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December 20, 2021

Via Electronic Mail

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street, N.E.,
Washington, D.C. 20549-1090

Re: File No. SR-BOX-2021-06

Dear Ms. Countryman:

BOX Exchange LLC filed Amendment No. 2 to the above-referenced filing on December 20, 2021, to amend and supersede the original filing, as amended by Amendment 1, in its entirety.

Best,

A handwritten signature in black ink that reads "L.J. Fall".

Lisa J. Fall
President
BOX Exchange LLC

Encl. (Amendment No. 2 to SR-BOX-2021-06)



Required fields are shown with yellow backgrounds and asterisks.

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2021 - * 06

Amendment No. (req. for Amendments *) 2

Filing by BOX Exchange LLC.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input type="checkbox"/>	Amendment * <input checked="" type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
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Rule

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010
Section 806(e)(1) *

Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Alanna Last Name * Barton

Title * General Counsel

E-mail * [REDACTED]

Telephone * [REDACTED] Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, BOX Exchange LLC. has duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date 12/20/2021

(Title *)

By Alanna Barton

General Counsel

(Name *)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.



Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS website.

Form 19b-4 Information *

Add Remove View

SR-BOX-2021-06_Amendment 2 (For

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

SR-BOX-2021-06_Amendment 2 (Exf

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

Add Remove View

Redline - SR-BOX-2021-06 (Exhibit 4/
Redline - SR-BOX-2021-06 (Exhibit 4E

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item 1 and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 19b-4

Proposed Rule Change
by

BOX EXCHANGE LLC

Pursuant to Rule 19b-4 under the
Securities Exchange Act of 1934

Item 1. Text of the Proposed Rule Change

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 as amended (“Exchange Act”),¹ BOX Exchange LLC (“BOX” or the “Exchange”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to adopt rules to govern the trading of equity securities on the Exchange through a facility of the Exchange known as Boston Security Token Exchange LLC (“BSTX”). As described more fully below, BSTX would operate a fully automated, price/time priority execution system for the trading of “Securities,” which would be equity securities that meet BSTX listing standards and for which certain information regarding orders and executions on BSTX would be recorded and disseminated on a proprietary market data feed that BSTX operates using a proprietary blockchain system (“BSTX Market Data Blockchain”). The proposed additions to the Exchange’s Rules setting forth new Rule Series 17000 – 29000 have been submitted with the proposal as Exhibit 5A. All text set forth in Exhibit 5A would be added to the Exchange’s rules and therefore underlining of the text is omitted to improve readability. Forms proposed to be used in connection with the proposed rule change, such as the application to become a BSTX Participant, have been submitted with the proposal as Exhibits 3A through 3L.

In addition, the Exchange proposes to make certain amendments to several existing BOX Rules to facilitate trading on BSTX. The proposed changes to the existing BOX Rules would not change the core purpose of the subject Rules or the functionality of other BOX trading systems and facilities. Specifically, the Exchange is seeking to amend BOX Rules 100, 2020, 2060, 3180, 7130, 7150, 7230, 7245, IM-8050-3, 11010, 11030, 12030, and 12140. These proposed changes are set forth in Exhibit 5B. Material proposed to be added to the Rule as currently in

¹ 15 U.S.C. 78s(b)(1).

effect is underlined and material proposed to be deleted is bracketed.

All capitalized terms not defined herein have the same meaning as set forth in the Exchange's Rules.²

Item 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by officers of the Exchange pursuant to authority delegated by the Exchange Board of Directors ("Board"). No further action is necessary for the filing of the proposed rule change.

Questions should be addressed to Lisa J. Fall, President at (617) 235-2235.

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

(a) Purpose

The Exchange is proposing to adopt a series of rules to govern the trading of certain equity securities through a facility of the Exchange known as BSTX and make certain amendments to the existing BOX rules to facilitate trading on BSTX. As described more fully below, BSTX would operate a fully automated, price/time priority execution system ("BSTX System") for the trading of certain equity securities that would be considered "Securities" under the proposed rules. The "Securities"³ under the proposed rules would be equity securities that meet BSTX listing standards and that trade on the BSTX System. The Exchange would operate the BSTX Market Data Blockchain, which would record certain information regarding orders

² The Exchange's Rules can be found on the Exchange's public website: <https://boxoptions.com/regulatory/rulebook-filings/>.

³ As discussed further below, BSTX proposes to use the term "Security" to refer to BSTX-listed securities to distinguish them from other securities issued by an issuer that the issuer does not list on BSTX.

and transactions occurring on BSTX with respect to Securities. All BOX Participants would be eligible to participate in BSTX provided that they become a BSTX Participant pursuant to the proposed rules. Under the proposed rules, BSTX would serve as the listing market for eligible companies and issuers of exchange traded products (“ETPs”) that wish to issue their registered securities as Securities. Securities would trade as NMS stock.⁴ The Exchange is not proposing rules that would support its extension of unlisted trading privileges (“UTP”) to other NMS stock, and accordingly the Exchange does not intend to extend any such UTP in connection with this proposal. The Exchange would therefore only trade Securities listed on BSTX unless and until it proposes and receives Commission approval for rules that would support trading in other types of securities, including through any extension of UTP to other NMS stock.⁵ The Exchange will offer connectivity services at its primary datacenter (Equinix NY4 in Secaucus, NJ).

Connectivity to the Exchange in the primary data center for both order entry and market data dissemination is equalized for all Participants with equipment colocated in Equinix NY4.⁶ A

⁴ 17 CFR 242.600(b)(48).

⁵ These rules to facilitate UTP may include adding a provision to proposed Rule 25020 (Securities Eligible for Trading and Units of Trading) to contemplate the extension of UTP and trade nullification for UTP securities that are the subject of an initial public offering as part of the Exchange’s clearly erroneous rule (proposed Rule 25110).

⁶ Specifically, all BSTX Participants colocated in the same datacenter would connect to BSTX through an equidistant cabling cabinet, which is a separate cabinet from the cabinet hosting the BSTX System and market data distribution system. The cross connects from the equidistant cabling cabinet to the cabinet hosting BSTX’s systems are equidistant. Additionally, all cross connects from the equidistant cabling cabinet to each BSTX Participant’s cabinet, wherever located in the datacenter, provide for equidistant connectivity. Specifically, the equidistant cabling cabinet contains equal length spools of fiber that connect to each external BSTX Participant cabinet in the datacenter, and all BSTX Participants must connect to BSTX through the equidistant cabling cabinet from their own external cabinets. As a result, even if BSTX Participant X’s cabinet is closer in physical proximity to the equidistant cabling cabinet than BSTX Participant Y’s cabinet, the arrangement is such that both BSTX Participant X and BSTX Participant Y have equidistant connectivity to the equidistant cabling cabinet and in turn to BSTX’s systems. The Exchange believes that this structure is designed to prevent unfair

guide to the structure of the proposed rule change is described immediately below.

I. Guide to the Scope of the Proposed Rule Change

The proposal for trading of Securities through BSTX generally involves changes to existing BOX Rules and new BOX Rules pertaining specifically to BSTX (“BSTX Rules”). In addition, the Exchange has submitted a separate proposed rule change pertaining to BSTX’s corporate governance documents that will establish BSTX as a facility of the Exchange.⁷ To support the trading of Securities through BSTX, certain conforming changes are proposed to existing BOX Rules and entirely new BSTX Rules are also proposed as Rule Series 17000 through 29000.⁸ Each of those new Rule Series and the provisions thereunder are described in greater detail below. Where the BSTX Rules are based on existing rules of another national securities exchange, the source rule from the relevant exchange is noted along with a discussion of notable differences between the source rule and the proposed BSTX Rule. The proposed BSTX Rules are addressed in Part III below and they generally cover the following areas:

- Section 17000 – General Provisions of BSTX;
- Section 18000 – Participation on BSTX;
- Section 19000 – Business Conduct for BSTX Participants;
- Section 20000 – Financial and Operational Rules for BSTX Participants;
- Section 21000 – Supervision;

discrimination between market participants, consistent with Section 6(b)(5) of the Exchange Act, by ensuring that all colocated BSTX Participants have equidistant connections to BSTX irrespective of where their equipment is located within the datacenter.

⁷ See Exchange Act Release No. 92206, 86 FR 33402 (June 24, 2021) (SR-BOX-2021-14).

⁸ The proposed changes to BOX Rules and the proposed BSTX Rules have been submitted with this proposal as Exhibits 5B and 5A, respectively.

- Section 22000 – Miscellaneous Provisions;
- Section 23000 – Trading Practice Rules;
- Section 24000 – Discipline and Summary Suspension;
- Section 25000 – Trading Rules;
- Section 25200 – Market Making on BSTX;
- Section 26000 – BSTX Listing Rules Other Than for Exchange Traded Products;
- Section 27000 – Suspension and Delisting;
- Section 27100 – Guide to Filing Requirements;
- Section 27200 – Procedures for Review of Exchange Listing Determinations; and
- Section 28000 – Trading and Listing of Exchange Traded Products;
- Section 29000 – Dues, Fees, Assessments and Other Charges.

II. Overview of BSTX and Considerations Related to the Listing, Trading and Clearance and Settlement of Securities

A. The Joint Venture and Ownership of BSTX

On June 19, 2018, t0.com Inc. (“tZERO”) and BOX Digital Markets LLC (“BOX Digital”) announced a joint venture to facilitate the trading of Securities on the Exchange.⁹ As part of the joint venture, BOX Digital, which is a subsidiary of BOX Holdings Group LLC, and tZERO each own voting and economic interest of BSTX LLC. Pursuant to the BSTX LLC Agreement, BOX Digital and tZERO will perform certain specified functions with respect to the operation of BSTX. As noted, these details, as well as the proposed governance structure of the joint venture will be the subject of a separate proposed rule change that the Exchange has been

⁹ See tZERO and BOX Digital Markets Sign Deal to Create Joint Venture, Business Wire (June 19, 2018), <https://www.businesswire.com/news/home/20180619005897/en/tZERO-and-BOX-Digital-Markets-Sign-Deal-to-Create-Joint-Venture> .

submitted to the Commission. Without approved rules pertaining to the governance structure of BSTX as a facility of the Exchange, the Exchange will not commence operation of BSTX.

B. BSTX Would Be a Facility of BOX That Would Support Trading in the New Asset Class of Securities for BOX

BSTX would operate as a facility¹⁰ of BOX, which is a national securities exchange registered with the SEC. As a facility of BOX, BSTX's operations would be subject to applicable requirements in Sections 6 and 19 of the Exchange Act, among other applicable rules and regulations.¹¹ Currently, BOX functions as an exchange only for standardized options. At the time that BSTX commences operations it would support trading in Securities that are equity securities (including certain ETPs), as described in more detail below. Accordingly, the proposal represents a new asset class for BOX, and the discussion below sets forth the changes and additions to the Exchange's Rules to support the trading of equity securities as Securities on BSTX.

The Exchange proposes to use the term "Security"¹² to describe a NMS stock trading on the BSTX system. The legal significance, therefore, of a "Security" is that it would be an equity security that is approved for listing on BSTX and that trades on the BSTX System. A security

¹⁰ 15 U.S.C. 78c(a)(2). Section 3(a)(2) of the Exchange Act, provides that "the term 'facility' when used with respect to an exchange includes its premises, tangible or intangible property whether on the premises or not, any right to the use of such premises or property or any service thereof for the purpose of effecting or reporting a transaction on an exchange (including, among other things, any system of communication to or from the exchange, by ticker or otherwise, maintained by or with the consent of the exchange), and any right of the exchange to the use of any property or service." Because BSTX will share certain systems of the Exchange, BSTX would be a facility of the Exchange.

¹¹ 15 U.S.C. 78f; 15 U.S.C. 78s.

¹² The Exchange proposes to define the term "Security" to mean a NMS stock, as defined in Rule 600(b)(47) of the Exchange Act, trading on the BSTX System. See proposed Rule 17000(a)(31).

that is offered by an issuer with the intent of it becoming listed on BSTX would therefore not become a “Security” under the proposed BSTX Rules unless and until it actually does become listed on BSTX and trades on the BSTX System.¹³

C. Securities Would Be NMS Stocks

The Securities would qualify as NMS stocks pursuant to Regulation NMS,¹⁴ which defines the term “NMS security” in relevant part to mean “any security or class of securities for which transaction reports are collected, processed and made available pursuant to an effective transaction reporting plan”¹⁵ The Exchange plans to join existing transaction reporting plans, as discussed in Part VIII below, for the purposes of Security quotation and transaction reporting.¹⁶ The term “NMS stock” means “any NMS security other than an option”¹⁷ and therefore Securities traded on BSTX would be classified as NMS stock.

Securities would meet the definition of NMS stock and would trade, clear, and settle in the same manner as all other NMS stocks traded today. As described in further detail below, the operation of the BSTX Market Data Blockchain would in no way modify or alter market participants’ obligations under Regulation NMS.

D. BSTX Would Support Trading of Registered Securities

All securities traded on BSTX would be required to be registered with the Commission

¹³ Id.

¹⁴ 17 CFR 242.600 through 613.

¹⁵ 17 CFR 242.600(b)(47).

¹⁶ 17 CFR 242.601(a)(1). The Rule states in relevant part that “every national securities exchange shall file [with the SEC] a transaction reporting plan regarding transactions in listed equity and Nasdaq securities executed through its facilities”

¹⁷ 17 CFR 242.600(b)(47).

under both Section 12 of the Exchange Act¹⁸ and Section 6 of the Securities Act of 1933 (“Securities Act”) at the time of listing.¹⁹ BSTX would not support trading of securities offered under an exemption from registration for public offerings, with the exception of certain offerings under Regulation A that meet the proposed BSTX listing standards.²⁰

E. Issuance and Clearance and Settlement of Securities

BSTX would maintain certain rules, as described below, to address custody, clearance and settlement in connection with Securities. All transactions in Securities would clear and settle in accordance with the rules, policies and procedures of registered clearing agencies. Specifically, BSTX anticipates that at the time it commences operations, Securities that are listed and traded on BSTX would be securities that have been made eligible for services by The Depository Trust Company (“DTC”) and that DTC would serve as the securities depository²¹ for such Securities. It is also expected that confirmed trades in Securities on BSTX would be transmitted to National Securities Clearing Corporation (“NSCC”) for clearing such that NSCC

¹⁸ 15 U.S.C. 78l.

¹⁹ 15 U.S.C. 77f.

²⁰ See proposed Rule 26210 regarding registration requirements for issuers seeking to list on the Exchange, which generally provides that issuers must have their securities registered under Section 12(b) of the Exchange Act or an exemption from registration issued by the Commission that permits the listing notwithstanding that the security has not been registered under Section 12(b). IEX Rule 14.203 similarly allows for securities subject to an exemption from registration to be listed on IEX.

²¹ 15 U.S.C. 78c(a)(23)(A). Section 3(a)(23)(A) of the Exchange Act defines the term “clearing agency” to include “any person, such as a securities depository, who (i) acts as a custodian of securities in connection with a system for the handling of securities whereby all securities of a particular class or series of any issuer deposited within the system are treated as fungible and may be transferred, loaned, or pledged by bookkeeping entry without physical delivery of securities certificates, or (ii) otherwise permits or facilitates the settlement of securities transactions or the hypothecation or lending of securities without physical delivery of securities certificates.”

would clear the trades through its systems to produce settlement obligations that would be due for settlement between participants at DTC. BSTX believes that this custody, clearance and settlement structure is the same general structure that exists today for other exchange-traded equity securities. Importantly, for purposes of NSCC's clearing activities and DTC's settlement activities in respect of the Securities, the relevant Securities would be cleared and settled by NSCC and DTC in exactly the same manner as those activities are performed by NSCC and DTC currently regarding a class of NMS Stock.

