 (10-03).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 9, Written Consent in Lieu of Meeting

[Click to open document in a browser](#)

Any action which may be taken at a meeting of directors or of the members of any committee may be taken without a meeting if a consent or consents in writing, setting forth the action so taken, shall be signed by all the directors or all of the members of the committee and filed with the Secretary of the Corporation.

Amendment.

February 2, 1998 (97-06).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 10, Compensation

[Click to open document in a browser](#)

The Board may, except as otherwise provided in the Articles or By-Laws, fix the compensation of directors for their services and a director may be a salaried officer of the Corporation.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 11, Vacancies

[Click to open document in a browser](#)

Vacancies on the Board, including vacancies resulting from an increase in the number of directors, shall be filled by a majority of the directors then in office, although less than a quorum, and each person so elected shall be a director until his successor is elected and qualified or until his earlier resignation or removal.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 12, Conduct of Meetings

[Click to open document in a browser](#)

The Board of Directors may adopt such rules and regulations for the conduct of their meetings as they may deem proper, consistent with the laws of the Commonwealth of Pennsylvania and these By-Laws.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 13, Rights and Remedies

[Click to open document in a browser](#)

The Board of Directors may define the rights and remedies of Stock Clearing Corporation to secure indebtedness of clearing members to the Corporation; it may prescribe the procedure to be followed in case of a default of a clearing member upon its contracts or in the performance of its obligations to the Corporation; and it may prescribe how far and in what manner any such losses shall be payable by other clearing members.

Amendments.

November 14, 1951; December 5, 1951; December 5, 1957; July 21, 1960; September 8, 1960; June 26, 1961; September 18, 1963; December 16, 1964; October 11, 1972; February 14, 1973; September 23, 1983; February 2, 1998 (97-06).

Redesignation.

Redesignated from Article II to Article IV; September 23, 1983.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 1, Rules and Regulations

[Click to open document in a browser](#)

The Board may make, and from time to time alter, amend, and repeal, rules relating to and regulating the business of the Corporation, and the relationship of the Corporation with the persons for whom it provides services, and among such persons. The Rules of the Corporation, made in accordance with these By-Laws, shall have the same force and effect as though a part hereof. The Board shall have the power to interpret the Rules adopted pursuant to this Paragraph and any and all amendments or changes therein and additions thereto, and any such interpretations so made shall be final and conclusive.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 2, Notice of Rule Changes

[Click to open document in a browser](#)

Notice of any amendments or changes to the rules shall be sent to all participants and other registered clearing agencies prior to their effective date in order that they may comment thereon, if they so choose, to the Corporation or to the regulatory agency for the Corporation.

Amendment.

September 8, 1960.

Redesignation.

Redesignated from Article XIII to Article V; September 23, 1983.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 1, Officers

[Click to open document in a browser](#)

The officers of the Corporation shall be chosen by the directors and shall be a President, one or more Vice Presidents, Secretary, Treasurer and such other officers and agents as the Board shall deem necessary. All officers shall hold their offices for such terms and shall have such authority and shall perform such duties as from time to time shall be prescribed by the Board. Any number of offices may be held by the same person except the offices of the President and Treasurer. It shall not be necessary for the officers to be directors.

Amendment.

February 2, 1998 (97-06).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 2, Compensation

[Click to open document in a browser](#)

The salaries of all officers and Agents of the Corporation shall be fixed by the Board.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 3, Term of Office

[Click to open document in a browser](#)

The officers of the Corporation shall hold office for the terms for which they are elected or appointed and until their successors are chosen and have qualified. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interest of the Corporation will be served thereby.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 4, President

[Click to open document in a browser](#)

The President shall be the chief executive officer of the Corporation. He shall have general and active management of the business and affairs of the Corporation, and shall see that all orders and resolutions of the Board are carried into effect, subject however, to the right of the directors to delegate any specific powers to any other officer or officers of the Corporation. He shall have the general powers and duties of supervision and management usually vested in the office of President of a corporation.

Subject to the approval of the Board of Directors, the President shall appoint the other officers of the Corporation as provided for in the By-Laws and such additional officers as he may determine are required for the efficient management of the Corporation. Subject to like approval, he shall fix their duties, responsibilities and terms of employment. Subject also to like approval, he may terminate their employment at any time. All such appointive officers shall be responsible to the President for the proper performance of their duties.

The President shall have power to appoint all other employees of the Corporation, to fix the duties, responsibilities and terms of their employment and to terminate their employment at any time.

Amendment.

February 2, 1998 (97-06).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 5, Secretary

[Click to open document in a browser](#)

The Secretary shall attend all meetings of the Board and all meetings of the shareholders and shall act as clerk thereof, and record all votes of the Corporation and the minutes of all its transactions in a book to be kept for that purpose. He shall perform like duties for all committees of the Board when required. He shall give, or cause to be given, notice of all meetings of the shareholders and of the Board, and shall perform such other duties as may be prescribed by the Board or President, under whose supervision he shall be. He shall keep in safe custody the corporate seal of the Corporation, and when authorized by the Board, affix the same to any instrument requiring it.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 6, Treasurer

[Click to open document in a browser](#)

The Treasurer shall have charge of all funds and securities beneficially owned by the Corporation; shall endorse the same for deposit or collection when necessary; and deposit the same to the credit of the Corporation in such banks or depositories as the Board may authorize. He may endorse all commercial documents requiring endorsements for or on behalf of the Corporation and may sign all receipts and vouchers for payments made to the Corporation. He shall have all such powers and duties as generally are incident to the position of Treasurer or as may be assigned to him by the Board or by the President.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 7, Vacancies

[Click to open document in a browser](#)

If the office or any officer or agent, one or more, becomes vacant for any reason, the Board may choose a successor or successors who shall hold office for the unexpired term in respect of which such vacancy occurred.

Amendments.

November 14, 1951; July 21, 1960; December 16, 1964; October 11, 1972; September 23, 1983.

Redesignation.

Redesignated from Article III to Article VI; September 23, 1983.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 1, Indemnification

[Click to open document in a browser](#)

Any person made, or threatened to be made, a party to any action or proceeding, whether civil or criminal, by reason of the fact that he, his testator or intestate, is or was a director or officer of the Corporation or serves or served any other corporation in any capacity at the request of the Corporation, shall be indemnified by the Corporation, and the Corporation may advance his related expenses, to the full extent permitted by law.

Adopted.

September 23, 1983.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 1, Share Certificates

[Click to open document in a browser](#)

The share certificates of the Corporation shall be numbered and registered in the share ledger and transfer books of the Corporation as they are issued. They shall bear the corporate seal and shall be signed by the President and the Secretary or by such other officers as the Board may decide.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 2, Transfer of Shares

[Click to open document in a browser](#)

Transfers of shares on the record of shareholders of the Corporation shall be made only upon surrender to the Corporation of the certificate or certificates for such shares, duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer. No transfer shall be made which is inconsistent with law.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 3, Record Date for Meetings and Other Purposes

[Click to open document in a browser](#)

The Board of Directors may fix a time, not more than forty days prior to the date of any meeting of shareholders, or the date fixed for the payment of any dividend or distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares will be made or go into effect, as a record date for the determination of the shareholders entitled to notice of, or to vote at, any such meeting, or any such dividend or distribution, or to receive any such allotment of rights, or to exercise the rights in respect to any such change, conversion, or exchange of shares. In such case, only such shareholders as shall be shareholders of record on the date so fixed shall be entitled to notice of, or to vote at, such meeting or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after any record date fixed as aforesaid. The Board of Directors may close the books of the Corporation against transfers of shares during the whole or any part of such period, and in such case, written or printed notice thereof shall be mailed at least ten days before the closing thereof to each shareholder of record at the address appearing on the records of the Corporation or supplied by him to the Corporation for the purpose of notice. While the stock transfer books of the Corporation are closed, no transfer of shares shall be made thereon. If no record date is fixed for the determination of shareholders entitled to receive notice of, or vote at, a shareholders' meeting, transferees of shares which are transferred on the books of the Corporation within ten days next preceding the date of such meeting shall not be entitled to notice of or to vote at such meeting.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 4, Lost, Stolen or Destroyed Certificates

[Click to open document in a browser](#)

In the event that a share certificate shall be lost, stolen, destroyed or mutilated, a new certificate may be issued therefor upon such terms and indemnity to the Corporation as the Board may prescribe.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 5, Dividends

[Click to open document in a browser](#)

The Board may, from time to time, declare, and the Corporation may pay, dividends on its outstanding shares subject to restrictions in applicable statutes or in its Articles.

Amendment.

September 23, 1983.

Redesignation.

Redesignated from Article IV to Article VIII; September 23, 1983.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 1, Authority to Sign Checks

[Click to open document in a browser](#)

All checks or demands for money and notes of the Corporation shall be signed by such officer or officers as the Board may from time to time designate.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 2, Fiscal Year

[Click to open document in a browser](#)

The Board shall have the power by resolution to fix the fiscal year of the Corporation. If the Board shall fail to do so, the President shall fix the fiscal year.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 3, Method of Giving Written Notice

[Click to open document in a browser](#)

Written notice required to be given to any person by statute, the Articles, or By-Laws of the Corporation may be given to such person either personally or by sending a copy thereof through the mail, or by telegram, charges prepaid, to his address appearing on the books of the Corporation, or supplied by him to the Corporation for the purpose of notice. If notice is sent by mail or by telegraph, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a telegraph office for transmission to such person. If such notice is of a meeting, it shall specify the place, day and hour of the meeting and, in the case of a special meeting of shareholders, the general nature of the business to be transacted.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 4, Waiver of Notice

[Click to open document in a browser](#)

Any written notice required to be given by statute, the Articles or By-Laws of the Corporation need not be given if there is a waiver thereof in writing, signed by the person entitled to such notice, whether before or after the time when notice would otherwise be required to be given. If the notice is of a meeting other than a special meeting of shareholders, neither the business to be transacted at, nor the purpose of, the meeting need be specified in the waiver of notice.

Adopted.

September 23, 1983.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 1, Deleted

[Click to open document in a browser](#)

Adopted.

September 23, 1983.

Amendment.

October 27, 2010 (10-03).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 1, Amendment Procedure

[Click to open document in a browser](#)

The Board shall have the power to make, alter, amend and repeal these By-Laws. Notwithstanding this power of the Board, the power to make, amend or repeal By-Laws fixing the qualifications, classification or terms of office of directors shall be vested in the shareholders. The powers conferred herein on the Board shall be exercised by the affirmative vote of a majority of the whole Board of Directors at a regular or special meeting, provided notice of any proposed action on the By-Laws is included in the notice of such meeting. The powers conferred herein on the shareholders shall be exercised by the affirmative vote of the holders of record of a majority of the outstanding stock of the corporation entitled to vote in respect thereof at a regular or special meeting, provided notice of any proposed action on the By-Laws is included in the notice of such meeting.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 2, Notice of Amendments

[Click to open document in a browser](#)

Notice of any amendments or changes to the By-Laws shall be sent to all participants and registered clearing agencies prior to their effective date in order that they may comment thereon, if they so choose, to the Corporation or to the regulatory agency for the Corporation.

Amendments.

September 8, 1960; September 23, 1983.

Redesignation.

Redesignated from Article XIV to Article XI; September 23, 1983.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 1, Corporation's Relationship to Members

[Click to open document in a browser](#)

The Corporation shall make its services available to persons and entities who have qualified for membership therein in accordance with the rules of the Corporation. Such participants are sometimes also referred to as members or clearing members. The Corporation may decline to accept an application to become a participant, cease to act for a participant, condition, limit or terminate the privileges of a participant, or reinstate a participant in accordance with standards and procedures provided in the rules of the Corporation. Applicants or participants shall have rights of appeal from any such action taken by the Corporation in accordance with its rules.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 2, Losses in War

[Click to open document in a browser](#)

Stock Clearing Corporation shall not be liable for any loss directly or indirectly caused by military, naval or usurped power, war, whether declared or not, invasion, insurrection, rebellion, revolution or hostilities; or any loss in time of peace or war directly or indirectly caused by a weapon of war employing nuclear fission or fusion or radioactivity.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 3, Membership List

[Click to open document in a browser](#)

The Corporation shall maintain a current list of clearing members in published form which shall be made available to the Membership.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 4, Additions and Withdrawals

[Click to open document in a browser](#)

Additions and withdrawals shall be published in the weekly bulletin of the Exchange.

Amendments.

May 4, 1944; December 20, 1944; March 16, 1949; December 5, 1951; July 21, 1960; October 16, 1961; October 11, 1972; September 23, 1983.

Redesignation.

Redesignated from Article VIII to Article XII; September 23, 1983.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 1, Business

[Click to open document in a browser](#)

The business of Stock Clearing Corporation of Philadelphia shall be the clearing of security purchases and sales on the Exchange or other markets, the receipt, delivery and transfer of securities pursuant thereto, and the settlement of money payments thereon.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 2, Member and Correspondent

[Click to open document in a browser](#)

The Corporation may hold membership in the Exchange and act as correspondent for its clearing members.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 3, Membership in Other Organizations

[Click to open document in a browser](#)

The Corporation may hold memberships in such other organizations as the Board of Directors may determine to be required in the conduct of its business.

Amendments.

September 8, 1960; October 16, 1961; October 11, 1972.

Redesignation.

Redesignated from Article VI to Article XIII; September 23, 1983.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 1, Opening Accounts

[Click to open document in a browser](#)

Upon the application of a clearing member, Stock Clearing Corporation of Philadelphia may carry cleared securities for such member and extend credit thereon, subject to the applicable provision of its By-Laws and its Rules. Any action under this section shall be reported to the Board of Directors at the next regular meeting.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 2, Corporation's Authority

[Click to open document in a browser](#)

Such clearing member shall in writing in such form as may be approved by the Board of Directors authorize Stock Clearing Corporation to hypothecate any securities carried for such member's margin accounts and any securities in such member's cash account for which Stock Clearing Corporation has not been fully paid, and shall give the Corporation authority to liquidate the unpaid part of his account at any time.

Amendments.

November 14, 1951; October 11, 1972; May 12, 1976; September 23, 1983.

Redesignation.

Redesignated from Article X to Article XV; September 23, 1983.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 1, Loans

[Click to open document in a browser](#)

Stock Clearing Corporation may, from time to time, borrow money in such amounts as may be reasonably necessary to effect the extension of credit to members and may pledge as collateral for such loans any securities in such members' margin accounts and any securities in such members' accounts for which Stock Clearing Corporation has not been paid in full. The Treasurer or an Assistant Treasurer or such other officer or officers as may be authorized to act shall sign notes or other instruments necessary to effectuate such loans.

Amendments.

October 20, 1948; May 12, 1976; December 11, 1997; February 2, 1998 (97-06).

Redesignation.

Redesignated from Article XI to Article XV; September 23, 1983.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 1, Purpose and Amount

[Click to open document in a browser](#)

A Contingency Reserve Fund shall be maintained in an amount set from time to time by the Board of Directors against which Corporation losses from defaulting participants may be charged in accordance with the provisions of Rule 4.

Amendments.

September 8, 1960; March 30, 1966; June 11, 1975; September 23, 1983.

Redesignation.

Redesignated from Article XII to Article XVI; September 23, 1983.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 1, Disciplinary Rules, Procedures, and Sanctions

[Click to open document in a browser](#)

The Board of Directors shall have the power, by resolution, to adopt, amend or repeal such rules as it may deem necessary with respect to the initiation of disciplinary action, the procedure and conduct for disciplinary hearings and reviews therefrom, and the imposition of disciplinary sanctions, as such matters may apply to participants in the Corporation. Such disciplinary sanctions may include expulsion; suspension; limitation of activities, functions, and operations; fine; censure; or any other fitting sanction.

Adopted.

September 23, 1983.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Sec. 1, Definitions

[Click to open document in a browser](#)

Unless the context requires otherwise, the terms defined in this Section shall, for all purposes of the By-Laws, have the meaning herein specified:

- (a) The term "person," as used herein, shall be defined in the rules of the Corporation.

Adopted.

September 23, 1983.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 1. Definitions

[Click to open document in a browser](#)

Unless the context requires otherwise, the terms defined in this Rule shall, for all purposes of these Rules and the Corporation's Procedures, have the meanings herein specified.

Account

The term "Account" is a system to identify a service, a securities position or a monetary position that the Corporation is operating and/or holding on behalf of the respective Participant.

Account Equity

The term "Account Equity" means the total net current market value of security positions held in the margin account plus or minus cash balances in such account. Account equity is computed by subtracting the current market value of short positions from the current market value of long positions, plus any credit balances or minus any debit balances.

Board of Directors

The term "Board of Directors" means the Board of Directors of the Corporation.

Business Day

The term "business day" means any day on which the Corporation is open for business.

By-Laws

The term "By-Laws" means the By-Laws of the Corporation as the same may be amended from time to time.

The Corporation

The term "the Corporation" means the Stock Clearing Corporation of Philadelphia ("SCCP").

DTC

The term "DTC" means the Depository Trust Company.

Ex-Clearing Account

The term "Ex-Clearing Account" means the Account created pursuant to [Rule 11 of these Rules](#).

Lender

The term "Lender" means a bank which has extended credit to the Corporation.

Margin Member

The term "Margin Member" means Participants who are PHLX specialists, alternate specialists, Market Makers and other PHLX members specifically approved by NSCC to effect trading in a margin account in accordance with the Corporation's [Rule 9](#).

Member

The term "Member" shall be afforded the definition as prescribed in the definition of Participants.

NSCC

The term "NSCC" means National Securities Clearing Corporation.

Omnibus Clearance and Settlement Account

The term "Omnibus Clearance and Settlement Account" means the CNS Account established by the Corporation at NSCC through which the Corporation will clear and settle all Margin Members' transactions.

Participants

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: http://researchhelp.cch.com/License_Agreement.htm

The term "Participants" means persons or organizations which have qualified for membership in SCCP pursuant to [Rules 2](#) and [3 of these Rules](#). Participants are also referred to in these Rules as "Members."

Participants Fund

The term "Participants Fund" means the fund created pursuant to Section 1 of [Rule 4 of these Rules](#). The Participants Fund is also referred to as the Clearing Fund or the fund composed of Good Faith deposits of members.

Person

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

PHLX

The term "PHLX" means the NASDAQ OMX PHLX LLC.

Procedures

The term "Procedures" means the Procedures of the Corporation as they may be amended from time to time.

Reserve Fund

The term "Reserve Fund" means the fund created pursuant to Section 11 of [Rule 4 of these Rules](#).

RIO

The term "RIO" means Regional Interface Organization, which is the system through which SCCP transmits and receives trade data from NSCC.

RIO Account

The term "RIO Account" means the Account created pursuant to [Rule 10 of these Rules](#).

Rule

The term "Rule" means one of these Rules, as they may be amended from time to time.

Same-Day Funds

The term "Same-Day Funds" refers to payments made through the Fed Wire or through any other mechanism to collect federal funds.

Security

The term "security" shall have the meaning given that term in Article 8 of the Uniform Commercial Code in effect in the jurisdiction in which the issuer thereof is organized or incorporated or shall mean those property interests to which title may be transferred or as to which a valid pledge may be made in accordance with statutory provisions or government regulations, including Federal statutory provisions or regulations, having the same effect as or a similar effect to Article 8 of the New York Uniform Commercial Code. The term "securities" shall mean more than one security.

Signature Guarantee

(a) A signature guarantee acceptable to the Corporation shall mean one which is effected by a medallion imprint or stamp executed by a participant in a signature guarantee program as defined by [Rule 17Ad-15 under the Securities Exchange Act of 1934](#).

(b) A guarantee of an assignment or power of substitution shall be a guarantee of the signature to such assignment or power of substitution; a guarantee of a signature shall be a warranty that at the time of the signing, the signature was genuine, the signer was an appropriate person to endorse and the signer had legal capacity to sign, but shall not be a warranty of the rightfulness of the particular transfer.

System

The term "System" means the automation infrastructure to support the processing of Participant activity.

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: http://researchhelp.cch.com/License_Agreement.htm

Adopted.

September 23, 1983.

Amendments.

July 7, 1993 (92-3).

January 26, 1996 (96-01).

February 22, 1996 (95-06).

August 9, 1996 (96-3).

December 11, 1997 (97-04).

November 9, 2006 (06-02).

October 27, 2010 (10-03).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 2. Membership Application and Requirements

[Click to open document in a browser](#)

Section 1. The Corporation shall make its services available to individuals, partnerships, corporations or other organizations or entities which meet the qualifications specified in [Rule 3](#) which apply to the Corporation for the use of such services, the applications of which are approved by the Corporation and which have contributed to the Participants Fund as provided in [Rule 4](#). The Corporation shall approve applications only upon a determination by the Corporation that the applicant meets standards of financial condition, operational capability and character defined below:

- (i) the applicant has demonstrated that it has sufficient financial ability to make its anticipated contribution to the Participants Fund and to meet its anticipated obligations to the Corporation;
- (ii) the applicant has demonstrated that it has adequate personnel capable of handling transactions with the Corporation and adequate physical facilities, books and records and procedures to fulfill the applicant's anticipated commitments to, and to meet the operational requirements of, the Corporation, and other Participants with necessary promptness and accuracy and to conform to any condition and requirement which the Corporation reasonably deems necessary for its protection; and
- (iii) the Corporation has received no substantial information which would reasonably and adversely reflect on the applicant or any person associated with the applicant to such extent that access of the applicant to the Corporation should be denied, any such applicant may be deemed not to meet the qualifications set forth in this paragraph only if:
 - (a) the Corporation shall have reasonable grounds to believe the applicant or any person associated with the applicant to be responsible for (i) fraud, fraudulent acts or breach of fiduciary duty, (ii) making a misstatement of a material fact or omitting to state a material fact to the Corporation in connection with its application to become a Participant or thereafter, or (iii) the willful violation of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, the Investment Advisers Act of 1940 or any rule or regulation thereunder;
 - (b) the applicant or any person associated with the applicant has been convicted within the ten years preceding the filing of the application to become a Participant or at any time thereafter of any crime, felony or misdemeanor which involves the purchase, sale or delivery of any security or arose out of conduct of the business of a broker, dealer, investment company, investment adviser, underwriter, bank, trust company, fiduciary, insurance company or other financial institution; or involves robbery, larceny, embezzlement, fraudulent conversion, forgery or misappropriation of funds, securities or other property; or involves any violation of Security 1341, 1342, or 1343 of Title 18 of the United States Code;
 - (c) the applicant or any person associated with the applicant is permanently or temporarily enjoined by order, judgment or decree of any court or other governmental authority of competent jurisdiction from acting as, or as a person associated with, an investment advisor, underwriter, broker, dealer, investment company, bank, trust company, fiduciary, insurance company or other financial institution or firm engaging in or continuing any conduct or practice in connection within any such activity, or in connection with the purchase, sale or delivery of any security; or
 - (d) the applicant or any person associated with the applicant has been expelled or suspended from a national securities association or exchange registered under the Securities Exchange Act of 1934, or a corporation which engages in clearance and settlement activities or a securities depository or has been barred or suspended from being associated with any member of such an exchange, association, corporation or securities depository.