The operation of the BSTX Market Data Blockchain will have no impact or effect on the manner in which a Security clears and settles. The BSTX Market Data Blockchain would be implemented through the operation of the proposed BSTX Rules and would occur separate and apart from the clearance and settlement process. The Security would be an ordinary equity security for NSCC's and DTC's purposes. The BSTX Market Data Blockchain would be a separate set of market data that uses distributed ledger technology to record certain order and transaction information regarding orders and transactions in Securities on BSTX.

1. Issuance of Equity Securities Eligible to Become a Security

With the exception of certain offerings under Regulation A that meet the proposed BSTX listing standards, all Securities listed on BSTX will have been offered and sold in registered offerings under the Securities Act, which means that generally purchasers of the Securities will benefit from all of the protections of registration. Because BSTX would be a facility of a national securities exchange, at the time of listing all Securities would generally be registered under Section 12(b) of the Exchange Act, thereby subjecting all of these issuers to the reporting regime in Section 13(a) of the Exchange Act.

All offerings of securities that are intended to be listed as Securities on BSTX would be

conducted in the same manner in which offerings of exchange-listed equity securities are conducted today under the federal securities laws, and will generally be a firm commitment underwriting with a sole underwriter or underwriting syndicate; the underwriter(s) will market the securities and distribute them to purchasers; and secondary trading in the securities (that are intended to trade on BSTX as Securities) will thereafter commence on BSTX.

Issuers on BSTX could include both (1) new issuers who do not currently have any class of securities registered on a national securities exchange, and (2) issuers who currently have securities registered on a national securities exchange and who are seeking registration of a new class of equity securities for listing on BSTX as Securities.

BSTX does not intend for a Security listed on BSTX to be a unique class of security due only to the fact that certain trading activity in the Security on BSTX would be recorded on the BSTX Market Data Blockchain.²² The Exchange notes that whether a security is a separate class from another security is a matter that would be addressed by an issuer of securities when it goes through the registration process for its securities, and that this process does not involve the Exchange or BSTX. If an issuer sought to list a class of security on BSTX that is already listed on another exchange, BSTX does not intend to approve such a security for listing on BSTX as a Security, pursuant to BSTX's authority under BSTX Rule 26101. However, an issuer would be free to pursue listing of a Security on another national securities exchange if it so chose, just as the Exchange understands issuers are able to do in respect of their securities today. At the

²² The Exchange notes that distinct classes of securities issued by an issuer that are Securities would not be fungible with another class of securities of the same issuer because no class of an issuer's securities is fungible with a separate class of its securities – otherwise they would be the same class of security. If an issuer sought to list a new class of securities on BSTX that is not distinct from an existing class of securities of the issuer, the Exchange would not allow such class to be listed pursuant to its authority under Rule 26101.

commencement of BSTX's operations, certain equities (including ETPs) would be eligible for listing as Securities. This would be addressed by BSTX Rules 26101 (General) 26102 (Equity Issues), 26103 (Preferred Securities), 26105 (Warrant Securities) and the Rule 28000 Series (Trading and Listing of Exchange Traded Products), which would be part of BSTX's listing rules and would contemplate that only those specified types of equity securities would be eligible for listing.

2. Securities Depository Eligibility

BSTX would maintain rules that would promote a structure in which Securities would be held in "street name" with DTC.²³ BSTX Rule 26137 would require that for an issuer's security to be eligible to be a Security, BSTX must have received a representation from the issuer that a CUSIP number that identifies the security is included in a file of eligible issues maintained by a securities depository that is registered with the SEC as a clearing agency. This is based on rules that are currently maintained by other equities exchanges.²⁴ In practice, BSTX Rule 26137 requires the Security to have a CUSIP number that is included in a file of eligible securities that is maintained by DTC because the Exchange believes that DTC currently is the only clearing agency registered with the SEC that provides securities depository services.²⁵

²³ The term "street name" refers to a securities holding structure in which DTC, through its nominee Cede & Co., would be the registered holder of the securities and, in turn, DTC would grant security entitlements in such securities to relevant accounts of its participants. Proposed BSTX Rule 26136 would also provide, with certain exceptions, that securities listed on BSTX must be eligible for a direct registration program operated by a clearing agency registered under Section 17A of the Exchange Act. DTC operates the only such program today, known as the Direct Registration System, which permits an investor to hold a security as the registered owner in electronic form on the books of the issuer.

²⁴ Proposed BSTX Rule 26137 is based on current NYSE American Rule 777.

²⁵ See Exchange Act Release No. 78963 (September 28, 2016), 81 FR 70744, 70748 (October 13, 2016) (footnote 46 and the accompanying text acknowledge that DTC is the only registered clearing agency that provides securities depository services for the U.S. securities markets).

3. Book-Entry Settlement at a Securities Depository

BSTX would also maintain Proposed BSTX Rule 26135 regarding uniform book-entry settlement. The rule would require each BSTX Participant to use the facilities of a securities depository for the book-entry settlement of all transactions in depository eligible securities with another BSTX Participant or a member of a national securities exchange that is not BSTX or a member of a national securities association.²⁶ Proposed BSTX Rule 26135 is based on the depository eligibility rules of other equities exchanges and Financial Industry Regulatory Authority (“FINRA”).²⁷ Those rules were first adopted as part of a coordinated industry effort in 1995 to promote book-entry settlement for the vast majority of initial public offerings and “thereby reduce settlement risk” in the U.S. national market system.²⁸

4. Participation in a Registered Clearing Agency That Uses a Continuous Net Settlement System

Under proposed BSTX Rule 25140, each BSTX Participant would be required to either (i) be a member of a registered clearing agency that uses a continuous net settlement (“CNS”) system, or (ii) clear transactions executed on BSTX through a member of such a registered clearing agency. The Exchange believes that today NSCC is the only registered clearing agency that uses a CNS system to clear equity securities, and proposed BSTX Rule 25140 further specifies that BSTX will maintain connectivity and access to the Universal Trade Capture system

²⁶ FINRA is currently the only national securities association registered with the SEC.

²⁷ See e.g., FINRA Rule 11310. Book-Entry Settlement and NYSE American Rule 776. Book-Entry Settlement of Transactions.

²⁸ These coordinated depository eligibility rules resulted from proposed listing rules amendments developed by the Legal and Regulatory Subgroup of the U.S. Working Committee, Group of Thirty Clearance and Settlement Project. See Securities Exchange Act Release Nos 35774 (May 26, 1995) (SR-NASD-95-24), 60 FR 28813 (June 2, 1995); 35773 (May 26, 1995), 60 FR 28817 (June 2, 1995) (SR-NYSE-95-19).

of NSCC to transmit confirmed trade details to NSCC regarding trades executed on BSTX. The proposed rule would also address the following: (i) a requirement that each Security transaction executed through BSTX must be executed on a locked-in basis for automatic clearance and settlement processing; (ii) the circumstances under which the identity of contra parties to a Security transaction that is executed through BSTX would be required to remain anonymous or may be revealed; and (iii) certain circumstances under which a Security transaction may be cleared through arrangements with a member of a foreign clearing agency. Proposed BSTX Rule 25140 is based on a substantially identical rule of the Investor's Exchange, LLC ("IEX"), which, in turn, is consistent with the rules of other equities exchanges.²⁹

BSTX believes that the operation of its depository eligibility rule and its book-entry services rule would promote a framework in which Securities that would be eligible to be listed and traded on BSTX would be equity securities that have been made eligible for services by a registered clearing agency that operates as a securities depository and that are settled through the facilities of the securities depository by book-entry. The Exchange believes that because DTC currently is the only clearing agency registered with the SEC that provides securities depository services, at the commencement of BSTX's operations, Securities would be securities that have been made eligible for services by DTC, including book-entry settlement services.

5. Settlement Cycle

Proposed BSTX Rule 25100(d) would address settlement cycle considerations regarding trades in Securities. Security trades that result from orders matched against the electronic order

²⁹ See IEX Rule 11.250 (Clearance and Settlement; Anonymity), which was approved by the Commission in 2016 as part of its approval of IEX's application for registration as a national securities exchange. Exchange Act Release No. 78101 (June 17, 2016); 81 FR 41142 (June 23, 2016); see also Cboe BZX Rule 11.14 (Clearance and Settlement; Anonymity).

book of BSTX would be required to clear and settle pursuant to the rules, policies and procedures of a registered clearing agency. As noted above in connection with the description of proposed BSTX Rule 25140, the Exchange expects that at the commencement of operations by BSTX it would transmit confirmed trade details to NSCC regarding Security trades that occur on BSTX and that NSCC would be the registered clearing agency that clears Security trades for settlement at DTC.

As described in greater detail below in Part II.H, the Exchange is also proposing that BSTX Participants would be able to include parameters in orders submitted to BSTX to indicate a preference to use faster settlement cycles that are currently available through NSCC and DTC under certain circumstances. BSTX believes that allowing BSTX Participants to use these faster settlement cycles where consistent with the rules, policies and procedures of a registered clearing agency would mitigate settlement risk for transactions in such Securities due to faster settlement. BSTX believes that NSCC already has authority under its rules, policies and procedures to clear certain trades on a T+1 or T+0 basis, which are shorter settlement cycles than the longest settlement cycle of T+2 that is generally permitted under SEC Rule 15c6-1 for a security trade that involves a broker-dealer.³⁰ Furthermore, BSTX understands that NSCC does already clear trades in accordance with this authority, and supporting data from The Depository Trust & Clearing Corporation (“DTCC”) regarding clearance and settlement activity on such shorter settlement cycles is provided in Section II.H. below.

F. The BSTX Market Data Blockchain

³⁰ 17 CFR 240.15c6-1. Under SEC Rule 15c6-1, with certain exceptions, a broker-dealer is not permitted to enter a contract for the purchase or sale of security that provides for payment of funds and delivery of securities later than the second business day after the date of the contract unless otherwise expressly agreed to by the parties at the time of the transaction.

BSTX will make available to BSTX Participants certain market data related to trading activity occurring on BSTX through the use of a private, permissioned blockchain maintained by the Exchange. As described further below, a BSTX Participant would have the ability to see through an online portal provided by the Exchange the market data information on the private blockchain consisting of detailed information about its trading activity on BSTX and anonymized information with respect to the trading activity of other BSTX Participants.³¹ BSTX Participants would have no obligations with respect to providing information to, accessing, maintaining, or using the BSTX Market Data Blockchain. The Exchange believes that the information made available on the BSTX Market Data Blockchain would be generally similar to Daily Trade and Quote (“TAQ”) data made available by New York Stock Exchange LLC except that the Exchange would use distributed ledger or “blockchain” technology to record such information, a BSTX Participant would be able to see non-anonymized information about its own trading activity on BSTX, and the market data would pertain only to trading activity on BSTX and not the broader market (e.g., an over-the-counter (“OTC”)³² transaction in a Security reported to the consolidated tape).³³

1. Background on Blockchain Technology

In general, a blockchain is essentially a ledger that can maintain digital records of assets, transactions, or other information. A blockchain’s central function is to encode transitions or changes to the ledger. Whenever one change to the blockchain ledger occurs to record a state

³¹ Additionally, as also explained below, non-BSTX Participants would have the ability to see the anonymized market data relating to trading on BSTX.

³² OTC in this context refers to trading occurring otherwise than on a national securities exchange.

³³ See e.g., NYSE, Daily TAQ Fact Sheet, https://www.nyse.com/publicdocs/nyse/data/Daily_TAQ_Fact_Sheet.pdf.

transition, the entire blockchain is immutably changed to reflect the state transition.

There are broadly two types of blockchains: (i) public blockchains that are decentralized, open to anyone running the same protocol;³⁴ and (ii) a private, permission-based blockchains where only those granted access may view or take other actions with respect to the blockchain.

2. BSTX Market Data Blockchain As a Private Permissioned Network

The BSTX Market Data Blockchain would operate as a private, permission-based blockchain that would be accessible through an application program interface (“API”) available through the internet. Through this private permission-based blockchain and API, the Exchange would make certain market data available related to trading activity occurring on BSTX.³⁵ The Exchange would control all aspects of the BSTX Market Data Blockchain and the associated API. Pursuant to proposed Rule 17020(b), each BSTX Participant would be assigned a BSTX Market Data Blockchain address that corresponds to the BSTX Participant’s trading activity on BSTX. The Exchange will also issue login credentials to each user (including non-BSTX Participants) through which the user may view the BSTX Market Data Blockchain through the API to see its order and transaction information on BSTX as well as certain anonymized market data from other BSTX Participants, as discussed further below.³⁶ Similarly, the Exchange has the ability to issue login credentials to any non-BSTX Participant to allow them to view to the BSTX Market Data Blockchain through the API, but a non-BSTX Participant viewing the

³⁴ A “protocol” in this context generally means a set of rules governing the format of messages that are exchanged between the participants.

³⁵ See proposed Rule 17020(a).

³⁶ The Exchange notes that non-BSTX Participants accessing the BSTX Market Data Blockchain would not be assigned a BSTX Market Data Blockchain address, but would receive login credentials to view anonymized market data available on the BSTX Market Data Blockchain available through the API.

Market Data Blockchain would be limited to viewing only anonymized market data, as also explained below. BSTX Participants (and any non-BSTX Participants to which the Market Data Blockchain is made available by the Exchange) would only be able to view the information contained on the BSTX Market Data Blockchain through the API, and only the Exchange would have direct access to the underlying data on the private blockchain.

The BSTX Market Data Blockchain would generally operate by collecting information from two sources, which the Exchange would then translate into information capable of being recorded to the BSTX Market Data Blockchain. Specifically, the data inputs for the BSTX Market Data Blockchain would come from (i) the BSTX System³⁷ to capture information such as executed transactions and (ii) each BSTX Participant's order/message information passing through the financial information exchange ("FIX") gateway through which all orders and messages pass in order to connect to the BSTX System.³⁸ For example, if a BSTX Participant sends an order to buy 100 shares of Security XYZ, when that order is sent to the Exchange, the Exchange would capture this information as it passes through the FIX gateway in an automated process that results in the BSTX Participant being able to see that order on the BSTX Market Data Blockchain through its login credentials once the information is recorded on the BSTX Market Data Blockchain.

The BSTX Market Data Blockchain does not require any affirmative action on the part of a BSTX Participant in order for its information to be recorded to the BSTX Market Data Blockchain. Rather, the BSTX Market Data Blockchain captures trading activity that occurs on

³⁷ The "BSTX System" refers to the automated trading system used by BSTX for the trading of Securities. See proposed Rule 17000(a)(15).

³⁸ The Exchange notes that the FIX Gateway and the BSTX System are the same sources of information from which information is taken to be provided as part of consolidated market data.

BSTX in the normal course and is made available to BSTX Participants as an additional resource that they may choose to use in their discretion in the same general manner that a market participant might use TAQ data.

3. Information Available on the BSTX Market Data Blockchain

As set forth in proposed Rule 17020(c), there are two types of information that would be available on the BSTX Market Data Blockchain: (i) a BSTX Participant's own order and transaction information related to its trading activity on BSTX ("Participant Proprietary Data"); and (ii) anonymized, general market data available to all BSTX Participants and to non-BSTX Participants that subscribe ("General Market Data").³⁹ Both Participant Proprietary Data and General Market Data would only contain the market data described below for Regular Trading Hours.⁴⁰ With respect to Participant Proprietary Data, a BSTX Participant would be able to see the following information with respect to all orders and messages and executions submitted to and occurring on BSTX:

- (l) Symbol, side (buy/sell), limit price, quantity, time-in-force

³⁹ The Exchange notes that the BSTX Market Data Blockchain is effectively just the repository for these two categories of information (*i.e.*, Participant Proprietary Data and General Market Data), and it is through the Exchange-provided API that this information is able to be viewed and searched.

⁴⁰ For example, no market data is uploaded with respect to the Pre-Opening Phase (*i.e.*, the thirty minutes prior to the open at 9:30 am ET), including Participant Proprietary Data regarding orders submitted by the Participant during the Pre-Opening Phase. Once Regular Trading Hours begins, the BSTX Market Data Blockchain would begin to be populated (on a delayed basis, as described below) and would show the BSTX Official Opening Price as the first action with respect to a security. The BSTX Market Data Blockchain would similarly not show orders received by the BSTX System during the Halt Auction process set forth in proposed Rule 25040(c), but once the Halt Auction is completed, the BSTX Market Data Blockchain would begin to be populated (on a delayed basis) and would show the price at which the security reopened trading as the first action with respect to the security following the initiation of the trading halt.

- (2) Order type (e.g., limit order, ISO)
- (3) Order capacity (principal/agent)
- (4) Short/long sale order marking
- (5) Message type (e.g., order, modification, cancellation)

Participant Proprietary Data would effectively contain a record of all of a BSTX's Participant's trading activity on BSTX. Participant Proprietary Data would only be available to the BSTX Participant from which such data derived. That is, a BSTX Participant would not have access to the Participant Proprietary Data of another BSTX Participant, nor would any non-BSTX Participant provided access to the Market Data Blockchain have access to Participant Proprietary Data. As a result, no BSTX Participant (or non-BSTX Participant) would be provided with access to trading information of another BSTX Participant in a manner that would allow for reverse engineering of trading strategies or otherwise compromise the confidential nature of each BSTX Participant's trading information. Through the API, a BSTX Participant can run searches of its previous order and trading activity. The Participant Proprietary Data would be visible to the BSTX Participant to which it corresponds in sequential order of when each action occurred, though the BSTX Participant would have the ability to filter the different information fields or run searches for particular items (e.g., only showing cancel orders or only showing activity in a particular symbol).

General Market Data is the second type of information that would be available on the BSTX Market Data Blockchain, which would consist of:

- (1) In an anonymized format, all displayed orders,⁴¹ modifications, cancellations, and executions occurring on BSTX (i.e., the user may see the symbol, side (buy/sell), limit price, quantity, and message type).
- (2) Administrative data and other information from the Exchange (e.g., trading halts, or technical messages).

General Market Data would allow viewers to be able to observe the historical orders, executions, and other events (e.g., cancellations) received by and occurring on BSTX. Similar to the format and presentation of Participant Proprietary Data, the General Market Data would generally be visible in sequential order of when each action occurred, though viewers would have the ability to filter the different information fields or run searches for particular items (e.g., only showing cancel orders or only showing activity in a particular symbol). The Exchange notes that the General Market Data that would be available on the BSTX Market Data Blockchain would contain substantively similar information as would be available through the Exchange's proprietary market data feeds, so access to the BSTX Market Data Blockchain would not provide substantive information that is not otherwise available through the Exchange's proprietary market data feeds.⁴² In other words, accessing General Market Data on the BSTX Market Data

⁴¹ The Exchange notes that it is not proposing any non-displayed or hidden order functionality for BSTX.

⁴² General Market Data would differ from the Exchange's proprietary market data feed in that the proprietary market data feed provides real time snapshots of the order book, including depth of book quotations and the quantity of shares available at each price point. In contrast, General Market Data would generally show sequential events occurring on the Exchange for each symbol (e.g., order posted to order book, then the order is executed in part, then the remaining amount of the order executed, then a new order posts to the order book etc.). In addition, proprietary market data generally does not show each individual newly posted order or cancellation of a resting order, but rather shows subscribers an updated snapshot that increases or decreases the available quantity at a given price point as new orders come in and modifications or executions of existing orders occur. In contrast, General Market Data available on the Market Data Blockchain would show viewers, in an anonymized format, the sequential entry of each order,

Blockchain would not provide any informational advantage over proprietary market data that could be used to make trading decisions in real time. The Exchange believes that this is particularly true given that market data (both Participant Proprietary Data and General Market Data) will be posted to the BSTX Market Data Blockchain on a delay of at least five minutes, as discussed further below. Similar to Participant Proprietary Data, persons accessing the General Market Data through the Exchange-provided API could run configurable searches of the available information.

General Market Data would be anonymized, meaning that a viewer would not be able to determine the identity associated with any BSTX Participant's orders, quotes, cancellations, or other messages. For the avoidance of doubt, the alphanumeric address assigned to each BSTX Participant to facilitate the BSTX Market Data Blockchain would not be visible as part of General Market Data.⁴³ As a result, there should not be cause for concern regarding potential trading information leakage or the ability to reverse engineer another BSTX Participant's trading strategies given the anonymous nature of General Market Data. BSTX Participants and any non-BSTX Participant who chooses to subscribe to General Market Data would generally have available to them via the BSTX Market Data Blockchain the same information they would have today with respect to other BSTX Participants' trading activity in subscribing to proprietary data

modification, or cancellation in the order book in each symbol as historical order and transaction information rather than real time snap shots. In this respect, General Market Data is more akin to a historical market data product like TAQ data, except that it pertains only to activity occurring on BSTX rather than the entire market.

⁴³ For example, in looking at General Market Data, BSTX Participant X (or any other viewer of General Market Data) would not be able to determine by name, address, or otherwise that a particular order, modification to an existing order, or executed transaction involved BSTX Participant Y or any other BSTX Participant. General Market Data would contain order/transaction detail consisting of the symbol, side (buy/sell), limit price, quantity, and message type with no ability to attribute any such information to a particular BSTX Participant.

feeds of other exchanges. The Exchange would make the General Market Data available to BSTX Participants and non-BSTX Participants for the same fee and on the same subscription terms once the Exchange establishes a fee schedule through the proposed rule change process under the Exchange Act prior to the launch of BSTX.

The Exchange proposes to append timestamps to the information made available. Timestamps related to all information on the BSTX Market Data Blockchain would indicate the time to the microsecond at which an order posted to the BSTX Book or that the BSTX System took other action with respect to an order (e.g., effects a cancellation, execution, modification). As noted above, each new block of market data would be posted to the BSTX Market Data Blockchain on a delayed basis of at least five minutes and would show market data for the preceding five minutes.⁴⁴ As a result, the BSTX Market Data Blockchain would not function as

⁴⁴ The practical purpose behind this five minute delay regarding the addition of new blocks is for the Exchange to accrue sufficient data and information to record to the BSTX Market Data Blockchain. As the name “blockchain” suggests, data is recorded onto a ledger in discrete blocks that are chained together at different intervals. The Exchange could record information to the BSTX Market Data Blockchain over a shorter time interval in much smaller blocks, each of which would contain less data than a longer interval and a larger block. However, as proposed, the Exchange would only record a new block of information to the BSTX Market Data Blockchain after at least five minutes, and each block would contain the market data and information that had accrued over the preceding five minutes on a rolling basis. Thus, the market data uploaded as part of each block would contain the most recent transactions on the Exchange aged only a few seconds as well as market data for the preceding five minutes such that the oldest market data on each new block would be aged at least five minutes. Accordingly, a viewer of the BSTX Market Data Blockchain would be able to see the preceding five minutes of market data (as detailed above) each time a new block of market data is uploaded. The Exchange believes that a five minute interval is appropriate to allow the Exchange to operate the BSTX Market Data Blockchain efficiently (i.e., sufficient market data will have accrued over five minutes to publish an update to the blockchain) and to ensure that the BSTX Market Data Blockchain does not provide a real-time trading advantage over consumers of consolidated market data or proprietary market data—both of which are disseminated on sub-second, or sub-millisecond, timescales. See e.g., Exchange Act Release No. 90610, 86 FR 18596, 18603 (Apr. 9, 2021) (“Today, markets rely on highly sophisticated electronic trading systems that can consume many points of data at speeds measured in sub-second increments.”); see also id. at n.679 (noting that even the consolidated securities information processors 99th percentile of

a substitute for real-time market data, and, accordingly the Exchange does not believe that market participants with access to the delayed market data available on the BSTX Market Data Blockchain would have any real time trading advantage over participants that continue to use real-time market data to make trading decisions.⁴⁵ A BSTX Participant would have the ability to download market data from the BSTX Market Data Blockchain, which it could use to, for example, back test trading strategies or evaluate executions received on BSTX.

Finally, in order to promote clarity with respect to how a BSTX Participant may use the BSTX Market Data Blockchain, the Exchange proposes to provide in Rule 17020(c)(3) that the information available on the BSTX Market Data Blockchain does not act as a substitute for any recordkeeping obligations of a BSTX Participant. The Exchange notes that broker-dealers recordkeeping obligations generally require a much broader set of records covering the entirety of a broker-dealers trading activity across all trading centers.⁴⁶ As a result, the Exchange would

quote latency are today below 100 microseconds).

⁴⁵ According to data available on the Commission's market structure website, even small capitalization stocks and exchange traded products generally have quote lifetimes of much shorter durations than five minutes. For example, 71.32% of executions and 78.7% of cancellations occurred in small capitalization stocks during Q1 2021 within 100 seconds (1.67 minutes) of being received by a market center. See Commission, Market Structure Data Visualizations, Conditional Frequency: Small Stocks (Q1 2021), https://www.sec.gov/marketstructure/datavis/quotelife_stocks_sm.html#.YP8Q245KhPY. Given that over two-thirds of orders are executed or canceled within 1.67 minutes (approximately one-third of the five minutes the Exchange proposes to delay publication of information to the BSTX Market Data Blockchain), the Exchange does not believe that there would be any real time trading advantage provided to those who use the BSTX Market Data Blockchain over subscribers to the Exchange's proprietary feeds or subscribers to consolidated market data. The data metrics also reveal that over 11% of executions and nearly 12% of cancellations occurred in small capitalization stocks during Q1 2021 within 1 second (1/300th of the duration of the proposed five minute delay). This data makes clear that the speed of markets is such that using the BSTX Market Data Blockchain to gain a real time trading advantage would not be possible as over 10% of trades and cancels occur within one second.

⁴⁶ See e.g., 17 CFR 240.17a-3.

not expect that a BSTX Participant would ever rely on the BSTX Market Data Blockchain, which would contain only its trading activity on BSTX, as a substitute for its independent recordkeeping obligations.

The Exchange notes that as a system of the Exchange, the BSTX Market Data Blockchain will be subject to the requirements of the Exchange Act, including Regulation Systems Compliance and Integrity (“Reg. SCI”).⁴⁷ The Exchange has classified the BSTX Market Data Blockchain as a “SCI system” (and not as an “indirect SCI system”) and has in place, among other requirements of Reg. SCI, robust safeguards to protect against any possible systems intrusion to the market data blockchain. To the extent a BSTX Participant were to share its credentials for accessing the API with third parties deliberately or inadvertently, it is possible that those third parties could gain access to its Participant Proprietary Data.⁴⁸ The Exchange would be able to issue new credentials upon request from a BSTX Participant (or non-BSTX Participant) that believes their credentials may have been compromised and implement additional security controls. In any case, however, unauthorized access to the API through which data on the BSTX Market Data Blockchain may be accessed would not allow for any intruder to modify, delete, or otherwise change any data on the BSTX Market Data Blockchain. As a result, the Exchange does not believe that the BSTX Market Data Blockchain presents information security risks and that the Exchange has appropriate safeguards in place to mitigate any such risks.

4. Periodic Audit of the BSTX Market Data Blockchain by the Exchange

⁴⁷ 17 CFR 240.1000 – 1007.

⁴⁸ The Exchange notes that any such unauthorized access would not provide any real time order and transaction information of the BSTX Participant because of the five minute delay in publishing information to the BSTX Market Data Blockchain.

To help ensure the proper functioning of the BSTX Market Data Blockchain and accuracy of information thereon, the Exchange proposes in Rule 17020(c)(3) to periodically audit the BSTX Market Data Blockchain. Specifically, the Exchange proposes to perform the audit at least bi-annually to ensure that that the BSTX Market Data Blockchain accurately captures order and transaction data on BSTX. The Exchange expects that it will initially audit the BSTX Market Data Blockchain more frequently (e.g., monthly) during the first year of operation to make sure the BSTX Market Data Blockchain operates as intended during the period of time when the Exchange expects BSTX Participants to be familiarizing themselves with the BSTX Market Data Blockchain. In particular, the Exchange plans to evaluate whether the information recorded to the BSTX Market Data Blockchain is accurate (i.e., that it corresponds to the Exchange’s FIX trading logs of the relevant market data) and captures all of the elements of market data specified in proposed Rule 17020(c). To the extent any issues or discrepancies are identified in the course of the audit, the Exchange will promptly remediate such issues and provide notice, as may be required, to impacted users of the BSTX Market Data Blockchain and the Commission.⁴⁹

5. Benefits of the BSTX Market Data Blockchain

The Exchange believes that there are two primary benefits related to the BSTX Market Data Blockchain. First, the Exchange believes that a BSTX Participant may find the information useful to them for a variety of purposes such as to review the BSTX Participant’s trading activity on BSTX, determine what the market was at a particular point in time on BSTX for a given Security, evaluate execution quality on BSTX, help confirm the accuracy of their internal trading

⁴⁹ See generally Rule 1002 of Regulation SCI (describing notification requirements related to “SCI events” and “de minimis SCI events” – i.e., those that would have no or a de minimis impact on the Exchange’s operations or market participants). 17 CFR 242.1002.

data,⁵⁰ or download the data to back-test trading strategies. As proposed, the BSTX Market Data Blockchain requires no affirmative obligation on the part of the BSTX Participant. As a result, if a BSTX Participant does not find the BSTX Market Data Blockchain to be of use to it, it could simply ignore it without cost or penalty. In addition, and as noted above, non-BSTX Participants would also be permitted to access General Market Data provided that they are willing to subscribe and pay the related subscription fee. For example, the Exchange believes that it is possible that non-BSTX Participants may find the General Market Data useful for academic studies. In addition, the Exchange notes that the Commission could also be granted access by the Exchange, which would allow the Commission to examine how and when orders arrived at the Exchange, how and when they were modified, and how and when they were executed.⁵¹

Second, the Exchange believes that the BSTX Market Data Blockchain will help familiarize BSTX Participants with the use and capabilities of blockchain technology in a manner that does not impose any burden on them or other market participants.⁵² The Commission has stated that it is “mindful of the benefits of increasing use of new technologies

⁵⁰ As previously discussed, however, the BSTX Market Data Blockchain could not be used as a substitute for a BSTX Participant’s recordkeeping obligations. See supra note 46 and proposed Rule 17020(c)(3).

⁵¹ The Exchange notes that it is initially proposing a relatively simple exchange model without hidden orders or the numerous other types of complex orders available on certain other exchanges (e.g., peg orders, hide-not-slide, discretionary peg orders etc.). Consequently, BSTX presents an opportunity to study, using the data available on the BSTX Market Data Blockchain, how a more simplified market structure operates as well as the evolution of this model over time as additional features might be added (or removed).