The Corporation may approve the application of any applicant, either unconditionally or on an appropriate temporary or other conditional basis, if the Corporation determines that any standard specified in this Section 1, as applied to such applicant or any person associated with such applicant, is unduly or disproportionately severe or that the conduct of such applicant or person associated with such applicant has been such as not to make it against the interest of the Corporation, the Participants, or the public to approve such application.

Notwithstanding the foregoing, the Corporation may decline to accept the application of any applicant upon a determination by the Corporation that the Corporation does not have adequate personnel, space, data processing capacity or other operational capability at that time to perform its services for additional Participants without impairing the ability of the Corporation to provide services for its then Participants, to assure the prompt, accurate and orderly processing and settlement of securities transactions, to safeguard the funds and securities held for Participants or otherwise to carry out its functions; provided, however, that the applicants whose applications are denied pursuant to this paragraph shall be approved as promptly as the capabilities of the Corporation permit in the order in which their applications were filed with the Corporation.

The Corporation shall apply the foregoing requirements on a nondiscriminatory basis. Any applicant aggrieved by action taken by the Corporation in applying such qualifications shall be entitled to a right of appeal in accordance with the provisions of [Rule 23](#).

For the purposes of this Section 1, the term "person associated with" when applied to any person shall mean any partner, officer, or director of such person or any person directly or indirectly controlling or controlled by such person, including any employee of such person.

The entities to which the Corporation makes its services available and which have contributed to the Participants Fund as provided in [Rule 4](#) shall be known as Participants.

The Corporation may at any time cease either temporarily or definitively to make its services available to a Participant in accordance with [Rule 15](#), [16](#) or [17](#) and the Participant shall, upon receipt of notice thereof given by the Corporation as provided in [Rule 15](#), [16](#) or [17](#), cease to be a Participant; provided, however, that if the Corporation notified a Participant that it has ceased to act for it with respect to a particular transaction or transactions, the Participant will continue to be a Participant. A Participant may terminate its business with the Corporation by notifying the Corporation as provided in Section 7 or 8 of [Rule 4](#) or, if for a reason other than those specified in said Sections 7 and 8, by notifying the Corporation thereof; the Participant shall, upon receipt of such notice by the Corporation, cease to be a Participant. In the event that a Participant shall cease to be a Participant, the Corporation shall thereupon cease to make its services available to the Participant, except that the Corporation may perform services on behalf of the Participant or its successor in interest necessary to terminate the business of the Participant or its successor with the Corporation, and the Participant or its successor shall pay to the Corporation fees and charges pursuant to [Rule 21](#) with respect to services so provided by the Corporation subsequent to the time at which the Participant ceases to be a Participant. The Corporation shall immediately notify the Securities and Exchange Commission if it temporarily or definitively ceases to make its services available to a Participant in accordance with [Rules 15](#), [16](#), or [17](#).

Upon the request of the Corporation, any applicant or Participant shall furnish to the Corporation information sufficient to demonstrate its satisfactory financial condition and operational capability; provided, however, that the furnishing of any such financial or operational information to the Corporation shall be subject to any applicable laws or rules and regulations of regulatory bodies having jurisdiction over the Participant which relate to confidentiality of records.

An entity whose application to become a Participant has been approved by the Corporation shall pay to the Corporation its original contribution to the Participants Fund determined in accordance with the provisions of [Rule 4](#) and shall sign a Participant's Agreement. The By-Laws, Rules and Procedures of the Corporation shall supersede any conflicting provision(s) of the Participant's Agreement. The Participant hereby agrees to the following provisions:

- (a) That the Participant will abide by the By-Laws and Rules of the Corporation and shall be bound by all the provisions thereof including the provisions prescribing the rights and remedies which the Corporation shall have with respect to securities held by or for the Corporation for the Participant's account, and the Corporation shall have all the rights and remedies contemplated by said By-Laws and Rules of the Corporation;
- (b) That said By-Laws and Rules of the Corporation shall be a part of the terms and conditions of every contract or transaction which the Participant may make or have with the Corporation;
- (c) That the Participant will pay to the Corporation the compensation due it for services rendered based on the Corporation's fee schedules and such fines as may be imposed or deposits as may be required in accordance with said By-Laws and Rules of the Corporation for the failure to comply therewith;
- (d) That the Participant will pay to the Corporation any amounts which pursuant to the provisions of [Rule 4](#) hereof shall become payable by the Participant to the Corporation;
- (e) That the Participant's books and records, to the extent only that they relate to services rendered to the Participant by the Corporation, shall at all times during the regular business hours of the Participant (and at such other times as may be acceptable to the Participant) be open to the inspection of the duly authorized employees or agents of Corporation and that the Corporation shall be furnished with all such information in respect of such services rendered to the Participant as it may require, provided, however, that (i) the Corporation's right to inspect the books and records of the Participant and to be furnished with information as provided herein shall extend only to books, records and information relating to the Participant's relationship with the Corporation or to contracts or transactions which the Participant has made or had with the Corporation and shall not extend to books, records and information relating to the Participant's relationship with persons upon whose behalf it may obtain the services of the Corporation nor to books, records and information relating to such persons, their accounts or market activity and (ii) the Corporation's right to inspect the books and records of the Participant and to be furnished with information as provided herein shall be subject to any applicable laws or rules and regulations of regulatory bodies having jurisdiction over the Participant which relate to confidentiality of records;
- (f) That the Corporation is authorized to provide to the issuer of any security at any time credited to the account of the Participant the name of the Participant and the amount of the issuer's securities so credited and is authorized to provide similar information to any appropriate governmental authority;
- (g) That the determination of the Corporation by its Board of Directors of all questions affecting the charges to which the Participant's contribution to the Participants Fund is or may be subject shall be final and conclusive;
- (h) That the Participant appoints the Corporation its agent and attorney-in-fact (1) to enter into a custody agreement with any bank, trust company or other appropriate entity (hereinafter referred to as "custodian") chosen by it, such agreement to be in such form and containing such terms and provisions as the Corporation may in its sole discretion approve, and the Participant hereby ratifies and confirms any and all action heretofore taken by the Corporation in this connection, and (2) to instruct each custodian as to the delivery of any and all securities held by any such custodian pursuant to any such agreement;
- (i) That the Participant will, except as otherwise permitted by the Corporation, give all instructions by it concerning any securities held by the Corporation for the Participant's account, or by any custodian subject to the instructions of the Corporation, through the Corporation and not otherwise;
- (j) That each custodian shall be entitled to act and rely in all respects upon, and that as regards such custodian the Participant shall be bound by, the instructions of the Corporation with respect to any securities from time to time held by the Corporation for the Participant's account or by any such custodian subject to the instructions of the Corporation;
- (k) That each security delivered for the Participant's account to the Corporation for deposit with the Corporation may be transferred into the name of any nominee designated by the Corporation or by such custodian as the Corporation may select, if it is delivered to such custodian, and retained by

the Corporation or delivered to such custodian as the Corporation may select and the Participant will indemnify the Corporation and any nominee of the Corporation in the name of which securities credited to the Participant's account are registered against all loss, liability and expense which they may sustain, without fault on the Corporation's part, as a result of securities credited to the Participant's account being registered in the name of any such nominee, including (a) assessments, (b) losses, liabilities and expenses arising from claims of third parties and from taxes and other governmental charges, and (c) related expenses in respect of any such securities;

- (l) That the Participant will be bound by any amendment to the By-Laws or Rules of the Corporation with respect to any transaction occurring subsequent to the time such amendment takes effect as fully as though such amendment were now a part of the By-Laws and Rules of the Corporation, provided, however, that no such amendment shall affect the participant's right to cease to be a Participant, or change the provisions of [Rule 4 of the Corporation](#) or the formula in accordance with which the Participant's contribution to the Participant's Fund is determined unless, before such amendment or change becomes effective, the Participant is given [10 business] 15 days notice thereof and the opportunity to give written notice to the Corporation of its election to terminate its business with the Corporation; and
- (m) That the Participant's agreement with the Corporation shall inure to the benefit of and be binding upon the parties thereto and their respective successors and assigns.

Section 2. A Participant who utilized the services of the Corporation for a person who is not a Participant shall, so far as the rights of the Corporation and all other Participants are concerned, be liable.

Section 3. Any notice from the Corporation to a Participant under [Rule 4](#), [15](#), [16](#), [17](#), [23](#), and [27](#) or under any agreement between the Corporation and a Participant shall be sufficiently served on such Participant if the notice (i) is in writing, (ii) is delivered to the Participant's box maintained by the Corporation on its premises or, if such Participant maintains no such box, is delivered by the means other than mail, if any normally employed by the Corporation for delivery of communications to such Participant and (iii) is also delivered or mailed to the Participant's office address to the attention of such person as the Participant shall have designated in writing, or if the Participant shall have filed with the Corporation a written request that notice to it be delivered to it at some other address, then to such other address. Any other notice shall be sufficiently served on a Participant if it is in writing and is delivered to the Participant's box maintained by the Corporation on its premises or if no such box is maintained, if it is delivered or mailed to the Participant's office address as provided above. Any notice from a Participant to the Corporation including any notice under any agreement between the Corporation and a Participant shall be sufficiently served on the Corporation if the notice is in writing and is delivered or mailed to the Corporation at 1900 Market Street, Stock Exchange Building, Philadelphia, Pa. 19103, Attn: Secretary. Any such notice to a Participant if mailed, shall be deemed to have been given when deposited in the United States Postal Service, with postage thereon prepaid, directed to the Participant at such address. Any such notice to the Corporation, if mailed, shall be deemed to have been given when received by the Corporation at the address specified above.

Adopted.

September 23, 1983.

Amendments.

December 23, 1994 (94-05).

December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: http://researchhelp.cch.com/License_Agreement.htm

Nasdaq PHLX Rules, Regulation, Rule 3. Participants' Qualifications

[Click to open document in a browser](#)

Subject to the provisions of [Rule 2](#), any person who is a broker-dealer registered under the Securities Exchange Act of 1934 and is a member in good standing of the PHLX is eligible to be a Participant of the Corporation. For purposes of this [Rule 3](#) as well as all provisions of the Corporation's Certificate of Incorporation, By-Laws, rules, regulations, requirements, orders, directions and decisions adopted or made in accordance therewith, holders of Equity Trading Permits ("ETPs") issued pursuant to PHLX [Rule 23](#) shall be deemed to be members of PHLX, and holders of Regular ETPs issued pursuant to PHLX [Rule 23](#) who transact business from a location on the PHLX's equity floor shall be deemed to be PHLX floor members.

Adopted.

September 23, 1983.

Amendments.

December 11, 1997 (97-04).

January 9, 2002 (00-01).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 4. Participants Fund

[Click to open document in a browser](#)

Section 1. Each Participant will make a contribution to the Participants Fund. The contribution of each Participant to the Participants Fund shall be fixed by the Corporation in accordance with formulae adopted by the Board of Directors and applied to all Participants on a uniform, non-discriminatory basis.

The Board of Directors in its discretion may from time to time change the formula pursuant to which the contributions of Participants are fixed; provided that any such formula for determining contributions in excess of the minimum contribution shall be based upon a Participant's usage of the Corporation's facilities and applied uniformly, and that notice of any such change shall be given to each Participant at least ten (10) business days in advance of the effective date thereof. The Participants Fund deposit shall be held by the Corporation and shall be applied as provided in these Rules and as specified in the Procedures. The Board of Directors may, ten (10) business days after giving written notice thereof to all Participants, increase or decrease the amount of the Participant's contribution to be maintained; provided that such requirement shall apply to all Participants uniformly.