⁵² The Exchange is proposing to use blockchain technology for purposes of the BSTX Market Data Blockchain as described in this filing. To the extent the Exchange proposes future applications of blockchain technology to the Exchange’s business, the Exchange will file such proposals with the Commission consistent with the Exchange’s obligations under Section 19 of the Exchange Act. 15 U.S.C. 78s.

for investors and the markets, and has encouraged experimentation and innovation . . .”⁵³ stating further that “[i]nformation and communications technologies are critical to healthy and efficient primary and secondary markets.”⁵⁴ Regarding the judgment of whether the benefits of certain technologies are meritorious, the Commission has explained its view that “[t]he market will ultimately prove the worth of technology – whether the benefits to the industry and its investors of developing and using new services are greater than the associated costs.”⁵⁵ Consistent with these statements, the Exchange believes that promoting use of blockchain technology through the BSTX Market Data Blockchain, accessed through an exchange-provided API, will allow BSTX Participants to observe and increase their familiarity with the capabilities and potential benefits of blockchain technology in a context that operates within the current equity market infrastructure and that the proposal will thereby advance and protect the public’s interest in the use and development of new data processing techniques that may create opportunities for more efficient, effective and safe securities markets.⁵⁶ Moreover, the Exchange believes that new

⁵³ Securities and Exchange Commission, *The Impact of Recent Technological Advances on the Securities Markets* (Sep. 1997), <https://www.sec.gov/news/studies/techrp97.htm>.

⁵⁴ Id.

⁵⁵ Id.

⁵⁶ Report of the Senate Committee on Banking, Housing & Urban Affairs, S. Rep. No. 94-75, at 8 (1975) (expressing Congress’ finding that new data processing and communications systems create the opportunity for more efficient and effective markets). While the Exchange believes that its proposal represents an introductory step in pairing the benefits of blockchain technology with the current equity market infrastructure, other market participants and FINRA have recognized additional potential benefits to blockchain technology in various applications related to the securities markets. FINRA has stated “[o]ne of the proposed benefits of [blockchain technology] is the ability to offer a timestamped, sequential, audit trail of transaction records. This may provide regulators and other interested parties (e.g., internal audit, public auditors) with the opportunity to leverage the technology to view the complete history of a transaction where it may not be available today and enhance existing records related to securities transactions.” Financial Industry Regulatory Authority, Distributed Ledger Technology: Implications of Blockchain for the Securities Industry (January 2017), available at: https://www.finra.org/sites/default/files/FINRA_Blockchain_Report.pdf. Further, Paxos Trust

technology, such as blockchain technology, may be able to help perfect the mechanism of a free and open market and a national market system, consistent with Section 6(b)(5) of the Exchange Act.⁵⁷ At a minimum, the Exchange believes that the use of blockchain technology to store historical market data, accessible through an API, may be a more efficient and effective mechanism for consuming historical market data. Rather than having to download a file of historical market data as is typically the case today, users of the BSTX Market Data Blockchain would be able to query and search the blockchain for particular information of interest to them through the API. The Exchange notes that it is not proposing to offer a separate historical market data feed other than the BSTX Market Data Blockchain, so the BSTX Market Data Blockchain would be the Exchange's historical market data product offering.⁵⁸

Currently, the Exchange believes that market participants, such as prospective BSTX Participants, are able to obtain and review their own order and trade information as well as historical market data on one or more exchanges through a combination of using their own books and records and through acquiring historical market data products (e.g., TAQ data). Depending on how a market participant might organize these sources of data or use historical market data,

Company echoed similar themes in connection with its receipt of no-action relief from the Commission staff, and explained in its request letter certain benefits of blockchain technology including “greater data accuracy and transparency, advanced security, and increased levels of availability and operational efficiency ...” See Letter from Jeffrey S. Mooney, Division of Trading and Markets, Securities and Exchange Commission to Charles Cascarilla and Daniel Burstein, Paxos Trust Company, LLC re: Clearing Agency Registration Under Section 17A(b)(1) of the Securities Exchange Act of 1934 (October 28, 2019), <https://www.sec.gov/divisions/marketreg/mr-noaction/2019/paxos-trust-company-102819-17a.pdf>. The Exchange believes such benefits may be generally relevant to future potential applications of blockchain technology.

⁵⁷ 15 U.S.C. 78f(b)(5).

⁵⁸ See *infra* notes 158-163 and accompanying text, describing the Exchange's proposed market data offerings.

they may be able to run searches or filters to examine the market data in a manner similar to what will be available using the BSTX Market Data Blockchain. The BSTX Market Data Blockchain is essentially an Exchange-offered tool accessible through an API that provides the features of searching and filtering of BSTX market data to a BSTX Participant (and non-BSTX Participants with respect to anonymized data only). In other words, market participants have available to them today through other resources (i.e., their books and records and historical data products where available) the same data elements that the Exchange proposes to make available through the BSTX Market Data Blockchain, but they may not have the information readily accessible or searchable in the same manner that it would be available using the BSTX Market Data Blockchain. In the event of any disruption to the BSTX Market Data Blockchain or a BSTX Participant's access to the BSTX Market Data Blockchain, there would be no impact on the ability of market participants to trade Securities, which the Exchange believes furthers the protection of investors and the public interest, consistent with Section 6(b)(5) of the Exchange Act.⁵⁹ There would also no be disruption in the distribution of market data related to Securities because the BSTX Market Data Blockchain operates as a separate and distinct service of the Exchange independently of the Exchange's other market data products.

G. Trading Securities on Other National Securities Exchanges

Securities would be eligible for trading on other national securities exchanges that extend UTP to them. As described above in Part II.E, Securities would be held in "street name" at DTC, have a CUSIP number, and would clear and settle through the facilities of a clearing agency registered with the SEC (i.e., NSCC and DTC respectively). As a result, Securities would be able to trade on other exchanges and OTC in the same manner as other NMS stock.

⁵⁹ Id.

Accordingly, other exchanges would generally be able to extend UTP to Securities in accordance with Commission rules. The BSTX Market Data Blockchain would not impact the ability of Securities to trade on other exchanges or OTC.

H. Ability for BSTX Participants to Include a Parameter for a Preference for Settlement of Transactions in Securities Faster Than T+2

As described above in Section II.E.5., and based on discussions with representatives from DTCC, BSTX believes that NSCC already has authority under its rules, policies and procedures to clear certain trades on a T+1 or T+0 basis, which are shorter settlement cycles than the longest settlement cycle of T+2 that is generally permitted under SEC Rule 15c6-1 for a security trade that involves a broker-dealer.⁶⁰ Furthermore, BSTX understands from representatives of DTCC that NSCC does already clear trades in accordance with this authority.

The Exchange proposes that BSTX Participants would be able to include in their orders in Securities that are submitted to BSTX certain parameters to indicate a preference for settlement on a same day (T+0) or next trading day (T+1) basis when certain conditions are met.⁶¹ Any such orders would at the time of order entry represent orders that would be regular-way and would be presumed to settle on a T+2 basis just like any other order submitted by a BSTX Participant that does not include a parameter indicating a preference for faster settlement. As described in greater detail below, however, orders in a Security that include a parameter indicating a preference for settlement on a T+0 basis (“Order with a T+0 Preference”) or on a T+1 basis (“Order with a T+1 Preference”) would only result in executions that would actually

⁶⁰ See supra note 30. In using the order parameter indicating a preference for faster settlement, BSTX Participants must comply with all applicable Commission Rules, including without limitation Reg SHO.

⁶¹ See proposed Rule 25060(h).

settle more quickly than on a T+2 basis if, and only if, all of the conditions in Rule 25060(h) are met and the execution that is transmitted by BSTX to NSCC is eligible for T+0 or T+1 settlement under the rules, policies and procedures of a registered clearing agency.⁶² Any such preference included by a BSTX Participant would only become operative if the order happens to execute against another order from a BSTX Participant that also includes a parameter indicating a preference for settlement on a T+0 or T+1 basis, as described in more detail below. This means that at the time of order entry all orders in Securities would be regular-way orders that would be presumed to settle on a T+2 basis. Faster settlement consistent with the rules, policies and procedures of a registered clearing agency would occur if and only if two orders execute against each other in a manner that meets the conditions in Rule 25060(h). BSTX Participants would be informed of a matched trade that will be transmitted to a registered clearing agency for faster settlement in the trade confirmation sent to the respective BSTX Participants by the Exchange.

As proposed, an Order with a T+0 Preference will execute against any order against which it is marketable and BSTX will transmit the matched order information to a registered clearing agency for settlement on a standard settlement cycle (T+2) except where: (i) the Order with a T+0 Preference executes against another Order with a T+0 Preference, in which case BSTX will transmit the matched order information to a registered clearing agency for settlement on the trade date as may be permitted by the rules, policies and procedures of the registered

⁶² See proposed Rule 25100(d). For example, the Exchange understands that under its current rules, policies and procedures NSCC accepts trades for T+0 settlement through its continuous net settlement system provided that they are received by NSCC before a cut-off time of 11:30 am ET. DTCC provides on its website an overview of the cut-off times for participation in the continuous net settlement system process and other procedural considerations under its rules, policies and procedures that are associated with processing trades for accelerated settlement on a T+0 or T+1 basis. The overview can be accessed here: <https://www.dtcc.com/sds>.

clearing agency and subject to the BSTX cut-off time for T+0 executions set forth in proposed Rule 25060(h)(3), or (ii) the Order with a T+0 Preference executes against an Order with a T+1 Preference, in which case BSTX will transmit the matched order information to a registered clearing agency for settlement on the next trading day after the trade date (i.e., T+1) as may be permitted by the rules, policies and procedures of the registered clearing agency. Proposed Rule 25060(h)(3) would describe the cut-off time for T+0 executions by providing that, in order to settle on the trade date, Orders with a T+0 Preference must be executed on the BSTX System prior to the T+0 Cut-Off Time. Proposed Rule 25060(h)(3) would define the term “T+0 Cut-Off Time” to mean one minute before any applicable cut-off time established by the registered clearing agency for inclusion of a confirmed trade in its continuous net settlement process pursuant to the rules, policies and procedures of the registered clearing agency. As noted, the Exchange understands that NSCC’s current cut-off time for inclusion of same-day settling trades in its continuous net settlement system is 11:30 a.m. ET. So, the Exchange proposes to limit its T+0 settlement preference feature to align with this cut-off time by imposing a requirement that orders seeking T+0 settlement must execute against each other before one minute prior to NSCC’s cut-off time pursuant to its rules policies and procedures for BSTX to transmit the confirmed trade to NSCC with the requisite information to indicate that the confirmed trade is bound for T+0 settlement.⁶³ The Exchange believes that a one minute buffer between its own execution T+0 Cut-Off Time and NSCC’s cut-off time for inclusion of such same-day settling trades in NSCC’s continuous net settlement process would be sufficient time to allow the Exchange to transmit the relevant execution details to NSCC and for NSCC to include such same-day settling trades in its continuous net settlement system pursuant to the NSCC rules,

⁶³ See id.

policies and procedures.⁶⁴ The Exchange will monitor the application of the one minute buffer and whether it provides the Exchange and NSCC with sufficient time to prevent executed trades from being transmitted by the Exchange to NSCC after NSCC's cut-off time for inclusion of same-day settling trades in NSCC's continuous net settlement system, and the Exchange will submit additional rule changes in the future as may be necessary to increase the buffer if appropriate. In addition, proposed Rule 25060(h)(3) would also provide that: (i) the BSTX System will not accept Orders with a T+0 Preference after the T+0 Cut-Off Time; and (ii) an Order with a T+0 Preference resting on the BSTX Book after the T+0 Cut-Off Time may still execute against orders against which it is marketable pursuant to the settlement logic described above (and set forth in proposed Rule 25060(h)(1)). Because an Order with a T+0 Preference would not be eligible to settle on the trade date pursuant to proposed Rule 25060(h) after the T+0 Cut-Off Time, the Exchange proposes to disable the T+0 preference functionality after the T+0 Cut-Off Time. However, the Exchange recognizes that some Orders with a T+0 Preference may remain on the BSTX Book after the T+0 Cut-Off Time. Rather than cancel these orders, the Exchange proposes that a resting Order with a T+0 Preference (i.e., a non-marketable order) could remain on the BSTX Book after the T+0 Cut-Off Time and eligible for execution. Accordingly, the resting Order with a T+0 Preference could execute against orders against which it is marketable with settlement occurring on a T+1 basis (if the contra-side order is an Order with a T+1 Preference) or T+2 (if the contra-side order does not indicate a preference for shorter

⁶⁴ The Exchange notes that because NSCC may change its cut-off time for same day settlement of transactions through its continuous net settlement system pursuant to its rules, policies and procedures, the Exchange has not proposed to specify in the Rule the precise time of the BSTX T+0 Cut-Off Time (e.g., by specifying 11:29 a.m. ET). However, the Exchange will post the then applicable T+0 Cut-Off Time on the BSTX website to ensure BSTX Participants are adequately informed.

settlement).⁶⁵ Thus, any Order with a T+0 Preference remaining on the BSTX Book after the T+0 Cut-Off Time would lose the opportunity to settle on trade date while remaining eligible for potential T+1 settlement to the extent it executes against an Order with a T+1 Preference.

Regarding potential T+1 settlement, as proposed, an Order with a T+1 Preference will execute against any order against which it is marketable and BSTX will transmit the matched order information to a registered clearing agency for settlement on a standard settlement cycle (T+2) except where: (i) the Order with a T+1 Preference executes against another Order with a T+1 Preference or an Order with a T+0 Preference, in which case BSTX will transmit the matched order information to a registered clearing agency for settlement on the next trading day after the trade date (i.e., T+1) as may be permitted by the rules, policies and procedures of the registered clearing agency. In all cases, an order not marked with a preference for either T+0 or T+1 settlement would be assured under the settlement timing logic in proposed Rule 25060(h) of settlement on T+2. The possibility of a shortened settlement time would have no impact on the Exchange's proposed price/time priority structure for order matching.⁶⁶

As a result of this structure, all orders in Securities would be eligible to match and execute against any order against which they are marketable with settlement to occur at the later settlement date of any two matching orders. Only where an Order with a T+1 Preference or an

⁶⁵ The Exchange notes that it would not permit modifications to existing orders (only cancel and replace functionality would be offered), so it would also not be possible to modify a resting order to become an Order with a T+0 Preference after the T+0 Cut-Off Time or otherwise.

⁶⁶ For example, assume Order A is marked as an Order with a T+0 Preference and it is sent to BSTX and is marketable against both resting Order B (standard T+2 settlement, with time priority over Order C) and resting Order C (marked as an Order with a T+0 Preference but with priority second to that of Order B). Order A will interact first with Order B, notwithstanding that Order C is also marketable against Order A and is also marked as an Order with a T+0 Preference.

Order with a T+0 Preference match with another Order with a T+1 Preference or Order with a T+0 Preference will those orders (or matching portions thereof) be eligible to settle more quickly than the standard settlement cycle of T+2.

As previously noted in Part II.E above, the Exchange expects at the commencement of its operations that it would transmit confirmed trade details to NSCC regarding trades in Securities that occur on BSTX and that NSCC would be the registered clearing agency that clears trades in Securities and produces related settlement obligations for settlement at DTC. The Exchange believes that NSCC and DTC already have appropriate approvals from the SEC for authority in their rules, policies and procedures to be able to clear and settle settlement obligations using such shortened settlement times. Furthermore, the Exchange understands that NSCC and DTC in fact already are using this authority for shortened settlement times. For example, based on information provided by representatives of DTCC to outside counsel for BSTX, the Exchange understands that on average for each business day for the months of November and December 2019, NSCC cleared over 19,000 trades designated for T+1 settlement and over 2,000 trades designated for T+0 settlement.⁶⁷ In addition, the Exchange understands that DTCC makes data regarding T+0 and T+1 clearance and settlement through NSCC and DTC available on the DTCC website for review by the public.⁶⁸ As provided in proposed Rules 26136 and 26137, all trades in Securities occurring on BSTX that are cleared by NSCC, including those that BSTX transmits to NSCC for T+0 or T+1 settlement as may be permitted pursuant to NSCC's rules, policies and procedures, will be settled through book-entry settlement at DTC pursuant to its

⁶⁷ Mike McClain, then-Managing Director and General Manager of Equity Clearing and DTC Settlement Services at DTCC provided this information to BSTX's outside counsel, Andrew Blake, Partner, Sidley Austin LLP during a telephone conference on February 13, 2020.

⁶⁸ See DTCC website, Settlement by the Numbers, <https://www.dtcc.com/ust1/by-the-numbers>.

rules, policies and procedures. In addition, as noted, the Exchange has proposed to implement a BSTX T+0 Cut-Off Time for matching Orders with a T+0 Preference to be transmitted to NSCC for settlement on the trade date that is one minute prior to the time at which NSCC no longer accepts trades for same-day settlement for inclusion in its continuous net settlement system process, pursuant to its rules, policies and procedures. This T+0 Cut-Off Time is designed to align with the rules, policies, and procedures of NSCC and to make clear to BSTX Participants by when the proposed Rules contemplate that matched Orders with a T+O Preference must be executed to be eligible for transmission to NSCC with the relevant same-day settlement parameter.

The Exchange is also aware of the recent announcement by DTCC, the Securities Industry and Financial Markets Association (“SIFMA”) and the Investment Company Institute (“ICI”) that they plan to collaborate to help the industry reduce the standard settlement cycle from T+2 to T+1, identify a target timeframe for that transition,⁶⁹ and support market participants in their efforts to obtain requisite regulatory approvals for such a reduction in the standard settlement cycle, including from the SEC.⁷⁰ The Exchange fully supports this collaboration by SIFMA, DTCC and ICI, as well as efforts by regulators to accelerate the standard settlement cycle. The Exchange strongly believes that this proposal to allow BSTX Participants for trades in Securities on BSTX to access the shorter settlement cycles of T+1 and

⁶⁹ DTCC White Paper, Advancing Together: Leading the Industry to Accelerated Settlement (February 2021) (“DTCC Accelerated Settlement White Paper”), <https://www.dtcc.com/-/media/Files/PDFs/White%20Paper/DTCC-Accelerated-Settle-WP-2021.pdf>.

⁷⁰ SIFMA Press Release, Sifma, ICI and DTCC Leading Effort to Shorten U.S. Securities Settlement Cycle to T+1, Collaborating with the Industry on Next Steps (April 28, 2021), <https://www.sifma.org/resources/news/sifma-ici-and-dtcc-leading-effort-to-shorten-u-s-securities-settlement-cycle-to-t1-collaborating-with-the-industry-on-next-steps/>.

T+0 that are already being used by NSCC and DTC today represents a change that is both entirely consistent with and in furtherance of broader industry efforts to move the standard settlement cycle to T+1 and that could also incrementally and immediately provide market participants with the benefit of shorter settlement cycles than T+2 where BSTX Participants seek those benefits as provided in proposed Rule 25060(h). The Exchange agrees with DTCC representatives who have recently stated that “[t]he time to settlement equals counterparty risk which can become elevated during market shocks. It can also lead to the need for higher margin requirements, which are critical to protecting the financial system and investors against a firm default.”⁷¹ The Exchange believes that BSTX Participants should be permitted to manage these settlement and margin risks through the structure that is provided in proposed Rule 25060(h). The Exchange also believes, as described in more detail below, that the structure in proposed Rule 25060(h) would allow them to do so in a manner that is consistent with Section 6(b)(5) of the Exchange Act and the requirement for the rules of the Exchange to be designed to perfect the mechanism of a free and open market⁷² because under proposed Rule 25060(h), any Order with a T+1 Preference or Order with a T+0 Preference will continue to interact with any other order in the Security against which it is marketable (including any order in the Security that does not include a parameter indicating a preference for settlement faster than T+2) and a resulting execution will always settle using the latest settlement timing associated with two matching

⁷¹ DTCC Press Release, DTCC Proposes Approach to Shortening U.S. Settlement Cycle to T+1 Within 2 Years, (February 24, 2021) (quoting Murray Pozmanter, Head of Clearing Agency Services and Global Business Operations at DTCC), <https://www.dtcc.com/news/2021/february/24/dtcc-proposes-approach-to-shortening-us-settlement-cycle-to-t1-within-two-years>.

⁷² 15 U.S.C. 78(f)(b)(5).

orders.⁷³

The Exchange believes that facilitating shorter settlement cycles as permitted under the rules, policies, and procedures of a registered clearing agency is consistent with Section 6(b)(5) of the Exchange Act⁷⁴ because it is in the public interest and furthers the protection of investors as well as helps perfect the mechanism of a free and open market and the national market system. Specifically, the Exchange believes that BSTX Participants have an interest in being able to access risk-reducing market functionality that is presently available and compatible with market structure, such as shorter settlement cycles, and that this can reduce costs for market participants settling trading obligations in that Security and reduce settlement risk. For example, market participants settling trades in a Security on a T+2 basis must post margin collateral to NSCC for two trading days. The margin collateral cannot otherwise be used until settlement on T+2. In addition, and as reflected in statements by DTCC described above, by shortening the timing of settlement from T+2 to T+1 or T+0, the risk horizon for a potential default in settling the trade is correspondingly shortened as well. This means that market participants engaged in settling transactions on shorter settlement cycles than T+2 receive the benefits of not having to encumber collateral assets for as long and facing a shorter period of settlement risk. The Exchange believes that these benefits in turn free up assets to be used elsewhere in financial markets, thereby helping to promote the efficient allocation of capital and perfecting the mechanism of a free and open market.⁷⁵ All else being equal, the Exchange believes that a BSTX Participant

⁷³ The Exchange notes that details regarding T+1 and T+0 order marking preference (or matched trades bound for shortened settlement) would not be included in the information provided on the BSTX Market Data Blockchain.

⁷⁴ Id.

⁷⁵ Id.

may find that between two otherwise identical stocks, one for which it may be able to settle the transaction more quickly is more attractive than one that settles over a longer duration and potentially requires collateral to be held for a longer period.

The Exchange notes that the proposed potential for shortened settlement timing for an Order with a T+0 Preference or an Order with a T+1 Preference will in no way impact or prevent any market participant that desires to effect a trade in a Security on BSTX from doing so. This is because under proposed Rule 25060(h), any Order with a T+1 Preference or Order with a T+0 Preference will continue to interact with any other order in the Security against which it is marketable (including any order in the Security that does not include a parameter indicating a preference for settlement faster than T+2) and a resulting execution will always settle using the latest settlement timing associated with two matching orders. Accordingly, non-BSTX Participants seeing a quote in a Security on BSTX will remain able to execute against that quote posted on BSTX even if that quote includes a latent parameter for a preference for T+0 or T+1 settlement where consistent with the rules, policies and procedures of a registered clearing agency. In this way, the Exchange believes that the proposal is fully compatible with the current market structure and would help perfect the mechanism of a free and open market consistent with the requirement in Section 6(b)(5) of the Exchange Act⁷⁶ by allowing for shorter settlement times than T+2 where consistent with the rules, policies and procedures of a registered clearing agency and where both parties to a transaction in a Security indicate a preference for faster settlement than T+2.

Finally, because all orders in Securities submitted to BSTX would at the time of the order entry be presumed to settle on a regular way T+2 basis and would interact with any other order

⁷⁶ Id.

against which the order is marketable, the Exchange believes that Orders with a T+0 Preference and Orders with a T+1 Preference would be considered “protected” within the meaning of Rule 611 of the Exchange Act.⁷⁷ Orders with a T+0 Preference and Orders with a T+1 Preference would not fall within the exception for protected quotation status set forth in Rule 611(b)(2) of the Exchange Act because they will only settle more quickly than T+2 where all of the conditions in Rule 25060(h) are met, as described above, where settlement faster than T+2 is consistent with the rules, policies and procedures of a registered clearing agency.⁷⁸

In adopting amendments to SEC Rule 15c6-1 in 2017 to shorten the standard settlement cycle for most broker-dealer transactions in securities from T+3 to T+2, the Commission stated its belief that the shorter settlement cycle would have positive effects regarding the liquidity risks and costs faced by members in a clearing agency, like NSCC, that performs central counterparty⁷⁹ (“CCP”) services, and that it would also have positive effects for other market participants. Specifically, the Commission stated its belief that the resulting “reduction in the amount of unsettled trades and the period of time during which the CCP is exposed to risk would reduce the amount of financial resources that the CCP members may have to provide to support the CCP’s risk management process . . .” and that “[t]his reduction in the potential need for financial resources should, in turn, reduce the liquidity costs and capital demands clearing broker-dealers face . . . and allow for improved capital utilization.”⁸⁰ The Commission went on

⁷⁷ 17 CFR 242.611.

⁷⁸ 17 CFR 242.611(b)(2).

⁷⁹ See 17 CFR 240.17Ad-22(a)(2) (defining the term “central counterparty” to mean “a clearing agency that interposes itself between the counterparties to securities transactions, acting functionally as the buyer to every seller and the seller to every buyer”).

⁸⁰ Exchange Act Release No. 80295 (March 22, 2017), 82 FR 15564, 15570-71 (March 29, 2017).

to state its belief that shortening the settlement cycle “would also lead to benefits to other market participants, including introducing broker-dealers, institutional investors, and retail investors” such as “quicker access to funds and securities following trade execution” and “reduced margin charges and other fees that clearing broker-dealers may pass down to other market participants[.]”⁸¹ The Commission also “noted that a move to a T+1 standard settlement cycle could have similar qualitative benefits of market, credit, and liquidity risk reduction for market participants[.]”⁸² BSTX agrees with these statements by the Commission and has therefore proposed BSTX Rules 25060(h) and 25100(d) in a form that would promote the benefits of available, shorter settlement cycles.⁸³

III. Proposed BSTX Rules

The discussion in this Part III addresses the proposed BSTX Rules that would be adopted as Rule Series 17000 through 29000.

A. General Provisions of BSTX and Definitions (Rule 17000 Series)

The Exchange proposes to adopt as its Rule 17000 Series (General Provisions of BSTX) a set of general provisions relating to the trading of Securities and other rules governing participation on BSTX. Proposed Rule 17000 sets forth the defined terms used throughout the BSTX Rules. The majority of the proposed definitions are substantially similar to defined terms

⁸¹ Id. at 15571.

⁸² Id. at 15582.

⁸³ As described in this Part II.I, an order for a Security marked for T+0 or T+1 could still interact with any other order, including an order with the default T+2 settlement, with settlement to occur at the later of any two matched orders (e.g., if a T+1 order matches with a T+2 order, the orders would settle T+2). Only where an order marked for a shorter settlement time matches with another order similarly marked would a shorter settlement time occur. Consequently, the proposed use of shorter settlement times would not adversely impact any market participant seeking T+2 settlement in a transaction for a Security.

used in other equities exchange rulebooks, such as with respect to the term “customer.”⁸⁴ The Exchange proposes to set forth new definitions for certain terms to specifically identify systems, agreements, or persons as they relate to BSTX and as distinct from other Exchange systems, agreements, or persons that may be used in connection with the trading of other options on the Exchange.⁸⁵ The Exchange also proposes to define certain unique terms relating to the trading of Securities, including the term “Security” itself,⁸⁶ as well as for other features of BSTX such as the “BSTX Market Data Blockchain.”⁸⁷

In addition to setting forth proposed definitions used throughout the proposed Rules, the Exchange proposes to specify in proposed Rule 17010 (Applicability) that the Rules set forth in the Rule 17000 Series to Rule 29000 Series apply to the trading, listing, and related matters pertaining to the trading of Securities. Proposed Rule 17010(b) provides that, unless specific Rules relating to Securities govern or unless the context otherwise requires, the provisions of any

⁸⁴ Proposed Rule 17000(a)(17) defines the term “customer” to not include a broker or dealer, which parallels the same definition in other exchange rulebooks. See e.g., IEX Rule 1.160(j). Similarly, the Exchange proposes to define the term “Regular Trading Hours” as the time between 9:30 a.m. and 4:00 p.m. Eastern Time. See proposed Rule 17000(a)(29) cf. IEX Rule 1.160(gg) (defining “Regular Market Hours” in the same manner).

⁸⁵ For example, the Exchange proposes to define the term “BSTX” to mean the facility of the Exchange for executing transaction in Securities, the term “BSTX Participant” to mean a Participant or Options Participant (as those terms are defined in the Exchange’s Rule 100 Series) that is authorized to trade Securities, and the term “BSTX System” to mean the automated trading system used by BSTX for the trading of Securities. See proposed Rule 17000(a)(8), (11), and (15).

⁸⁶ Proposed Rule 17000(a)(31) provides that the term “Security” means a NMS stock, as defined in Rule 600(b)(47) of the Exchange Act, trading on the BSTX System. The proposed definition further specifies that references to a “security” or “securities” in the Rules may include Securities.

⁸⁷ Proposed Rule 17000(a)(9) provides that the term “BSTX Market Data Blockchain” means the private, permissioned blockchain network that records certain order and transaction data related to trading activity on BSTX. See Part II.F for further discussion of the BSTX Market Data Blockchain and proposed Rule 17020.

Exchange Rule (i.e., including Exchange Rules in the Rule 100 through 16000 Series) shall be applicable to BSTX Participants.⁸⁸ This is intended to make clear that BSTX Participants are subject to all of the Exchange's Rules that may be applicable to them, notwithstanding that their trading activity may be limited solely to trading Securities. The Exchange believes that the proposed definitions set forth in Rule 17000 are consistent with Section 6(b)(5) of the Exchange Act⁸⁹ because they protect investors and the public interest by setting forth clear definitions that help BSTX Participants understand and apply Exchange Rules. Without clearly defining terms used in the Exchanges Rules and providing clarity as to the Exchange Rules that may apply, market participants could be confused as to the application of certain rules, which could cause harm to investors.

B. Participation on BSTX (Rule 18000 Series)

The Exchange proposes to adopt as its Rule 18000 Series (Participation on BSTX), three rules setting forth certain requirements relating to participation on BSTX. Proposed Rule 18000 (BSTX Participation) establishes "BSTX Participants" as a new category of Exchange participation for effecting transactions on the BSTX System, provided they: (i) complete the BSTX Participant Application, Participation Agreement, and User Agreement;⁹⁰ (ii) be an existing Participant or Options Participant or become a Participant or Options Participant of the Exchange pursuant to the Rule 2000 Series and continue to abide by all applicable provisions in

⁸⁸ Proposed Rule 17010 further specifies that to the extent the provisions of the Rules relating to the trading of Securities contained in Rule 17000 Series to Rule 29000 Series are inconsistent with any other provisions of the Exchange Rules, the Rules relating to Security trading shall control.