The Participants Fund may from time to time be partially or wholly invested by the Corporation in United States government obligations or any other investments which provide safety and liquidity of the principal invested. The Participants Fund may not be used to finance margin accounts. The assets in the Participants Fund shall be held separately from the Corporation's corporate assets. Any interest or income derived from Participants Fund contributions of \$50,000 or less per Participant shall accrue solely to the Corporation.

The Corporation may call for an increase in the contribution of a Participant to the Participants Fund when (i) a Participant's actual deposit is less than its required deposit as the result of a pro-rata assessment; (ii) when a Participant increases its use of the Corporation's services; and (iii) when the Corporation calls for additional assurances from a Participant. Except in the case of a Participant from whom the Corporation has called for additional assurances, the Corporation must give a Participant prior notice of any proposed increase in its required contribution, as provided for in Section 7 of this Rule.

The Board of Directors shall conduct reviews at least once every quarter of the Participants Fund to ensure its adequacy in terms of level and composition based upon evaluation of the risks to which the Corporation is subject from time to time.

Rule 4, Section 1 shall be suspended during any period in which the Corporation has suspended its operations and is in an inactive status. For the purposes of the Corporation's rules, policies and procedures, the Corporation is deemed inactive when it suspends clearing of security purchases or sales on the Exchange or other markets and the receipt, deliver and transfer of securities pursuant thereto and settlement money payment thereon; has provided written notice to its Participants of the suspension of its operations; and does not hold any deposits in the Participants Fund.

Section 2. The Participants Fund shall be used for the protection of the Corporation against loss in the performance of its clearance and settlement functions. The Participants Fund shall be used as necessary to meet the participants fund requirements of NSCC and/or DTC for the establishment and maintenance of SCCP's Omnibus Clearance and Settlement Account and NSCC-sponsored custodial account at DTC.

Section 3. (a) If any Participant shall fail to discharge any liability to the Corporation, other than an obligation to make good a deficiency in the amount of its contribution resulting from a pro-rata charge which is governed by Section 5 of this Rule, the amount of its contribution to the Participants Fund, or so much thereof as is necessary, shall be applied toward the discharge of such liability and thereafter such Participant shall, upon demand by the Corporation, immediately make good the deficiency in the amount of its contribution resulting from such application.

(b) If the Corporation suffers a loss in excess of a Participant's contribution to the Participants Fund by reason of such Participant's default, which loss is not fully recovered through insurance or other means, such Participant

shall be required to make good the loss in excess of its contribution to the Participants Fund. If complete recovery cannot be obtained from the defaulting Participant, the excess loss may be made good, at the discretion of the Board of Directors, from unrestricted retained earnings of the Corporation. If the amount of the excess loss cannot be covered by the discretionary application thereto of unrestricted retained earnings of the Corporation, or the Board of Directors elects not to apply such Corporate assets thereto, the excess loss shall be made good out of payments from the Participants Fund. The amount of such payment so used shall be charged pro-rata against all Participants other than the defaulting Participant on the basis of their respective contributions to the Participants Fund at the time of the loss. Each Participant's share of the loss, other than that of the defaulting Participant, shall be limited to twice the amount of its required deposit in the Participants Fund at the time of the loss. Each Participant shall be given notice promptly of the amount of and the reason for any such charge made against it.

(c) If the Corporation suffers a loss by reason of larceny, embezzlement, forgery, misplacement, loss or destruction of securities, or the insolvency of a depository, which loss is not fully recovered through insurance, the unrecovered portion of such loss shall be made good from the Contingency Reserve Fund or the unrestricted retained earnings of the Corporation. If a portion of such loss thereafter remains unpaid, it shall be made good out of payments from the Participants Fund. The amount of such payments so used shall be charged pro-rata against all Participants on the basis of their respective contributions to the Participants Fund at the time of the loss. Each Participant's share of the loss shall be limited to twice the amount of its required deposit in the Participants Fund at the time of the loss. Each Participant shall be given notice to the amount of and the reason for any such charge made against it in accordance with the procedures.

The Participants Fund shall not be used for the protection of the Corporation against losses from day-to-day operating expenses. Participants Fund assets may be used, however, to meet unexpected and unusual requirements for funds by the Corporation to cover extraordinary business losses; provided that (i) no other assets of the Corporation are available to cover such losses; (ii) all reasonable and expeditious measures have been taken by the Corporation to provide funds from other sources, including the assessment and collection of additional fees from Participants; (iii) an adequate contingency fund has been maintained; and (iv) the Corporation undertakes to replace the clearing funds so used within a short period of time, or alternatively, will assess Participants on a pro-rata basis to replenish such funds. Each Participant shall promptly be given notice of the amount of and the reason for any such assessment made against it.

Section 4. If a pro-rata charge is made against a Participant's contribution to the Participants Fund pursuant to Section 3 of this Rule, such Participant shall immediately upon demand, which shall be made by the Corporation as soon as practicable after such charge, make good the deficiency in the amount of its contribution resulting from such pro-rata charge. Failure by a Participant to make good the deficiency on demand shall constitute grounds for termination pursuant to [Rule 18](#); provided that such termination shall not affect the liability of the Participant to the Corporation or affect any remedies which the Corporation may have under applicable law.

Section 5. Whenever a Participant ceases to be such, the amount of its contribution shall be returned to it or its representative, but not until all transactions open at the time it ceases to be a Participant from which losses or payments chargeable to the Participants Fund might result have been closed and all amounts chargeable against its contribution on account of transactions had while it was a Participant have been deducted or, with the approval of the Corporation, another Participant has been substituted on each such transaction or it has presented to the Corporation such indemnities or guarantees as the Corporation in its sole discretion deems satisfactory. Whenever a Participant ceases to be such, it shall continue to be obligated (i) to make good any deficiency in the amount of its contribution not made good prior to such time, including (a) any deficiency resulting from a pro-rata charge in respect of which the Participant has given notice to the Corporation of its election to terminate its business with the Corporation pursuant to Section 9 of this Rule (a "Section 9 pro-rata charge") and (b) any deficiency required to be made good under Sections 3 or 5 of this Rule other than the deficiency referred to in the preceding clause (a), if any, or a pro-rata charge under Section 5 arising after the Section 9 pro-rata charge and (ii) to discharge any liability of the Participant to the Corporation resulting from the transactions of such Participant open at the time it ceases to be a Participant or on account of transactions had

by it while it was a Participant. A Participant or its successor in interest shall be entitled to the return of the Actual Fund Deposit of the Participant three months after the Participant ceases to be a Participant; provided, however, that the Corporation has received such indemnities or guarantees as the Corporation deems satisfactory with respect to all transactions and obligations of the Participant to the Corporation, matured or contingent, which will or may result in a loss or liability to the Corporation. Otherwise, the Actual Fund Deposits of the Participant, net of any known loss or liability to the Corporation, shall be returned to the Participant not later than four years after it ceases to be a Participant.

Section 6. Whenever the contribution required to be made by a Participant to the Participants Fund is to be increased, as a result of a periodic review, made monthly, by the Corporation of the amount of such Participant's contribution, the Corporation shall give at least ten (10) business days notice to the Participant and such increase shall not become effective until the Participant is given an opportunity to give written notice to the Corporation of its election to terminate its business with the Corporation. If, however, the Participant does not give such written notice within ten (10) business days after written notice, given to it by the Corporation in the manner specified in Section 4 of [Rule 2](#), of the increase in the amount of its contribution, the Participant shall contribute to the Participants Fund the amount of the increase at or before the time when the increase becomes effective. In such event, the Participant's obligations hereunder shall, at and after the time when the increase becomes effective, be fixed and determined by the amount of its contribution as increased. For the purposes of this Section, an increase in a Participant's contribution to the Participants Fund shall include an increase resulting from the application of the formula provided for in Section 1 of this Rule and shall also include an increase resulting from a change in such formula.

Section 7. If a Participant's contribution to the Participants Fund, after having been fixed by the Corporation and paid in by the Participant, is thereafter decreased by the Corporation as the result of a periodic review by the Corporation of the amount of such Participant's contribution, the Corporation shall notify the Participant of such decrease in accordance with the procedures. Upon the Participant's written request, the Corporation shall pay the difference, or such lesser amount as the Participant shall request, to the Participant as soon as all transactions open at the time of such decrease from which losses and payments chargeable to the Participants Fund might result have been closed, and after the amount, if any, to be charged against its contribution on account of transactions previously had have been made good by the Participant.

Section 8. If a pro-rata charge against a Participant's contribution is made pursuant to Section 3 of this Rule, the Participant may, at any time within ten (10) business days after notice to it of such charge, give written notice to the Corporation of its election to terminate its business with the Corporation. If the Participant gives such notice, the amount of the pro-rata charge against its contribution shall nevertheless be made.

Section 9. If a loss charged pro-rata against the contribution of Participants is afterward recovered by the Corporation, in whole or in part, the net amount of such recovery shall be credited to the Participants against whose contributions the loss was charged in proportion to the amounts charged against their respective contributions whether or not they are still Participants.

Section 10. Reserve Fund. The Corporation shall establish and maintain a \$3 million Reserve Fund, which may be used to cover all reasonably anticipated operating expenses, that shall be funded in accordance with the following schedule: \$1 million deposited on or before August 11, 1998; another \$1 million deposited on or before August 11, 1999; and another \$1 million deposited on or before August 11, 2000. The purpose of the Reserve Fund is to provide a liquid fund to draw on as necessary when operating funds are insufficient to pay certain specified expenses. The Reserve Fund may from time to time be partially or wholly invested by the Corporation in United States government obligations or any other investments which provide safety and liquidity of the principal invested. The Reserve Fund may not be used to finance margin accounts. The assets of the Reserve Fund shall be held separately from the Corporation's other corporate assets. Any income or interest derived from such investments shall accrue solely to the benefit of the Corporation. All amounts drawn from the Reserve Fund for purposes of meeting the Corporation's operating expenses must be replenished within sixty days following the date of each such withdrawal.

Rule 4, Section 10 shall be suspended during any period in which the Corporation has suspended its operations and is in an inactive status.

Amendments.

August 9, 1996 (96-3).

December 11, 1997 (97-04).

October 27, 2010 (10-03).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 5. Operating Requirements

[Click to open document in a browser](#)

Every Participant shall maintain an office at a location approved by the Corporation, at which office on every business day, during normal business hours there shall be a representative of the Participant, authorized in the name of the Participant, to sign all instruments and transact all requisite business with the Corporation.

There shall be present at said office on every business day during normal business hours, a person authorized on behalf of the Participant to perform such duties as may be required under these Rules.

Participants shall file with the Corporation, the signatures of the members of their firms and of their representatives, who are authorized to sign checks, comparisons, receipts and other papers necessary for conducting the business of the Participant with the Corporation, together with the powers of attorney or other instruments giving such authority.

Each Participant shall be assigned a number, which must appear on all forms used in connection with the member's dealings with the Corporation.

Amendments.

September 23, 1983.

December 11, 1997 (97-04).

Redesignated.

Redesignated from [Rule 1](#) to [Rule 5](#); September 23, 1983.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 6. Trade Recording and Confirmation of Transactions

[Click to open document in a browser](#)

All transactions executed on the PHLX and all other transactions submitted by a Participant to SCCP shall be subject to SCCP trade recording and confirmation. SCCP shall transmit all Participant transactions, except ex-clearing transactions, to NSCC for clearance and settlement. All transactions shall be recorded and confirmed to Participants in accordance with SCCP Procedures. SCCP shall consider each transaction complete and accurate unless notified by the Participant of any inaccuracy prior to settlement date. Participants shall be liable for any loss resulting from their failure to notify SCCP of any such discrepancies.