⁸⁹ 15 U.S.C. 78f(b)(5).

⁹⁰ The BSTX Participant Application, Participation Agreement, and User Agreement have been submitted as Exhibits 3A, 3B, and 3C to the proposal respectively.

the Rule 2000 Series; and (iii) provide such other information as required by the Exchange.⁹¹

The Exchange Rule 2000 Series requires, among other things, that a Participant (including a BSTX Participant) must remain a member of another registered national securities exchange or national securities association.⁹² Proposed Rule 18010 (Requirements for BSTX Participants) sets forth certain requirements for BSTX Participants including requirements that each BSTX Participant comply with Rule 15c3-1 under the Exchange Act, comply with applicable books and records requirements, and be a member of a registered clearing agency or clear Security transactions through another BSTX Participant that is a member/participant of a registered clearing agency.⁹³ Finally, proposed Rule 18020 (Associated Persons) provides that associated persons of a BSTX Participant are bound by the Rules of the Exchange to the same extent as each BSTX Participant.

The Exchange believes that the proposed Rule 18000 Series (Participation on BSTX) is consistent with Section 6(b)(5) of the Exchange Act⁹⁴ because these proposed rules are designed to promote just and equitable principles of trade, and protect investors and the public interest by setting forth the requirements to become a BSTX Participant and specifying that associated

⁹¹ Proposed Rule 18000 also sets forth the Exchange's review process regarding BSTX Participation Agreements and certain limitations on the ability to transfer BSTX Participant status (e.g., in the case of a change of control). In addition proposed Rule 18000(b)(2) provides that a BSTX Participant shall continue to abide by all applicable requirements of the Rule 2000 Series, which would include, for example, IM-2040-5, which specifies continuing education requirements of Exchange Participants and their associated persons.

⁹² See Exchange Rule 2020(a). The Exchange does not operate as a designated examining authority for its Participants for compliance with financial responsibilities rules pursuant to Rule 17d-1 of the Exchange Act.

⁹³ Proposed Rule 18010(b) is similar to the rules of existing exchanges. See e.g., IEX Rule 2.160(c). Proposed Rule 18010(a) is also similar to the rules of existing exchanges. See e.g., IEX Rule 1.160(s) and Cboe BZX Rule 17.2(a).

⁹⁴ 15 U.S.C. 78f(b)(5).

persons of a BSTX Participant are bound by Exchange Rules. Under proposed Rule 18000, a BSTX Participant must first become an Exchange Participant pursuant to the Exchange Rule 2000 Series, and must continue to abide by all applicable provisions of the Rule 2000 Series, which the Exchange believes would help assure that BSTX Participants meet the appropriate standards for trading on BSTX in furtherance of the protection of investors.⁹⁵

C. Business Conduct for BSTX Participants (Rule 19000 Series)

The Exchange proposes to adopt as its Rule 19000 Series (Business Conduct for BSTX Participants), twenty two rules relating to business conduct requirements for BSTX Participants that are substantially similar to business conduct rules of other exchanges.⁹⁶ The proposed Rule 19000 Series would specify business conduct requirements with respect to: (i) just and equitable principles of trade;⁹⁷ (ii) adherence to law;⁹⁸ (iii) use of fraudulent devices;⁹⁹ (iv) false

⁹⁵ The Exchange notes that the approach of requiring members of a facility of an exchange to first become members of the exchange is consistent with the approach used by another national securities exchange. See Cboe BZX Rule 17.1(b)(3) (requiring that a Cboe BZX options member be an existing member or become a member of the Cboe BZX equities exchange pursuant to the Cboe BZX Chapter II Series).

⁹⁶ See Cboe BZX Chapter 3 rules and IEX Chapter 3 rules. See also IEX Rule 5.150 with respect to proposed Rule 21040 (Prevention of the Misuse of Material, Non-Public Information) and BOX Rule 4140 with respect to proposed Rule 19170.

⁹⁷ Proposed Rule 19000 (Just and Equitable Principles of Trade) provides that no BSTX Participant, including its associated persons, shall engage in acts or practices inconsistent with just and equitable principles of trade.

⁹⁸ Proposed Rule 19010 (Adherence to Law) generally requires BSTX Participants to adhere to applicable laws and regulatory requirements.

⁹⁹ Proposed Rule 19020 (Use of Fraudulent Devices) generally prohibits BSTX Participants from effecting a transaction in any security by means of a manipulative, deceptive or other fraudulent device or contrivance.

statements;¹⁰⁰ (v) know your customer;¹⁰¹ (vi) fair dealing with customers;¹⁰² (vii) suitability;¹⁰³ (viii) the prompt receipt and delivery of securities;¹⁰⁴ (ix) charges for services performed;¹⁰⁵ (x) use of information obtained in a fiduciary capacity;¹⁰⁶ (xi) publication of transactions and quotations;¹⁰⁷ (xii) offers at stated prices;¹⁰⁸ (xiii) payments involving publications that influence

¹⁰⁰ Proposed Rule 19030 (False Statements) generally prohibits BSTX Participants and their associated persons from making false statements or misrepresentations in communications with the Exchange.

¹⁰¹ Proposed Rule 19040 (Know Your Customer) requires BSTX Participants to comply with FINRA Rule 2090 as if such rule were part of the Exchange Rules. In connection with the Exchange's proposal to incorporate certain FINRA rules by reference in proposed BSTX Rules (e.g., FINRA Rule 2090 and FINRA Rule 2111 and 4512 regarding suitability), the Exchange will request, pursuant to Rule 240.0-12 (17 CFR 240.0-12) an exemption under Section 36 of the Exchange Act from the rule filing requirements of Section 19(b) of the Act for changes to those Exchange Rules that are effected solely by virtue of a change to a cross-referenced FINRA rule. Until such time as this exemptive relief may be granted, the Exchange will update its Rules to reflect any changes to the FINRA rules incorporated by reference as appropriate.

¹⁰² Proposed Rule 19050 (Fair Dealing with Customers) generally requires BSTX Participants to deal fairly with customers and specifies certain activities that would violate the duty of fair dealing (e.g., churning or overtrading in relation to the objectives and financial situation of a customer).

¹⁰³ Proposed Rule 19060 (Suitability) provides that BSTX Participants and their associated persons shall comply with FINRA Rule 2111 as if such rule were part of the Exchange Rules and further specifies how references to other rules in FINRA Rule 2111 should be read in the context of Rule 19060 (e.g., by specifying that references to FINRA rules 2111 and 4512 shall be construed as references to Exchange Rules 19060 and 20040, respectively).

¹⁰⁴ Proposed Rule 19070 (Prompt Receipt and Delivery of Securities) would generally prohibit a BSTX Participant from accepting a customer's purchase order for a security until it can determine that the customer agrees to receive the securities against payment.

¹⁰⁵ Proposed Rule 19080 (Charges for Services Performed) generally requires that charges imposed on customers by broker-dealers shall be reasonable and not unfairly discriminatory.

¹⁰⁶ Proposed Rule 19090 (Use of Information Obtained in a Fiduciary Capacity) generally restricts the use of information as to the ownership of securities when acting in certain capacities (e.g., as a trustee).

¹⁰⁷ Proposed Rule 19100 (Publication of Transactions and Quotations) generally prohibits a BSTX Participant from disseminating a transaction or quotation information unless the BSTX Participant believes it to be bona fide.

¹⁰⁸ Proposed Rule 19110 (Offers at Stated Prices) generally prohibits a BSTX Participant from

the market price of a security;¹⁰⁹ (xiv) customer confirmations;¹¹⁰ (xv) disclosure of a control relationship with an issuer of Securities;¹¹¹ (xvi) discretionary accounts;¹¹² (xvii) improper use of customers' securities or funds and a prohibition against guarantees and sharing in accounts;¹¹³ (xviii) the extent to which sharing in accounts is permissible;¹¹⁴ (xix) communications with the public;¹¹⁵ (xx) gratuities;¹¹⁶ (xxi) telemarketing;¹¹⁷ (xxii) mandatory systems testing;¹¹⁸ and

offering to transact in a security at a stated price unless it is in fact prepared to do so.

¹⁰⁹ Proposed Rule 19120 (Payments Involving Publications that Influence the Market Price of a Security) generally prohibits direct or indirect payments with the aim of disseminating information that is intended to effect the price of a security.

¹¹⁰ Proposed Rule 19130 (Customer Confirmations) requires that BSTX Participants comply with Rule 10b-10 of the Exchange Act. 17 CFR 240.10b-10.

¹¹¹ Proposed Rule 19140 (Disclosure of Control Relationship with Issuer) generally requires BSTX Participants to disclose any control relationship with an issuer of a security before effecting a transaction in that security for the customer.

¹¹² Proposed Rule 19150 (Discretionary Accounts) generally provides certain restrictions on BSTX Participants handling of discretionary accounts, such as by effecting excessive transactions or obtained authorization to exercise discretionary powers.

¹¹³ Proposed Rule 19160 (Improper Use of Customers' Securities or Funds and Prohibition against Guarantees and Sharing in Accounts) generally prohibits BSTX Participants from making improper use of customers securities or funds and prohibits guarantees to customers against losses.

¹¹⁴ Proposed Rule 19170 (Sharing in Accounts; Extent Permissible) generally prohibits BSTX Participants and their associated persons from sharing directly or indirectly in the profit or losses of the account of a customer unless certain exceptions apply such as where an associated person receives prior written authorization from the BSTX Participant with which he or she is associated.

¹¹⁵ Proposed Rule 19180 (Communications with the Public) generally provides that BSTX Participants and their associated persons shall comply with FINRA Rule 2210 as if such rule were part of the Exchange Rules.

¹¹⁶ Proposed Rule 19190 (Influencing or Rewarding Employees of Others; Gratuities) requires BSTX Participants to comply with certain requirements related to the receipt of gratuities that are substantially similar to those of other national securities exchanges. See e.g., IEX Rule 3.291..

¹¹⁷ Proposed Rule 19200 (Telemarketing) requires that BSTX Participants and their associated persons comply with FINRA Rule 3230 as if such rule were part of the Exchange's Rules.

¹¹⁸ Proposed Rule 19210 (Mandatory Systems Testing) requires that BSTX Participants comply

(xxiii) short interest reporting.¹¹⁹ The Exchange notes that the proposed business conduct rules are virtually identical to those of other national securities exchanges other than changes to defined terms and certain other provisions that would not apply to the trading of Securities on the BSTX System.¹²⁰

The Exchange believes that the proposed Rule 19000 Series (Business Conduct) is consistent with Section 6(b)(5) of the Exchange Act¹²¹ because these proposed rules are designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and protect investors and the public interest by setting forth appropriate standards of conduct applicable to BSTX Participants in carrying out their business activities. For example, proposed Rule 19000 (Just and Equitable Principles of Trade) and 19010 (Adherence to Law) would prohibit BSTX Participants from engaging in acts or practices inconsistent with just and equitable principles of trade or that would violate applicable laws and regulations. Similarly, proposed Rule 19050 (Fair Dealing with Customers) would require that BSTX Participants deal fairly with their customers and proposed Rule 19030 (False Statements) would generally prohibit

with Exchange Rule 3180 (Mandatory Systems Testing).

¹¹⁹ Proposed Rule 19220 (Short Interest Reporting), would require that, to the extent short interest reporting information is not otherwise reported to FINRA in conformance with FINRA Rule 4560, BSTX Participants shall comply with FINRA Rule 4560, with respect to securities listed on BSTX, as if such rule were part of BSTX's Rules and would further specify that information reported to BSTX pursuant to this Rule would be provided in the form and manner specified by the Exchange. This proposed rule is substantially similar to IEX Rule 3.293.

¹²⁰ For example, the Exchange is not proposing to adopt a rule contained in other exchanges' business conduct rules relating to disclosures that broker-dealers give to their customers regarding the risks of effecting securities transactions during times other than during regular trading hours (e.g., higher volatility, possibly lower liquidity) because executions may only occur during regular trading hours on the BSTX System. See e.g., IEX Rule 3.290, Cboe BZX Rule 3.21.

¹²¹ 15 U.S.C. 78f(b)(5).

BSTX Participants, or their associated persons from making false statements or misrepresentations to the Exchange. The Exchange believes that requiring that BSTX Participants comply with the proposed business conduct rules in the Rule 19000 Series would further the protection of investors and the public interest by promoting high standards of commercial honor and integrity. In addition, each of the rules in the proposed Rule 19000 Series (Business Conduct) is substantially similar to supervisory rules of other exchanges.¹²²

D. Financial and Operational Rules for BSTX Participants (Rule 20000 Series)

The Exchange proposes to adopt as its Rule 20000 Series (Financial and Operational Rules), ten rules relating to financial and operational requirements for BSTX Participants that are substantially similar to financial and operational rules of other exchanges.¹²³ The proposed Rule 20000 Series would specify financial and operational requirements with respect to: (i) maintenance and furnishing of books and records;¹²⁴ (ii) financial reports;¹²⁵ (iii) net capital compliance;¹²⁶ (iv) early warning notifications pursuant to Rule 17a-11 under the Exchange

¹²² See supra note 96.

¹²³ See e.g., Cboe BZX Chapter 6 rules and IEX Chapter 5 rules.

¹²⁴ Proposed Rule 20000 (Maintenance, Retention and Furnishing of Books, Records and Other Information) requires that BSTX Participants comply with current Exchange Rule 10000 (Maintenance, Retention and Furnishing of Books, Records and Other Information) and that BSTX Participants shall submit to the Exchange order, market and transaction data as the Exchange may specify by Information Circular. Other national securities exchanges have similar such rules regarding providing records to the exchange. See e.g., Cboe BZX Rule 4.2.

¹²⁵ Proposed Rule 20010 (Financial Reports) provides that BSTX Participants shall comply with the requirements of current Exchange Rule 10020 (Financial Reports).

¹²⁶ Proposed Rule 20020 (Capital Compliance) provides that each BSTX Participant subject to Rule 15c3-1 under the Exchange Act (17 CFR 240.15c3-1) shall comply with such rule and other financial and operational rules contained in the proposed Rule 20000 series. Other national securities exchanges have similar such rules regarding capital compliance which reflect the process by which those exchanges may monitor for capital compliance under their rules. See e.g.,

Act;¹²⁷ (v) authority of the Chief Regulatory Officer to impose certain restrictions;¹²⁸ (vi) margin;¹²⁹ (vii) day-trading margin;¹³⁰ (viii) customer account information;¹³¹ (ix) maintaining records of customer complaints;¹³² and (x) disclosure of financial condition.¹³³ With respect to proposed Rule 20000 and maintaining books and records, the Exchange proposes to adopt Rule 20000(c) which would provide that BSTX Participants and persons associated with a BSTX

IEX Rule 4.100, which incorporates by reference certain FINRA rules. The Exchange notes that IEX's Rule 4.100 appears to contemplate that IEX may act as the designated examining authority for its members pursuant to Rule 17d-1. The Exchange does not act as the designated examining authority for its Participants compliance with financial responsibility rules pursuant to Rule 17d-1.

¹²⁷ 17 CFR 240.17a-11. Proposed Rule 20030 ("Early Warning" Notification) provides that BSTX Participants subject to the reporting or notifications requirements of Rule 17a-11 under the Exchange Act (17 CFR 240.17a-11) or similar "early warning" requirements imposed by other regulators shall provide the Exchange with certain reports and financial statements. Other national securities exchanges have similar such rules regarding providing early warning notifications to the exchange that reflect those exchange's processes. See e.g., IEX Rule 4.120.

¹²⁸ Proposed Rule 20040 (Power of CRO to Impose Restrictions) generally provides that the Exchange's Chief Regulatory Officer may impose restrictions and conditions on a BSTX Participant subject to the early warning notification requirements under certain circumstances.

¹²⁹ Proposed Rule 20050 (Margin) sets forth the required margin amounts for certain securities held in a customer's margin account, and is substantially similar to the rules of other national securities exchanges. See e.g., IEX Rule 4.210.

¹³⁰ Proposed Rule 20060 (Day Trading Margin) sets forth additional requirements with respect to customers that engage in day trading, and is substantially similar to the rules of other national securities exchanges. See e.g., IEX Rule 4.220.

¹³¹ Proposed Rule 20070 (Customer Account Information) requires that BSTX Participants comply with FINRA Rule 4512 as if such rule were part of the Exchange Rules and further clarifies certain cross-references within FINRA Rule 4512. Other exchanges have similarly incorporated the requirements of FINRA Rule 4512 by reference. See e.g., IEX Rule 4.512.

¹³² Proposed Rule 20080 (Record of Written Customer Complaints) requires that BSTX Participants comply with FINRA Rule 4513 as if such rule were part of the Exchange Rules. Other exchanges have similarly incorporated the requirements of FINRA Rule 4512 by reference. See e.g., IEX Rule 4.513.

¹³³ Proposed Rule 20090 (Disclosure of Financial Condition) generally requires that BSTX Participants make available certain information regarding the BSTX Participant's financial condition upon request of a customer, and is substantially similar to the rules of other national securities exchanges. See e.g., IEX Rule 4.550.

Participant shall comply with FINRA Rule 4511 as if such rule were part of the Exchange's Rules.¹³⁴

The Exchange believes that the proposed Rule 20000 (Financial and Operational Rules) Series is consistent with Section 6(b)(5) of the Exchange Act¹³⁵ because these proposed rules are designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and protect investors and the public interest by subjecting BSTX Participants to certain recordkeeping, disclosure, and related requirements designed to ensure that BSTX Participants conduct themselves in a financially responsible manner. For example, proposed Rule 20000 would require BSTX Participants to comply with existing Exchange Rule 1000, which sets forth certain recordkeeping responsibilities and the obligation to furnish these to the Exchange upon request so that the Exchange can appropriately monitor the financial condition of a BSTX Participant and its compliance with applicable regulatory requirements. Similarly, proposed Rule 20050 would set forth the margin requirements that BSTX Participants must retain with respect to customers trading in a margin account to ensure that BSTX Participants are not extending credit to customers in a manner that might put the financial condition of the BSTX Participant in jeopardy. Each of the proposed rules in the Rule 20000 Series (Financial and Operational Rules) is substantially similar to existing rules of other exchanges or incorporates an existing rule of the Exchange or another self-regulatory organization ("SRO") by reference, including certain existing rules of the Exchange.

E. Supervision (Rule 21000 Series)

¹³⁴ Other exchanges have similarly incorporated the requirements of FINRA Rule 4511 by reference. See e.g., IEX Rule 4.511.

¹³⁵ 15 U.S.C. 78f(b)(5).

The Exchange proposes to adopt as its Rule 21000 Series (Supervision), six rules relating to certain supervisory requirements for BSTX Participants that are substantially similar to supervisory rules of other exchanges.¹³⁶ The Proposed Rule 21000 Series would specify supervisory requirements with respect to: (i) enforcing written procedures to appropriately supervise the BSTX Participant's conduct and compliance with applicable regulatory requirements;¹³⁷ (ii) designation of an individual to carry out written supervisory procedures;¹³⁸ (iii) maintenance and keeping of records carrying out the BSTX Participant's written supervisory procedures;¹³⁹ (iv) review of activities of each of a BSTX Participant's offices, including periodic examination of customer accounts to detect and prevent irregularities or abuses;¹⁴⁰ (v) the prevention of the misuse of material non-public information;¹⁴¹ and (vi) implementation of an anti-money laundering ("AML") compliance program.¹⁴² These rules are designed to ensure that BSTX Participants are able to appropriately supervise their business activities, review and

¹³⁶ See Cboe BZX Chapter 5 rules. See also IEX Rule 5.150 with respect to proposed Rule 21040 (Prevention of the Misuse of Material, Non-Public Information).

¹³⁷ Proposed Rule 21000 (Written Procedures).

¹³⁸ Proposed Rule 21010 (Responsibility of BSTX Participants) would also require that a copy of a BSTX's written supervisory procedures be kept in each office and makes clear that final responsibility for proper supervision rests with the BSTX Participant.

¹³⁹ Proposed Rule 21020 (Records).

¹⁴⁰ Proposed Rule 21030 (Review of Activities).

¹⁴¹ Proposed Rule 21040 (Prevention of the Misuse of Material, Non-Public Information) generally requires BSTX Participants to enforce written procedures designed to prevent misuse of material non-public information and sets forth examples of conduct that would constitute a misuse of material, non-public information.

¹⁴² Proposed Rule 21050 (Anti-Money Laundering Compliance Program). The Exchange already has rules with respect to Exchange Participants enforcing an AML compliance program set forth in Exchange Rule 10070 (Anti-Money Laundering Compliance Program), so proposed Rule 21050 specifies that BSTX Participants shall comply with the requirements of that pre-existing rule.

maintain records with respect to such supervision, and enforce specific procedures relating to insider-trading and AML.

The Exchange believes that the proposed Rule 21000 (Supervision) Series is consistent with Section 6(b)(5) of the Exchange Act¹⁴³ because these proposed rules are designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and protect investors and the public interest by ensuring that BSTX Participants have appropriate supervisory controls in place to carry out their business activities in compliance with applicable regulatory requirements. For example, proposed Rule 21000 (Written Procedures) would require BSTX Participants to enforce written procedures which enable them to supervise the activities of their associated persons and proposed Rule 21010 (Responsibility of BSTX Participants) would require a BSTX Participant to designate a person in each office to carry out written supervisory procedures. Requiring appropriate supervision of a BSTX Participant's business activities and associated persons would promote compliance with the federal securities laws and other applicable regulatory requirements in furtherance of the protection of investors and the public interest.¹⁴⁴ In addition, each of the rules in the proposed Rule 21000 Series (Supervision) is substantially similar to supervisory rules of other exchanges.¹⁴⁵

F. Miscellaneous Provisions (Rule 22000 Series)

The Exchange proposes to adopt as its Rule 22000 Series (Miscellaneous Provisions), six rules relating to a variety of miscellaneous requirements applicable to BSTX Participants that are substantially similar to rules of other exchanges.¹⁴⁶ These miscellaneous provisions relate to: (i)

¹⁴³ 15 U.S.C. 78f(b)(5).

¹⁴⁴ Id.

¹⁴⁵ See supra note 136.

¹⁴⁶ See Cboe BZX Chapter 13 rules. See also IEX Rule 6.180 with respect to proposed Rule

comparison and settlement requirements;¹⁴⁷ (ii) failures to deliver and failures to receive;¹⁴⁸ (iii) forwarding of proxy and other issuer-related materials;¹⁴⁹ (iv) commissions;¹⁵⁰ (v) regulatory services agreements;¹⁵¹ and (vi) transactions involving Exchange employees.¹⁵² These rules are designed to capture additional regulatory requirements applicable to BSTX Participants, such as setting forth their obligation to deliver proxy materials at the request of an issuer and to incorporate by reference Rule 200 – 203 of Regulation SHO.¹⁵³ The Exchange believes that the

22050 (Transactions Involving BOX Employees).

¹⁴⁷ Proposed Rule 22000 (Comparison and Settlement Requirements) provides that a BSTX Participant that is a member of a registered clearing agency shall implement comparison and settlement procedures as may be required under the rules of such entity. The proposed rule would further provide that, notwithstanding this general provision, the Board may extend or postpone the time of delivery of a BSTX transaction whenever the Board determines that it is called for by the public interest, just and equitable principles of trade or to address unusual conditions. In such a case, delivery will occur as directed by the Board.

¹⁴⁸ Proposed Rule 22010 (Failure to Deliver and Failure to Receive) provides that borrowing and deliveries must be effected in accordance with Rule 203 of Regulation SHO (17 CFR 242.203) and incorporates Rules 200 – 203 of Regulation SHO by reference into the rule (17 CFR §§ 242.200 – 203).

¹⁴⁹ Proposed Rule 22020 (Forwarding of Proxy and Other Information; Proxy Voting) generally provides that BSTX Participants shall forward proxy materials when requested by an issuer and sets forth certain conditions and limitations for BSTX Participants to give a proxy to vote stock that is registered in its name.

¹⁵⁰ Proposed Rule 22030 (Commissions) provides that the Exchange Rules or practices shall not be construed to allow a BSTX Participant or its associated persons to agree or arrange for the charging of fixed rates commissions for transactions on the Exchange.

¹⁵¹ Proposed Rule 22040 (Regulatory Service Agreement) provides that the Exchange may enter into regulatory services agreements with other SROs to assist in carrying out regulatory functions, but the Exchange shall retain ultimate legal responsibility for, and control of, its SRO responsibilities.

¹⁵² Proposed Rule 22040 (Transactions Involving Exchange Employees) sets forth conditions and limitations on a BSTX Participant providing loans or supporting the account of an Exchange employee (e.g., promptly obtaining and implementing an instruction from the employee to provide duplicate account statement to the Exchange) in order to mitigate any potential conflicts of interest that might arise from such a relationship.

¹⁵³ 17 CFR §§ 242.200 – 203.

proposed Rule 22000 (Miscellaneous Provisions) Series is consistent with Section 6(b)(5) of the Exchange Act¹⁵⁴ because these proposed rules are designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and protect investors and the public interest by ensuring that BSTX Participants comply with additional regulatory requirements, such as Rule 203 of Regulation SHO¹⁵⁵ as provided in proposed Rule 22010 (Failure to Deliver and Failure to Receive), in connection with their participation on BSTX. For example, proposed Rule 22030 (Commissions) prohibits BSTX Participants from charging fixed rates of commissions for transactions on the Exchange consistent with Section 6(e)(1) of the Exchange Act.¹⁵⁶ Similarly, proposed Rule 22050 (Transactions involving Exchange Employees) sets forth certain requirements and prohibitions relating to a BSTX Participant providing certain financial services to an Exchange employee, which the Exchange believes helps prevent potentially fraudulent and manipulative acts and practices and furthers the protection of investors and the public interest. Finally, the Exchange proposes to adopt Rule 22070 (Off-Exchange Transactions), which is adopted consistent with the requirements of Rule 19c-1 and 19c-3 under the Exchange Act, and generally provide that the Rules of the Exchange shall not prohibit or condition the trading of securities trading on the Exchange otherwise than on the Exchange.¹⁵⁷

In addition, the Exchange proposes to adopt Rule 22060 to provide a high-level description of the market data products that the Exchange will offer. Specifically, proposed Rule

¹⁵⁴ 15 U.S.C. 78f(b)(5).

¹⁵⁵ 17 CFR 242.203.

¹⁵⁶ 15 U.S.C. 78f(e)(1).

¹⁵⁷ 17 CFR 240.19c-1, 17 CFR 240.19c-3. Proposed Rule 22070 is substantially similar to similar rules of other exchanges. See e.g., Cboe BZX Rule 13.6.

22060 sets forth a brief description of: (i) BSTX Depth-of-Book data,¹⁵⁸ (ii) BSTX Top-of-Book,¹⁵⁹ (iii) BSTX Last Sale,¹⁶⁰ and (iv) the BSTX Market Data Blockchain.¹⁶¹ The Exchange notes that it is not proposing to sell or distribute market data from any other exchange at this time. The Exchange believes that providing a brief description of the market data product offerings by the Exchange in the rulebook promotes clarity to market participants with respect to the Exchange's different market data product offerings, which the Exchange believes helps may serve to remove impediments to and perfect the mechanism of a free and open market and a national market system, consistent with Section 6(b)(5) of the Exchange Act,¹⁶² by ensuring market participants are adequately informed of the Exchange's offerings. The Exchange notes that proposed Rule 22060 is substantially similar to a rule of another national securities exchange.¹⁶³

G. Trading Practice Rules (Rule 23000 Series)

The Exchange proposes to adopt as its Rule 23000 Series (Trading Practice Rules), 14 rules relating to trading practice requirements for BSTX Participants that are substantially similar

¹⁵⁸ BSTX Depth-of-Book would be a data feed that contains all displayed orders for Securities trading on the Exchange, order executions, order cancellations, order modifications, administrative messages, and auction information disseminated pursuant to Rule 25040 (Auctions).

¹⁵⁹ BSTX Top-of-Book would be an uncompressed data feed that offers top of book quotations and execution information based on orders entered into the BSTX System as well as auction information disseminated pursuant to Rule 25040 (Auctions).

¹⁶⁰ BSTX Last Sale would be an uncompressed data feed that offers only execution information based on orders entered into the BSTX System.

¹⁶¹ The BSTX Market Data Blockchain is described in proposed Rule 22060(d) as historical market data with respect to trading on the BSTX System, as set forth in Rule 17020.

¹⁶² 15 U.S.C. 78f(b)(5).

¹⁶³ See MEMX LLC Rule 13.8.

to trading practice rules of other exchanges.¹⁶⁴ The proposed Rule 23000 Series would specify trading practice requirements related to: (i) market manipulation; (ii) fictitious transactions; (iii) excessive sales by a BSTX Participant; (iv) manipulative transactions; (v) dissemination of false information; (vi) prohibition against trading ahead of customer orders; (vii) joint activity; (viii) influencing data feeds; (ix) trade shredding; (x) best execution; (xi) publication of transactions and changes; (xii) trading ahead of research reports; (xiii) front running of block transactions; and (xiv) a prohibition against disruptive quoting and trading activity. The purpose of the trading practice rules is to set forth standards and rules relating to the trading conduct of BSTX Participants, primarily with respect to prohibiting forms of market manipulation and specifying certain obligations broker-dealers have to their customers, such as the duty of best execution. For example, proposed Rule 23000 (Market Manipulation) sets forth a general prohibition against a BSTX Participant purchasing a security at successively higher prices or sales of a security at successively lower prices, or to otherwise engage in activity for the purpose of creating or inducing a false, misleading or artificial appearance of activity in such security.¹⁶⁵ Proposed Rule 23010 (Fictitious Transactions) similarly prohibits BSTX Participants from fictitious transaction activity, such as executing a transaction which involves no beneficial change in ownership, and proposed Rule 23020 (Excessive Sales by a BSTX Participant) prohibits a BSTX Participant from executing purchases or sales in any security trading on the Exchange for any account in which it has an interest, which are excessive in view of the BSTX

¹⁶⁴ See Cboe BZX Chapter 12 rules.

¹⁶⁵ Proposed Rule 23030 (Manipulative Transactions) specifies further prohibitions relating to potential manipulation by prohibiting BSTX Participants from, among other things, participating or having any direct or indirect interest in the profits of a manipulative operation or knowingly managing or financing a manipulative operation.