Amendments.

October 16, 1961; September 11, 1962; April 27, 1966; October 11, 1972; September 14, 1977; September 23, 1983; December 11, 1997.

Redesignated.

Redesignated from [Rule 7](#) to [Rule 6](#); December 11, 1997.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 7. Dividends

[Click to open document in a browser](#)

A listing of dividends due to or from a Member will be distributed by SCCP promptly after the record date. These must be checked at once and SCCP must be notified of any errors therein.

Dividends on securities which are long or short on the record date will be credited or charged on the payable date.

Amendments.

September 11, 1962, effective October 1, 1962; September 23, 1983; December 11, 1997.

Redesignated.

Redesignated from [Rule 11](#) to [Rule 7](#); December 11, 1997.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 8. Reserved.

[Click to open document in a browser](#)

[Reserved].

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 9. Margin Accounts

[Click to open document in a browser](#)

SCCP will provide margin accounts for Margin Members that clear and settle their transactions through SCCP's Omnibus Clearance and Settlement Account. SCCP will margin such accounts based on its Procedures and Regulation T of the Board of Governors of the Federal Reserve System. SCCP may at any time demand that a Margin Member provide additional margin based upon any Margin Member's security position held by SCCP. SCCP shall retain the margin thresholds as specified in its Procedures, and may require adequate assurances/ additional margin in addition to the minimum margin thresholds in order to protect SCCP in issues deemed by SCCP to warrant additional protection. SCCP may demand any such margin payments in federal funds in accordance with its Procedures. SCCP may issue margin calls to any Margin Member when the margin requirement exceeds the Account Equity. SCCP may waive any amount that would trigger a margin call not exceeding \$500. Any failure to meet a margin call shall subject such delinquent Margin Member to the Rule herein governing Disciplinary Proceedings and Penalties and the late margin call payment fine schedule below. SCCP may cease to act for such delinquent Margin Members and will retain a lien on all such Margin Members' accounts and securities therein.

SCCP shall segregate and maintain records on each individual margin account. SCCP will maintain records with respect to the Omnibus Clearance and Settlement Account to reflect all positions in SCCP's margin accounts. In this regard, SCCP is a participant in NSCC and must abide by all NSCC rules and procedures with respect to the Omnibus Clearance and Settlement Account. SCCP shall guarantee the settlement obligations of the Omnibus Clearance and Settlement Account to NSCC. SCCP's books and records for the Omnibus Clearance and Settlement Account shall reflect all activity that occurs in such Account at NSCC and DTC. At any time prior to midnight, Philadelphia time, on the next business day after SCCP receives a Margin Member's trade, SCCP may reverse such a trade from such Member's account. SCCP will settle the Omnibus Clearance and Settlement Account with NSCC each business day. Accordingly, SCCP will be subject to NSCC rules, including but not limited to the following: daily mark-to-market requirements, allocations of long and short securities positions, dividend and reorganization settlement activities, and pledging of collateral and stock loan. Dividends, reorganizations, adjustments, Buy-Ins shall be passed through to Margin Members in accordance with SCCP's Procedures.

••• **Supplementary Material:**___

- .01** (a) Each SCCP Margin Member shall have a "Net Settlement Cap" of two times their net capital as calculated pursuant to Securities Exchange Act Rule 15c3-1 and PHLX Rule 703.
- (b) Each SCCP Margin Member shall have a "Net Settlement Cap" of two times their net capital as calculated pursuant to [Securities Exchange Act Rule 15c3-1](#) and [PHLX Rule 703](#).
- (c) SCCP shall notify each SCCP Margin Member of any settlement obligations to the National Securities Clearing Corporation ("NSCC") above the Net Settlement Cap on the morning following the short settlement transaction (T+1).
- (d) A SCCP Margin Member must obtain approval from the SCCP Board of Directors, or Operations Committee to continue carrying any transactions having an aggregate value above the Net Settlement Cap. Such approval shall be at the sole discretion of the SCCP Board of Directors, or Operations Committee. A SCCP Margin Member may only carry a short settlement transaction with an aggregate value above the Net Settlement Cap until the clearance and settlement of such transaction with NSCC.
- (e) The SCCP Board of Directors, or Operations Committee shall determine, in its sole discretion, whether SCCP will finance the short settlement transaction in excess of the Margin Member's Net Settlement Cap. If the SCCP Board of Directors, or Operations Committee determines that SCCP will not finance such short settlement transaction, the SCCP Margin Member shall be required to pay 100% of the settlement obligations to NSCC above the Net Settlement Cap.

(f) If SCCP does not receive full payment for the amount above the Net Settlement Cap by 3:00 P.M. Eastern Time on the day following the initial notification set forth in paragraph (c) above, i.e., (T+2), SCCP shall cease to act on behalf of such SCCP Margin Member. Additionally, the SCCP Board of Directors, or Operations Committee shall have sole discretion to cancel all transactions that cause a short settlement pursuant to this [Rule 9](#).

Adopted.

December 11, 1997 (97-04).

Amendments.

August 8, 2001 (01-04).

March 29, 2004 (01-09).

October 27, 2010 (10-03).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 10. RIO Accounts

[Click to open document in a browser](#)

In a RIO Account, SCCP records, confirms and transmits transactions to the RIO Participant's NSCC account or its correspondent account that ultimately settles directly with NSCC. SCCP makes no trade guarantees respecting RIO Account transactions. SCCP is solely a trade recording, confirmation and transmission agent of RIO Account Participants' transaction activity.

Adopted.

December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 11. Ex-Clearing Accounts

[Click to open document in a browser](#)

In an Ex-Clearing Account, SCCP records and confirms a transaction, whereby both sides have agreed to settle the transaction outside any registered clearing agency mechanism or whereby both sides have agreed not to transmit the transaction to NSCC for clearing and settlement via SCCP. SCCP makes no trade guarantees respecting Ex-Clearing transactions.

Adopted.

December 11, 1997 (97-04)

Amendment.

March 29, 2004 (02-07)

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 12. Lien on Securities in Accounts

[Click to open document in a browser](#)

In order to secure the payment of all money due from a Participant to SCCP, the Corporation shall have a lien therefor upon all securities in the account of the Participant. Such lien shall continue until all obligations of the Participant to the Corporation have been fulfilled.

Amendments.

October 20, 1948.

October 9, 1974.

May 12, 1976.

December 11, 1997 (97-04)

Redesignated.

Redesignated from [Rule 13](#) to [Rule 12](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 13. Buy-In

[Click to open document in a browser](#)

SCCP shall abide by the Buy-In rules and procedures of NSCC and will serve as a pass-through agent for all such related notices with respect to SCCP Participants.

Amendments.

November 12, 1981, effective April 2, 1982.

December 11, 1997 (97-04).

Redesignated.

Redesignated from [Rule 14](#) to [Rule 13](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 14. Marking to Market

[Click to open document in a browser](#)

SCCP may at any time demand that a Participant mark to the prevailing market price, based upon any Participant's security position held by SCCP from such Participant or any security due such Participant from SCCP.

The Corporation may, when it deems it necessary for the protection of the Corporation and the respective Participants, in view of the price fluctuations in, or volatility or lack of liquidity of any security, or the size of any Participant's accounts, require any Participant to make additional mark to the market payments; or the Corporation may withhold mark to the market payments to any Participant on any position.

The Mark-to-Market monies may from time to time be partially or wholly invested by the Corporation in United States government obligations or any other investments which provide safety and liquidity of the principal invested. Any income or interest derived from such investments shall accrue solely to the benefit of the Corporation. The Mark-to-Market monies may not be used to margin any Participant's positions held in a margin account opened by such Participants with the Corporation. The Mark-to-Market monies shall be held separately from the Corporation's other corporate assets.

Amendments.

September 23, 1983.

December 11, 1997 (97-04).

Redesignated.

Redesignated from [Rule 15](#) to [Rule 14](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 15. Discretionary Termination

[Click to open document in a browser](#)

Section 1. Based on its judgment that adequate cause exists to do so, the Corporation may at any time cease to act for a Participant either with respect to a particular transaction or transactions or with respect to transactions generally. Adequate cause for ceasing to act shall be deemed to exist if:

- (i) the Participant has failed to make any payments required by [Rule 4](#) for a period of 10 business days after demand;
- (ii) the Participant has failed to make any required deposit with the Corporation;
- (iii) the Participant has failed to pay any fine, fee or other charge provided for in these Rules or the Procedures on the payment date thereof;
- (iv) the Participant is in such financial or operating condition that reasonable grounds exist for a determination by the Board of Directors, or of the Corporation if time does not permit action by the Board of Directors, that its continuation as a participant would jeopardize the interests of other Participants;
- (v) the Board of Directors, or a committee authorized thereby, shall have reasonable grounds to believe the Participant or any person associated with the Participant responsible for (a) fraud, fraudulent acts or breach of fiduciary duty, (b) making a misstatement of a material fact or omitting to state a material fact to the Corporation in connection with its application to become a Participant or thereafter, (c) violating any Rule or any agreement with the Corporation or (d) the willful violation of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, the Investment Advisers Act of 1940 or any rule or regulation thereunder or to believe that such ceasing to act is necessary for the protection of Pledges or other Participants or to facilitate the orderly and continuous performance of the Corporation's services;
- (vi) the Participant or any person associated with the Participant has been convicted within the ten years preceding its application to become a Participant or at any time thereafter of any crime, felony or misdemeanor which involves the purchase, sale or delivery of any security or arises out of conduct of the business of a broker, dealer, investment company, investment adviser, underwriter, bank, trust company, fiduciary, insurance company or other financial institution; involves robbery, larceny, embezzlement, fraudulent conversion, forgery or misappropriation of funds, securities or other property; or involves any violation of Section 1341, 1342 or 1343 of Title 18 of the United States Code;
- (vii) the Participant or any person associated with the Participant is permanently or temporarily enjoined by order, judgment or decree of any court or other governmental authority of competent jurisdiction from acting as an investment adviser, underwriter, broker, dealer, investment company, bank, trust company, fiduciary, insurance company or other financial institution or from engaging in or continuing any conduct or practice in connection with any such activity, or in connection with the purchase, sale or delivery of any security; or
- (viii) the Participant or any person associated with the Participant is expelled or suspended from a national securities association or exchange registered under the Securities Exchange Act of 1934, or a corporation which engages in clearance and settlement activities or a securities depository or has been barred or suspended from being associated with any member of such an exchange, association, corporation or securities depository.

The Corporation may determine that adequate cause for ceasing to act does not exist, either unconditionally or on an appropriate temporary or other conditional basis, if the Corporation determines that any standard specified in this Section 1, as applied to a Participant or any person associated with such Participant is unduly or disproportionately severe or that the conduct of such Participant or person associated with such Participant has been such as not to make it against the interest of the Corporation, other Participants, the Pledges or the public to continue to act for such Participant.

For the purposes of this Section 1, the term "person associated with" when applied to any person shall mean any partner, officer or director of such person or any person directly or indirectly controlling or controlled by such person including any employee of such person.

A written report of the reasons for such action shall be promptly made and filed with the Corporation's records. When the Corporation ceases to act for a Participant with respect to a particular transaction or transactions, it will notify such Participant and such other Participants as it deems proper and shall determine what steps are to be taken in respect of the transaction or transactions with respect to which it is ceasing to act for such Participant. When the Corporation ceases to act for a Participant in transactions generally, it will notify such Participant and all other Participants. Any notice that the Corporation has ceased to act for a Participant to any extent shall be given promptly in accordance with the provision contained in [Rule 2](#), Section 3(a), shall state the grounds for the exercise of discretionary termination, and shall state in at least general terms how pending transactions will be affected.

Section 2. After the Corporation has ceased to act for a Participant generally, it shall decline to accept instructions from other Participants with respect to any clearance and settlement business of such Participant and shall decline to accept instructions from such Participant regarding the same, except as provided by the Board of Directors in any particular case.

Section 3. After the Corporation has ceased to act for a Participant, in respect of either a particular transaction or transactions generally, the Corporation shall nevertheless have the same rights and remedies in respect of any Debit Balance due from such Participant or any liability incurred on its behalf as though the Corporation had not ceased to act for it. In addition, the Corporation may, at any time thereafter, sell out any securities held for such Participant from the Corporation, and buy in any securities due the Corporation from such Participant.

Section 4. The Corporation may exercise its powers under Section 1 of this Rule summarily in cases where a Participant has been and is expelled or suspended from any self-regulatory organization; is in default with respect to any obligation to the Corporation; or is in such financial or operating difficulty that the Corporation determines and so notifies the appropriate regulatory agency for such Participant that such suspension and closing of accounts are necessary for the protection of the Corporation, its Participants, creditors or investors. In cases in which the Corporation exercises its powers summarily, a Participant shall have a right of appeal in accordance with the procedures established in [Rule 23](#). In all other cases in which the Corporation exercises its powers under Section 1 of this Rule, the Corporation shall, prior to such exercise, bring specific charges against a Participant and notify such Participant of, and give it an opportunity to defend against, such charges in accordance with the procedure established in [Rule 22](#).

Section 5. The provisions of this Rule shall not apply in a case where a Participant is insolvent, as defined in [Rule 17](#), and in such cases the provisions of [Rule 17](#) shall govern.

Adopted.

October 5, 1983.

Amendment.

December 11, 1997 (97-04).

Redesignated.

Redesignated from [Rule 16](#) to [Rule 15](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 16. Mandatory Termination

[Click to open document in a browser](#)

The Corporation, upon determining to its reasonable satisfaction that none of the qualifications set forth in [Rule 3](#) apply to a Participant, shall cease to act for such Participant with respect to transactions generally as provided in [Rule 16](#), and in such cases the provisions of [Rule 16](#) and the provisions therein as to notice shall govern.

Adopted.

September 23, 1983.

Redesignated.

Redesignated from [Rule 17](#) to [Rule 16](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 17. Insolvency

[Click to open document in a browser](#)

Section 1. A Participant which does not have the ability to pay its debts as they become due in the usual course of business or finds that its liabilities exceed its assets shall immediately inform the Corporation orally and in writing of the situation.

Section 2. A Participant shall be treated by the Corporation in all respects as insolvent:

- (a) in the event specified in Section 1 of this Rule, provided, however, that a Participant shall not be treated as insolvent hereunder in such event if such Participant provides or posts a bond, indemnity or guaranty which the Corporation in its sole discretion deems satisfactory to insure such Participant's performance under such contracts or obligations (without being deemed to have admitted its liability thereunder), or
- (b) if the Participant shall be a member of Securities Investor Protection Corporation, in the event that a court finds that the Participant meets any one of the conditions set forth in clauses A, B, C, or D of [Section 5\(b\)\(1\) of the Securities Investor Protection Act of 1970](#), or
- (c) in the event that the Participant is determined to be insolvent by any agency which regulates such Participant or in the event of the entry of a decree or order by a court having jurisdiction in the premises adjudging the Participant a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Participant under the Federal Bankruptcy Act of any other applicable Federal or State law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Participant or of any substantial part of its property, or ordering the winding up or liquidation of its affairs or the institution by the Participant of proceedings to be adjudicated a bankrupt or insolvent or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under the Federal Bankruptcy Act or any other applicable Federal or State law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Participant or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Participant in furtherance of any such action.

Section 3. As used in this Rule, the phrase "Time of Insolvency" shall mean the time when the Corporation determines to its reasonable satisfaction that any event specified in Section 2 of this Rule has occurred.

Section 4. From and after the Time of Insolvency of a Participant, the Corporation shall cease to act for it, except as determined by the Corporation in any particular case. The Corporation shall as soon as possible after the Time of Insolvency notify the insolvent Participant and other Participants whether it has ceased to act for the insolvent Participant pursuant to the provisions of this Rule and such notice shall state, at least in general terms, how pending matters will be affected and what steps are to be taken in connection therewith.

Section 5. From and after the Time of Insolvency the Corporation shall decline to accept instructions from other Participants with respect to any transfer of securities positions to the insolvent Participant and may decline to accept instructions from the insolvent Participant with respect to the transfer of securities positions to other Participants in order to protect itself and other Participants, except as provided by the Board of Directors in any particular case.

Section 6. Upon the insolvency of a Margin Member, contracts of such insolvent in a margin account subject to [Rule 9](#) shall not be automatically processed but may be processed at the discretion of the Corporation. Such contracts that are not processed will be canceled on the books of the Corporation, and the details of all unsettled canceled transactions shall be provided promptly to the parties affected.

The provisions of this Section shall not apply to those contracts guaranteed by the Corporation pursuant to its account guarantee policy referenced in [Rule 9](#).

Section 7. On and after T+2, the Corporation shall buy in the securities due it from such participant, and sell out the securities due to the participant from the Corporation.

Amendments.

October 11, 1972

October 5, 1983.

April 11, 1995 (95-07).

December 11, 1997 (97-04).

Redesignated.

Redesignated from [Rule 18](#) to [Rule 17](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 18. Reinstatement

[Click to open document in a browser](#)

A Participant for which the Corporation shall have ceased to act pursuant to the provisions of [Rule 16](#), [17](#) or [18](#) may at any time be reinstated by the affirmative vote of a majority of the entire Board of Directors.

Adopted.

September 23, 1983.

Redesignated.

Redesignated from [Rule 19](#) to [Rule 18](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 19. Suspension of Rules or Extension of Time

[Click to open document in a browser](#)

The time fixed by or pursuant to these Rules for the doing of any act or acts may be extended, or the doing of any act or acts required by these Rules may be waived or suspended by the Corporation whenever in its judgment such extension, waiver or suspension is necessary or desirable. A written report of any such extension, waiver or suspension (other than an extension of time of less than four hours), stating the pertinent facts, the identity of the person or persons who authorized such extension, waiver or suspension and the reason such extension, waiver or suspension was deemed necessary or expedient, shall be promptly made and filed with the corporation's records and shall be available for inspection by any Participant during regular business hours on business days. Any such extension or waiver may continue in effect after the event or events giving rise thereto but shall not continue in effect for more than 60 calendar days after the date thereof unless it shall have been approved by the Board of Directors within such period of 60 calendar days.

Amendment.

September 23, 1983.

Redesignated.

Redesignated from [Rule 20](#) to [Rule 19](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 20. Statements

[Click to open document in a browser](#)

[Rule 20](#) was removed effective August 1, 2001.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 21. Bills Rendered

[Click to open document in a browser](#)

The Board of Directors may, from time to time, fix and impose charges or fees to be paid to this corporation by participants or pledgees for use of equipment or facilities or for particular services or privileges granted.

Such charges or fees as adopted from time to time by the Board of Directors shall be published in a schedule and distributed to Participants, pledgees, and other interested parties.

Bills will be rendered to Participants and pledgees monthly, and shall be due upon presentation. On the fifteenth day of each month, or the first business day following such day if the fifteenth falls on a Saturday, Sunday, or holiday, the Corporation will charge the accounts of such Participants and pledgees with the amount thereof for the preceding month.

Amendments.

November 10, 1948

June 16, 1949

May 23, 1951, effective June 1, 1951

September 14, 1951, effective October 1, 1951

July 18, 1957, effective August 1, 1957

July 21, 1960, effective August 1, 1960

September 8, 1960

October 23, 1963, effective February 3, 1964.

April 17, 1971.

August 8, 1974.

September 24, 1975.

June 8, 1977.

February 1, 1978.

March 23, 1978.

November 6, 1978.

February 14, 1979.

April 30, 1979.

May 9, 1979, effective June 4, 1979.

October 31, 1979.

January 23, 1980.

June 11, 1980, effective June 23, 1980.

September 10, 1980, effective October 20, 1980.

November 12, 1980, effective January 5, 1981.

March 11, 1981, effective May 1, 1981.

January 1, 1982.

April 14, 1982, effective May 1, 1982.

September 9, 1981, effective May 1, 1982.

Redesignated.

Redesignated from [Rule 23](#) to [Rule 22](#); September 23, 1983; [Rule 22](#) to [Rule 21](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 22. Disciplinary Proceedings and Penalties

[Click to open document in a browser](#)

Section 1. The President of the Corporation or his designee, acting for the Corporation shall be empowered to authorize the initiation of disciplinary proceedings for alleged violations by any participant of the By-Laws and Rules of the Corporation or any interpretations thereof; the rules, regulations, resolutions and stated policies of the Board of Directors or any committee of the Corporation; or any procedures established by the Board or any such committee.

Section 2. When the initiation of disciplinary proceedings is authorized, the President of the Corporation, or his designee, with the assistance of the staff of the Corporation, shall prepare a complaint containing a statement of charges setting forth the specific provisions within the disciplinary jurisdiction of the Corporation alleged to have been violated, the participant or participants alleged to have committed each of the violations (Respondent) and the specific acts which give rise to the alleged violations. A copy of the complaint containing such statement of charges shall be served upon the Respondent in accordance with Section 9 of this Rule.

Section 3. The Respondent shall have 15 business days after service of the complaint to file a written answer thereto. The answer shall specifically admit or deny each allegation contained in the complaint, and the Respondent shall be deemed to have admitted any allegation not specifically denied. The answer may also contain any defense which the Respondent wishes to submit and may be accompanied by documents in support of his answer or defense. In the event the Respondent fails to file an answer, the charges shall be considered to be admitted.

Section 4. (a). Unless waived by the Respondent under Section 5 of this Rule, a hearing on the charges shall be held before a Hearing Committee composed of three disinterested members of the Board of Directors appointed for the purpose by the Chairman of the Board of Directors. Any other person possessing expertise over matters to be considered at the hearing may participate in the hearing in a capacity agreed upon by the Respondent and the Hearing Committee. The Corporation and the Respondent shall be the parties to the hearing.

(b) Notice and List of Documents. Parties shall be given at least 15 business days notice of the time and place of the hearing. Not less than eight business days in advance of the scheduled hearing date, each party shall furnish to the Hearing Committee and to the other parties copies of all documentary evidence such party intends to present at the hearing. Where time and the nature of the proceeding permit, the parties shall meet in a pre-hearing conference for the purpose of clarifying and simplifying issues and otherwise expediting the proceeding. At such pre-hearing conference, the parties shall attempt to reach agreement respecting the authenticity and contents of documents, facts and issues not in dispute, and any other items which will serve to expedite the hearing of the matters.

(c) Conduct of Hearing. The Hearing Committee shall determine all questions concerning the admissibility of evidence and shall otherwise regulate the conduct of the hearing. Formal rules of evidence shall not apply. The charges shall be presented by a representative of the Corporation who, along with Respondent and any other party, may present evidence and produce witnesses who shall testify under oath and shall be subject to cross examination and questioning by the Hearing Committee. The Hearing Committee may request the production of documentary evidence and witnesses. The Respondent shall be entitled to be represented by counsel. A transcript of the hearing shall be made and shall become a part of the record.

Section 5. Notwithstanding the provisions of Section 4 of this Rule, when the Respondent has admitted to the violations charged in the complaint, the Respondent may waive a hearing and the Hearing Committee appointed to hear the matter may make a decision that violations within the disciplinary jurisdiction of the corporation have occurred as charged and may impose sanctions upon the Respondent for such conduct. Notice and a copy of such decision shall be served promptly upon Respondent. No later than 10 business days after service, Respondent may file a petition with the Hearing Committee asking it to set aside the sanctions imposed and

requesting a hearing on such petition. The case shall then proceed in accordance with Sections 4, 7 and 8 of this Rule. If a petition is not filed within the specified time period, the decision shall become final and the Respondent shall have waived any and all rights of review.

Section 6. After a Hearing Committee has been appointed during the course of any proceeding under this Rule, the Respondent may submit to the Hearing Committee a written offer of settlement which shall contain a proposed stipulation of facts and shall consent to a specified penalty. Where the Hearing Committee accepts an offer of settlement, it shall issue a decision, including findings and conclusions and imposing a penalty, consistent with the terms of such offer. Where the Hearing Committee rejects an offer of settlement, it shall notify the Respondent and the matter shall proceed as if such offer had not been made, and the offer and all documents relating thereto shall not become part of the record. A decision of the Hearing Committee issued upon acceptance of an offer of settlement, as well as the determination of the Hearing Committee whether to accept or reject such an offer, shall be final, and the Respondent may not seek review thereof.

Section 7. Following a hearing conducted pursuant to Section 4 of this Rule, the Hearing Committee shall prepare a decision in writing, based solely on the record, determining whether the Respondent has committed a violation and imposing the penalty, if any, therefor. The decision shall include a statement of findings and conclusions, with the reasons therefor, upon all material issues presented on the record. Where a penalty is imposed, the decision shall include a statement setting forth the acts or practices in which the Respondent has been found to have engaged, the specific provisions within the disciplinary jurisdiction of the Corporation of which the acts, or practices or omissions to act are deemed to be in violation; and the sanctions imposed and the reasons therefor. The Respondent shall be sent promptly a copy of the decision.

Section 8. (a) Penalties. Participants shall be appropriately disciplined for violations under these disciplinary rules by expulsion, suspension, fine, censure, limitation or termination as to activities, functions, operations, or any other fitting sanction, including but not limited to, the requiring of such cash or other deposits by a participant as shall be necessary or appropriate to protect the Corporation, pledgees and other participants in the circumstances.

(b) Effective Date. Decisions rendered and penalties imposed under this Rule except as provided in Sections 5 and 6 hereof, shall not become effective until the Corporation's appeal process is completed or the decision or penalty or both otherwise become final. Pending effectiveness of a decision imposing a penalty on the Respondent, the President or his designee may, if he considers it necessary for the financial protection of the Corporation and its other Participants, limit the Respondent with respect to access to services of the Corporation or require further assurances from the Respondent of its ability to finance its commitments.

Section 9. (a) Service of Notice. Any charges, notices, or other documents may be served upon the Respondent either personally or by leaving the same at his place of business or by deposit in the United States post office, postage prepaid via registered or certified mail addressed to the Respondent at his address as it appears on the books and records of the Corporation.

(b) Extension of Time Limits. Any time limits imposed under these disciplinary rules for the submission of answers, petitions or other materials may be extended by permission of the authority or committee before whom the matter is currently pending.

Adopted.

October 5, 1983.

Redesignated.

Redesignated from [Rule 23](#) to [Rule 22](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: http://researchhelp.cch.com/License_Agreement.htm

Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 23. Right of Appeal

[Click to open document in a browser](#)

Section 1. A Participant or an applicant to become a Participant, as the case may be, shall have the right to appeal from any decision or decisions of the Corporation:

- (a) which denies such applicant's application to become a Participant; or
- (b) to cease to act for such Participant pursuant to [Rule 15](#), [16](#) or [17](#); or
- (c) resulting in sanctions or penalties imposed under [Rules 9](#), [20](#) or [22](#).

Section 2. (a) In the following types of actions taken or proceedings conducted by the Corporation, as set forth in Section 1 of this Rule, an appeal shall not impair the validity or stay the effect of the action or decision appealed from unless and until the action or decision is revised or modified in accordance with this Rule:

- (i) Denial by the Corporation of a person's application to become a Participant;
- (ii) Ceasing to act for a Participant pursuant to [Rules 15](#), [16](#) or [17](#), either generally or in respect to particular transactions or services, in cases where a Participant has been and is expelled or suspended from any self-regulatory organization, is in default of any obligation to the Corporation; or is in such financial or operating difficulty that the Corporation determines and so notifies the appropriate regulatory agency for such Participant that such suspension and closing of accounts are necessary for the protection of the corporation, its participants, creditors or investors.

A person or Participant shall be notified promptly of the specific grounds which constitute the basis for the action taken or decision rendered and of his or its right to a hearing thereon through the appeal process under this Rule.

(b) In the remaining types of actions taken or proceedings conducted by the Corporation as set forth in Section 1 of this Rule but not included in Section 2(a) hereof, an appeal taken from such actions or decision shall stay their effective dates and any penalties imposed until the Corporation's review process is completed or the decision otherwise becomes final. Upon the request of any person having a right of appeal hereunder, the Corporation shall furnish such person with a statement setting forth the specific grounds which constitute the basis for the action taken or the decision rendered with respect to which the right of appeal exists.

Section 3. An appeal shall be in writing and shall state with particularity the decision of the Corporation from which the appeal is made and the alleged conduct upon which it was based, the provision of Section 1 of this Rule under which the appeal is made and the error, inequity or other infirmity in the decision from which the appeal is made. The appeal shall indicate whether or not the Participant or applicant desires to be personally present at the hearings of the appeal and whether or not it is to be represented by counsel thereat. No appeal shall be considered unless it is delivered to the Corporation within 30 calendar days after the Participant or applicant making the appeal is notified by the Corporation of the decision from which the appeal is made.

Section 4. An appeal shall be considered and decided by a committee composed of three members of the Board of Directors appointed for this purpose by the Chairman of the Board of Directors or the President of the Corporation; provided, however, that such committee shall not include any person who had responsibility for the specific decision from which the appeal is made. The appeal shall be heard by such committee within 15 business days after it is delivered in completed form to the Corporation unless the person making the appeal shall agree to a longer period. Any Participant or applicant making an appeal shall be notified at least 5 business days before the Committee meets to consider and decide his appeal of the place, date and hour of such meeting, unless such Participant or applicant agrees to a lesser notice period. The Committee shall, after consideration of the appeal and within 10 business days after the appeal is heard, by vote of a majority of the then members of the Committee affirm, reverse or modify the decision from which the appeal was made, provided that the Committee shall not have the power to increase the sanction imposed by any decision from which an appeal is made. There shall be no appeal from a decision of the Committee, but all decisions of the Committee together with the record of the appeal shall be reported to the Board of Directors which shall have the

power, in its discretion, to reduce any sanction or reverse any decision of the Committee which is adverse to the Participant or applicant making the appeal.

Section 5. Each appeal, any decision with respect to such appeal by the Committee appointed by the Board of Directors to hear the appeal and any decision by the Board of Directors with respect to a decision by the Committee shall be filed with the Corporation's records with the attendant findings and conclusions and promptly delivered to the Securities and Exchange Commission. A record or summary shall be kept of the hearing, if any, of such appeal, which record or summary shall be filed with the Corporation's records and made available on request to the aforementioned regulatory agency with its attendant findings and conclusions.

Section 6. The corporation may, at any time, or from time to time, establish procedures for the consideration of appeals from other decisions of the Corporation as it shall deem necessary or expedient.

Adopted.

September 23, 1983.

Amendments..

July 25, 1988.

August 20, 2001.

Redesignated

Redesignated from [Rule 24](#) to [Rule 23](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 24. Miscellaneous Services

[Click to open document in a browser](#)

SCCP may represent its members as a direct inquirer to assist them in determining that certain securities have not been reported missing, lost, stolen or counterfeit as required by [SEC Rule 17f-1](#).

Adopted.

May 17, 1978.

Amendment..

December 11, 1997 (97-04).

Redesignated.

Redesignated from [Rule 25](#) to [Rule 24](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 25. Late Charge

[Click to open document in a browser](#)

There shall be imposed upon any Participant using the facilities or services of SCCP, or enjoying any of the privileges therein, a late charge until payment is received of dues, fees, fines or other charges imposed by SCCP and not paid within thirty (30) days after notice thereof has been mailed. The amount of such late charge shall be fixed from time to time by the Board of Directors. Such delinquent Participant shall, at the same time, be notified to appear before the Board of Directors and show cause why he should not suffer suspension or termination of its privileges with SCCP, or such other penalties as the Board may deem appropriate under the circumstances.

••• **Supplementary Material:**—

The amount of the late charge authorized by [Rule 25](#) has been established at the rate of one per cent (1%) per month. [Rule 25](#) and the rate herein established shall become effective on and after October 2, 1978.

Adopted.

October 3, 1978.

Amendments.

March 14, 1979, effective August 24, 1979.

December 11, 1997 (97-04).

Redesignated.

Redesignated from [Rule 26](#) to [Rule 25](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 26. Receipt and Release of Trade and Clearing Data with Self-Regulatory Agencies, Clearing Agencies, and/or Service Bureaus

[Click to open document in a browser](#)

The Corporation may determine, in its discretion, to transmit to or accept from other self-regulatory agencies, registered clearing agencies (either directly or through subsidiary organizations) and/or service bureaus, initial or supplemental trade data on behalf of settling members for input into the Corporation's Comparison System. Such data shall be in a form acceptable to the Corporation, in its discretion, and shall be received within such time frame as the Corporation may, in its discretion, require. Data reported by any such organization(s) to the Corporation shall not be deemed to be reported by the member to the Corporation until such data is accepted by the Corporation.

A determination by the Corporation to transmit to or accept data from such organization(s) on behalf of a settling Member shall not be deemed to be an approval of such organization(s), or an assumption by the Corporation of any responsibility or liability for such organization's operation or failure to operate, which shall remain solely between the Member and such organization(s). The Corporation shall be entitled to rely upon any data so submitted without inquiry into the accuracy or validity of such data. It shall be the responsibility of the Member to take appropriate corrective action to resolve any differences resulting from the submission of incorrect data to the Corporation. Acceptance by the Corporation of such data from such organization(s) shall not relieve the settling Member from or alter, amend, or modify any obligations of the settling Member pursuant to the Rules of Stock Clearing Corporation of Philadelphia.

The Corporation, in its sole discretion, may release Clearing Data relating to Participants to regulatory organizations and self-regulatory organizations as defined in the Securities Exchange Act of 1934, as amended, or other comparable Federal or State statutes, as well as to clearing organizations affiliated with or designated by contract markets trading specific futures products under the oversight of the Commodity Futures Trading Commission, provided, however, that nothing in this Rule shall prevent the Corporation from releasing Clearing Data to others, provided that such data shall be in a form as to prevent the disclosure, whether patently or in easily discernible format, of proprietary and/or confidential financial, operational or trading data of a particular Participant or inappropriately arranged groups of Participants. With respect to the foregoing, the release of any Clearing Data shall be conditioned upon either (i) a written request, or (ii) the execution of a written agreement with the Corporation, whichever appropriate in the Corporation's discretion and the Corporation, in its discretion, shall establish the conditions under which such data shall be released and the fees, if any, to be paid for such data.

The term "Clearing Data" shall mean, for the purposes of this Rule, transaction and other data which is received by the Corporation in the trade capture, transmission and clearance and/or settlement process of the Corporation, or such data, reports or summaries thereof, which may be produced as a result of processing such data. The foregoing notwithstanding, this Rule is not intended to, nor shall it be deemed to be in contravention, or a limitation, of the Corporation's obligations, as a self-regulatory organization, to cooperate and share data with other regulatory and self-regulatory organizations for regulatory purposes.

Adopted.

January 18, 1983.

Amendments.

January 19, 1996 (95-06).

December 11, 1997 (97-04).

Redesignated.

Redesignated from [Rule 28](#) to [Rule 26](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: http://researchhelp.cch.com/License_Agreement.htm

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 27. Insurance

[Click to open document in a browser](#)

The Corporation shall use its best efforts to maintain such insurance, including fidelity bonds, in such amounts and having such coverage as the Board of Directors shall deem appropriate. The insurance policies or contracts pursuant to which such insurance is provided shall be open to the inspection of the Participants at the offices of the Corporation during regular business hours on business days. If the Corporation shall materially reduce the amount or coverage of any such insurance or the persons providing such insurance shall notify the Corporation of a material reduction in the amount of coverage thereof, the Corporation shall promptly notify each Participant and the Securities and Exchange Commission thereof stating the effective date of such reduction.

Adopted.

September 23, 1983.

Redesignated.

Redesignated from [Rule 29](#) to [Rule 27](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 28. Financial Reports

[Click to open document in a browser](#)

The company shall furnish to Participants within 60 days following the close of its fiscal year, unconsolidated audited comparative financial statements prepared in accordance with generally accepted accounting principles and which are covered by a report prepared by its independent public accountant.

The company shall have available to Participants within 30 days following the close of each fiscal quarter unaudited quarterly financial statements. The quarterly financial statements shall consist of (1) a statement of financial position at the end of the most recent fiscal quarter and as of the end of the corresponding period of the preceding fiscal year, (2) a statement of changes in financial position for the period between the end of the last fiscal year and the end of the most recent fiscal quarter and for the corresponding period of the preceding fiscal year, and (3) a statement of results of operations for the most recent fiscal quarter and for the period between the end of the last fiscal year and the end of the most recent fiscal quarter and for corresponding periods of the preceding fiscal year.

The Corporation will make available to Participants on an annual basis a report on a review of internal control, prepared by its independent public accountants, not later than 60 days after the period covered by the report.

Rule 28 shall be suspended during any period in which the Corporation has suspended its operations and is in an inactive status.

Adopted.

September 23, 1983.

Redesignated.

Redesignated from [Rule 30](#) to [Rule 28](#); December 11, 1997 (97-04).

Amendment.

October 27, 2010 (10-03).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 29. Standard of Care

[Click to open document in a browser](#)

SCCP acknowledges that it will become liable to Participants in the event that it fails to deliver Participants' securities positions as a result of (1) negligence or misconduct by its employees or agents, (2) the placement on fully-paid-for Participants' securities positions held by it of any lien, claim, right or charge of any kind in favor of itself, its agents, or any person claiming through any one or more of them, (3) theft or (4) any cause for which it has assumed responsibility.

Adopted.

September 23, 1983.

Amendment..

December 11, 1997 (97-04).

Redesignated.

Redesignated from [Rule 31](#) to [Rule 29](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 30. Admission to Premises

[Click to open document in a browser](#)

No person will be permitted to enter the premises of the Corporation on behalf of any participant unless he has first been approved by the Corporation and has been issued such credentials as the Corporation may from time to time prescribe and such credentials have not been canceled or revoked. Such credentials must be shown on demand and to gain entry to the Corporation's premises, must be prominently displayed while on said premises and may limit the portions of the premises to which access is permitted thereunder. Any credentials issued pursuant to this Rule may be revoked at any time by the Corporation in its discretion, and prompt notice of such revocation shall be given to the employer of the person whose credentials have been so revoked.

Every person to whom credentials have been or may hereafter be issued by the Corporation (which credentials have not been revoked) authorizing such person to have access, during the hours when deliveries are to be received, to the portion of the Corporation's premises in which deliveries are received, shall be deemed to have been authorized by such Participant to receive and deliver securities or other items on behalf of such Participant.

Each Participant shall, if any person in its employ, to whom any credentials have been issued pursuant to this Rule or to whom a power of attorney or other authorization has been given to act for it in connection with the business of the Corporation, shall for any reason cease to be so employed, give to the Corporation immediate notice in writing of such termination of employment; and if any such power of attorney or other authorization is otherwise revoked or canceled, shall likewise give to the Corporation immediate notice in writing of such revocation or cancellation. All credentials issued pursuant to this Rule shall be immediately surrendered to the Corporation, accompanied by a written statement specifying that they are being surrendered pursuant to this Rule, upon their revocation by the Corporation or by the employer or upon the termination of the employment of the holder thereof.

Unless revoked by the Corporation, all credentials, authorizations and powers of attorney issued pursuant to this Rule or in connection with the work of the Corporation shall remain in full force and effect until the Corporation shall have received written notice of the revocation thereof or of the termination of the holder's employment.

Necessary credentials for entering the Corporation's premises will be provided as specified in the Procedures.

Adopted.

September 23, 1983.

Redesignated.

Redesignated from [Rule 32](#) to [Rule 30](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 31. Forms

[Click to open document in a browser](#)

In connection with any transactions or matters handled through, with, or by the Corporation under or pursuant to these Rules or the Procedures, such forms, lists, notices, and other documents shall be used as the Corporation may from time to time prescribe; and additions to, changes in, and elimination of any such forms may be made by the Corporation at any time in its discretion.

Adopted.

September 23, 1983.

Redesignated.

Redesignated from [Rule 33](#) to [Rule 31](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 32. Business Days

[Click to open document in a browser](#)

The Procedures shall specify the days on which the Corporation will be open for business. The Corporation shall not be required to be open for business on any day solely because it is a business day in one or more locations where Participants engage in business. Any deliveries to the Corporation, any deliveries which the Corporation is required to make and any transactions which the Corporation is instructed to effect on days on which the Corporation is not open for business will be accepted, made or effected on the next day on which the Corporation is open for business.

Adopted.

September 23, 1983.

Redesignated.

Redesignated from [Rule 34](#) to [Rule 32](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 33. Facsimile Signatures

[Click to open document in a browser](#)

A Participant may execute any document to be delivered to the Corporation or to any other Participant pursuant to these Rules or the Procedures in order to effect transactions through the facilities of the Corporation by means of a mechanically reproduced facsimile signature of a representative of the Participant, provided the Participant shall have (i) executed and filed with the Corporation, in form prescribed by it, an agreement with respect to the use of such facsimile signature; (ii) if the Participant is a corporation, filed with the Corporation, in the form prescribed by it, a certified copy of resolutions of the Board of Directors of such Participant authorizing the execution and filing with the Corporation of such agreement; and (iii) complied with such other requirements as may be prescribed by the Corporation in connection with the use of facsimile signatures.

Adopted.

September 23, 1983.

Redesignated.

Redesignated from [Rule 35](#) to [Rule 33](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 34. Procedures

[Click to open document in a browser](#)

The Board of Directors shall pursuant to these Rules prescribe from time to time Procedures and other regulations in respect of the business of the Corporation. The Board of Directors may by resolution delegate to the Chairman of the Board the power to prescribe Procedures and regulations. Each participant and the Corporation will be bound by such Procedures and regulations and any amendment thereto in the same manner as it is bound by the provisions of the By-Laws and these Rules. Participants and Pledgees shall be given 10 business days notice of any amendment to the Procedures.

Adopted.

September 23, 1983.

Redesignated.

Redesignated from [Rule 36](#) to [Rule 34](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 35. Delegation

[Click to open document in a browser](#)

Except where action by the Board of Directors is specifically required by the Rules, the Corporation may act by the Chairman of the Board, the President, any Executive Vice President or any Vice President or by such other person or persons, whether or not employed by the Corporation, as may be designated by the Board of Directors from time to time.

Adopted.

September 23, 1983.

Redesignated.

Redesignated from [Rule 37](#) to [Rule 35](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 36. Instruments with Exercise Privileges

[Click to open document in a browser](#)

A Participant with a Long Value Position in a CNS Security to which an exercise privilege attaches who wishes to exercise that security (the "originator") may file with the Corporation, at or before the time specified in the Procedures, a Notice of Intention to Exercise in the form prescribed by the Procedures.

In the event that the securities covered by the Notice of Intention to Exercise are not received by the originator prior to the time specified in the Procedures, the Corporation will remove the position or positions representing those short Participants. The Corporation will issue, in the time specified in the Procedures of NSCC as may be amended from time to time, instructions naming a failing to receive Participant and a failing to deliver Participant.

A Participant with a Short Value Position to which an exercise privilege attaches will be advised of its potential liability based on its Short Value Position or Short Settling Trade position.

A Participant with a Long Value Position in a security to which an exercise privilege attaches may submit to the Corporation a Notice of Intention to Exercise ("Exercise Notice") specifying a quantity of securities not exceeding such Long Value Position which it intends to exercise ("Exercise Position") by the time and in a manner established by the Corporation and NSCC. (Hereinafter such Participant is referred to as the "originator.") For the purpose of this subsection, the day the Exercise Notice is submitted is referred to as N, and N+1 refers to the succeeding day.

If an Exercise Position remains unfilled after NSCC's allocation on N, the Corporation will remove this position and will remove a corresponding short position(s), based on a random allocation method in an aggregate quantity at least equal to the Exercise Position. If a Participant needed to satisfy the Exercise Position has a greater quantity of short positions than is needed, positions will be removed on a random basis. On behalf of NSCC, SCCP will issue and make available receive and deliver instructions on the morning of N+1 naming a failing to deliver Participant.

The failing to deliver Participant shall be liable to the originator for any damages that result from the originator's inability to exercise the security in accordance with NSCC's rules and procedures as may be amended from time to time. Absent any provisions to the contrary in NSCC's rules and procedures, all claims for such damages shall be made promptly; liability of the failing to deliver Participant shall continue even though exercises of the security may be temporarily suspended; and notwithstanding the foregoing, if the failing to deliver Participant is able to deliver the security to the tender agent, the liability may be satisfied by delivery of the Exercise Position.

Adopted.

May 17, 1991.

Amendments.

March 17, 1995 (94-07).

December 11, 1997 (97-04).

Redesignated.

Redesignated from Rule 40 to [Rule 36](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: http://researchhelp.cch.com/License_Agreement.htm

Nasdaq PHLX Rules, Regulation, Rule 37. UCC Article 8 Applicability

[Click to open document in a browser](#)

In the interest of providing uniformity, consistency and predictability with regard to transfers and pledges of securities cleared and/or settled by NSCC through the SCCP account at NSCC, or any other such clearance and settlement services such as those attendant to RIO clearing and settling transactions, the rights and obligations of SCCP, Participants and pledgees with respect to transfers and pledges of securities, to the extent Article 8 of the Uniform Commercial Code applies thereto, will be governed by and construed in accordance with Article 8 of the Uniform Commercial Code of New York in effect from time to time.

Adopted.

January 26, 1996 (96-01).

Amendment..

December 11, 1997 (97-04).

Redesignated

Redesignated from Rule 41 to [Rule 37](#); December 11, 1997 (97-04).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.

Nasdaq PHLX Rules, Regulation, Rule 38. Captions

[Click to open document in a browser](#)

Captions to any Rules are for information and guidance only, are not part of any Rule and are to be given no consideration in applying or construing any Rules.

Adopted.

September 23, 1983.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq PHLX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq PHLX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq PHLX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq PHLX Rules at its discretion.