Participant's financial resources or in view of the market for such security.¹⁶⁶ Proposed Rule 23060 (Joint Activity) prohibits a BSTX Participant from directly or indirectly holding any interest or participation in any joint account for buying or selling a security traded on the Exchange unless reported to the Exchange with certain information provided and proposed Rule 23090 (Best Execution) reaffirms BSTX Participants best execution obligations to their customers.¹⁶⁷

Proposed Rule 23050 (Prohibition against Trading Ahead of Customer Orders) is substantially similar to FINRA 5320 and rules adopted by other exchanges,¹⁶⁸ and generally prohibits BSTX Participants from trading ahead of customer orders unless certain enumerated exceptions are available and requires BSTX Participants to have a written methodology in place governing execution priority to ensure compliance with the Rule. The Exchange proposes to adopt each of the exceptions to the prohibition against trading ahead of customer orders as

¹⁶⁶ Other proposed rules relating to potential manipulation include: (i) Rule 23040 (Dissemination of False Information), which generally prohibits, consistent with Exchange Rule 3080, BSTX Participants from spreading information that is false or misleading; (ii) Rule 23070 (Influencing Data Feeds), which generally prohibits transactions to influence data feeds; (iii) Rule 23080 (Trade Shredding), which generally prohibits conduct that has the intent or effect of splitting any order into multiple smaller orders for the primary purpose of maximizing remuneration to the BSTX Participant; (iv) Rule 23110 (Trading Ahead of Research Reports), which generally prohibits BSTX Participants from trading based on non-public advance knowledge of a research report and requires BSTX Participants to enforce policies and procedures to limit information flow from research personnel to trading personnel that might trade on such information; (v) Rule 23120 (Front Running Block Transactions), which incorporates FINRA Rule 5270 as though it were part of the Exchange's Rules; and (vi) Rule 23130 (Disruptive Quoting and Trading Activity Prohibited), which incorporates Exchange Rule 3220 by reference.

¹⁶⁷ In addition, proposed Rule 23100 (Publication of Transactions and Changes) provides that the Exchange will disseminate transaction information to appropriate data feeds, BSTX Participants must provide information necessary to facilitate the dissemination of such information, and that an Exchange official shall be responsible for approving corrections to any reports transmitted over data feeds.

¹⁶⁸ See e.g., Cboe BZX Rule 12.6.

provided in FINRA Rule 5320 other than the exception related to trading outside of normal market hours, since trading on the Exchange would be limited to regular trading hours.

The Exchange proposes to adopt the order handling procedures requirement in proposed Rule 23050(i) consistent with the rules of other exchanges.¹⁶⁹ Specifically, proposed Rule 23050(i) would provide that a BSTX Participant must make every effort to execute a marketable customer order that it receives fully and promptly and must cross customer orders when they are marketable against each other consistent with the proposed Rule. Additionally, the Exchange proposes to adopt minimum price improvement standards in proposed in Rule 23050(h) consistent with those established by other exchanges and FINRA.¹⁷⁰

In addition, the Exchange proposes to adopt an exception for odd lot and bona fide error transactions as proposed in Rule 23050(g) which would allow a BSTX Participant to trade ahead of a customer order if the trade is to (i) offset a customer order that is in an amount less than a normal unit of trading or (ii) correct a bona fide error, as defined in the rule. This proposed exception is nearly identical to similar exceptions of other exchanges.¹⁷¹

The Exchange believes that the proposed Rule 23000 Series relating to trading practice rules is consistent with Section 6(b)(5) of the Exchange Act¹⁷² because these proposed rules are designed to prevent fraudulent and manipulative acts and practices that could harm investors and to promote just and equitable principles of trade. The proposed rules in the Rule 23000 Series are substantially similar to the rules of other exchanges and generally include a variety of

¹⁶⁹ See e.g., Cboe BZX Rule 12.6.07.

¹⁷⁰ See e.g., Cboe BZX Rule 12.6.06.

¹⁷¹ See e.g., Cboe BZX Rule 12.5.05.

¹⁷² 15 U.S.C. 78f(b)(5).

prohibitions against types of trading activity or other conduct that could potentially be manipulative, such as prohibitions against market manipulation, fictitious transactions, and the dissemination of false information. The Exchange has proposed to exclude certain provisions from, or make certain modifications to, comparable rules of other SROs, as detailed above, in order to account for certain unique aspects related to the proposed trading of Securities. The Exchange believes that it is consistent with applicable requirements under the Exchange Act to exclude these provisions and exceptions because they set forth requirements that would not apply to BSTX Participants trading in Securities and are not necessary for the Exchange to carry out its functions of facilitating Security transactions and regulating BSTX Participants.

H. Disciplinary Rules (Rule 24000 Series)

With respect to disciplinary matters, the Exchange proposes to adopt Rule 24000 (Discipline and Summary Suspension), which provides that the provisions of the Exchange Rule 11000 Series (Summary Suspension), 12000 Series (Discipline), 13000 Series (Review of Certain Exchange Actions), and 14000 Series (Arbitration) of the Exchange Rules shall be applicable to BSTX Participants and trading on the BSTX System. The Exchange already has Rules pertaining to discipline and suspension of Exchange Participants that it proposes to extend to BSTX Participants and trading on the BSTX System. The Exchange also proposes to adopt Rule 24010 to add certain rules pertaining to BSTX to the list of rules that are eligible for minor rule violation plan treatment.¹⁷³

Proposed Rule 24000 incorporates by reference existing rules that have already been approved by the Commission.

¹⁷³ The proposed additions to the Exchange's minor rule violation plan pursuant to proposed Rule 24010 are discussed below in Part IV.

I. Trading Rules and the BSTX System (Rule 25000 Series)

1. Rule 25000 – Access to and Conduct on the BSTX Marketplace

The Exchange proposes to adopt Rule 25000 (Access to and Conduct on the BSTX Marketplace) to set forth rules relating to access to the BSTX System and certain conduct requirements applicable to BSTX Participants. Specifically, proposed Rule 25000 provides that only BSTX Participants, including their associated persons, that are approved for trading on the BSTX System shall effect any transaction on the BSTX System. Proposed Rule 25000(b) generally requires that a BSTX Participant maintain a list of authorized traders that may obtain access to the BSTX System on behalf of the BSTX Participant, have procedures in place reasonably designed to ensure that all authorized traders comply with Exchange Rules and to prevent unauthorized access to the BSTX System, and to provide the list of authorized traders to the Exchange upon request. Proposed Rule 25000(c) and (d) restate provisions that are already set forth in Exchange Rule 7000, generally providing that BSTX Participants shall not engage in conduct that is inconsistent with the maintenance of a fair and orderly market or the ordinary and efficient conduct of business, as well as conduct that is likely to impair public confidence in the operations of the Exchange. Examples of such prohibited conduct include failure to abide by a determination of the Exchange, refusal to provide information requested by the Exchange, and failure to adequately supervise employees. Proposed Rule 25000(e) would state that the Exchange will provide access to the BSTX System to Participants in good standing that wish to conduct business on BSTX, and proposed Rule 25000(f) provides the Exchange with authority to suspend or terminate access to the BSTX System under certain circumstances.

The Exchange believes that proposed Rule 25000 is consistent with Section 6(b)(5) of the

Exchange Act¹⁷⁴ because it is designed to protect investors and the public interest and promote just and equitable principles of trade by ensuring that BSTX Participants would not allow for unauthorized access to the BSTX System and would not engage in conduct detrimental to the maintenance of fair and orderly markets.¹⁷⁵

2. Rule 25010 – Days/Hours

Proposed Rule 25010 sets forth the days and hours during which BSTX would be open for business and during which transactions may be effected on the BSTX System. Under the proposed rule, transactions may be executed on the BSTX System between 9:30 a.m. and 4:00 p.m. Eastern Time. The proposed rule also specifies certain holidays BSTX would be not be open (e.g., New Year's Day) and provides that the Chief Executive Officer, President, or Chief Regulatory Officer of the Exchange, or such person's designee who is a senior officer of the Exchange, shall have the power to halt or suspend trading in any Securities, close some or all of BSTX's facilities, and determine the duration of any such halt, suspension, or closing, when such person deems the action necessary for the maintenance of fair and orderly markets, the protection of investors, or otherwise in the public interest.¹⁷⁶

The Exchange believes that proposed Rule 25010 is designed to protect investors and the

¹⁷⁴ 15 U.S.C. 78f(b)(5).

¹⁷⁵ Proposed Rule 25000 is also substantially similar to IEX Rule 11.140.

¹⁷⁶ Proposed Rule 25010 is substantially similar to comparable rules of other national securities exchanges (see e.g., IEX Rule 11.110(c)) and existing BOX Rule 7020. Unlike those rules, the proposed Rule would allow for the Chief Regulatory Officer, or such person's designee provided the designee is a senior officer, to halt or suspend trading in securities. While these other comparable rules may not currently specify that the Chief Regulatory Officer has this authority, both of these comparable rules contemplate the CEO or President delegating the task to a senior officer, which could be the Chief Regulatory Officer and which must be, in all cases, a senior officer of the exchange. Accordingly, the Exchange does not believe that the addition of the Chief Regulatory Officer expands the authority of who can declare a trading halt or suspend trading relative to the rules of other exchanges.

public interest, consistent with Section 6(b)(5) of the Exchange Act,¹⁷⁷ by setting forth the days and hours that trades may be effected on the BSTX System and by providing officers of the Exchange with the authority to halt or suspend trading when such officers believe that such action is necessary or appropriate to maintain fair and orderly markets or to protect investors or in the public interest.

3. Rule 25020 – Securities Eligible for Trading and Units of Trading

Proposed Rule 25020(a) would also describe the securities eligible for trading by providing that any class of securities listed on the Exchange shall be eligible to become designated for trading on the Exchange in accordance with the Rules 26000 and 28000 Rule Series and that all securities designated for trading are eligible for odd-lot, round-lot (i.e., 100 shares) and mixed-lot executions, unless otherwise indicated by the Exchange or limited pursuant to the Rules.¹⁷⁸ Similar to the defined terms in other exchange rulebooks, proposed Rule 25020(b) would define the terms “round lot” or “normal unit of trade” to mean 100 shares, “odd lot” to mean any amount less than 100 shares, and “mixed lot” as any amount greater than 100 shares that is not a multiple of a round.¹⁷⁹ Proposed Rule 25020(c) would set forth the minimum unit of trading on the BSTX System, which shall be one share. Other exchanges similarly provide that the minimum unit of trading is one share for their market and/or for certain securities.¹⁸⁰

¹⁷⁷ 15 U.S.C. 78f(b)(5).

¹⁷⁸ Proposed Rule 25020 is substantially similar to IEX Rule 11.120, with the exception that references to unlisted trading privileges have been removed as such trading is not currently contemplated by the Exchange.

¹⁷⁹ See e.g., IEX Rule 11.180.

¹⁸⁰ See e.g., IEX Rule 11.180.

The Exchange believes that proposed Rule 25020 is consistent with Section 6(b)(5) of the Exchange Act¹⁸¹ because it fosters cooperation and coordination of persons engaged in facilitating transactions in securities by specifying the minimum unit of trading of securities on the BSTX System, defines relevant terms, and provides a general overview of the securities eligible for trading on the Exchange.

4. Rule 25030 – Minimum Price Variant

Proposed Rule 25030 provides the minimum price variant for Securities shall depend on the price of bids, offers or indications of interest, consistent with the rules of other national securities exchanges.¹⁸² Specifically, the minimum price variant may not be made in an increment smaller than \$0.01, if those bids, offers or indications of interests are priced equal to or greater than \$1.00 per share; \$0.0001 for bids, offers or indications of interests are less than \$1.00 per share and the security is an NMS stock trading on the Exchange; and any other increment established by the Commission for any security which has been granted an exemption from the minimum price increment requirements under Rule 612 of Regulation NMS. The Exchange believes that proposed Rule 25030 is consistent with Section 6(b)(5) of the Exchange Act because it fosters cooperation and coordination of persons engaged in facilitating transactions in securities by specifying the minimum price variant for Securities and promotes compliance with Rule 612 of Regulation NMS and is substantially similar to the approved rules of other national securities exchanges.¹⁸³

5. Rule 25040 – Auctions

¹⁸¹ 15 U.S.C. 78f(b)(5).

¹⁸² See e.g., IEX Rule 11.210.

¹⁸³ 17 CFR 242.611.

Proposed Rule 25040 sets forth the opening and reopening process for the BSTX System for BSTX-listed Securities and non-BSTX-listed securities, including the Opening Auction, Initial Security Offering Auctions, and Halt Auctions. For BSTX-listed Securities, the Exchange proposes to allow for order entry to commence at 8:30 a.m. ET during the Pre-Opening Phase. Under proposed Rule 25040(a)(1), orders may not be canceled or modified from 9:28 a.m. to 9:30 a.m. and orders received during the 10 seconds prior to the Opening Auction¹⁸⁴ are rejected.¹⁸⁵ Proposed Rule 25040(a) provides that orders will not execute during the Pre-Opening Phase, which lasts until regular trading hours begin at 9:30 a.m. ET.¹⁸⁶ Similar to how the Exchange's opening process works for options trading, BSTX would disseminate a theoretical opening price ("TOP") to BSTX Participants, which is the price at which the Opening Auction would occur at a given moment in time.¹⁸⁷ Under the proposed rule, the Exchange will also broadcast other information during the Pre-Opening Phase. Specifically, in addition to the TOP, the Exchange would disseminate pursuant to proposed Rule 25040(a)(3): (i) "Paired Orders," which is the quantity of shares that would execute at the TOP; (ii) the "Imbalance

¹⁸⁴ The Exchange proposes to define the "Opening Auction" as the process of crossing orders in BSTX-listed securities to open the market, as set forth in Rule 25040(a)(6).

¹⁸⁵ Preventing the cancellation or modification of orders during the final two minutes before the Opening Auction and rejecting orders during the 10 seconds prior to the Opening Auction are designed to help ensure that the BSTX System is able to effectively cross matching orders received during the Pre-Opening Phase and perform the Opening Auction. These provisions are also consistent with the rules of other equities exchanges. See e.g., IEX Rule 11.350(c)(1)(B)(preventing cancellation or modification of orders between the IEX Opening Auction Lock-in Time and the Opening Auction match, which is the two minutes prior to the Opening Auction match or 9:28 am) and IEX Rule 11.350(c)(1)(C) (rejecting orders during the "Lock-Out Time" which is the 10 seconds prior to the running of the IEX Opening Auction).

¹⁸⁶ As a result, orders marked IOC submitted during the Pre-Opening Phase would be rejected by the BSTX System. See proposed Rule 25040(a)(8).

¹⁸⁷ The TOP can only be calculated where the BSTX Book is crossed during the Pre-Opening Phase. See proposed Rule 25040(a)(2).

Quantity,” which is the number of shares that may not be matched with other orders at the TOP at the time of dissemination; and (iii) the “Imbalance Side,” which is the buy/sell direction of any imbalance at the time of dissemination (collectively, with the TOP, “Broadcast Information”).¹⁸⁸ Broadcast Information would be recalculated and disseminated via electronic means (i.e., market data feeds) every five seconds.¹⁸⁹ With respect to priority during the Opening Auction for all Securities, consistent with proposed Rule 25080 (Execution and Price/Time Priority), among multiple orders at the same price, execution priority during the Opening Auction is determined based on the time the order was received by the BSTX System.¹⁹⁰

Consistent with the manner in which the Exchange opens options trading, the BSTX System would determine a single price at which a BSTX-listed Security would be opened by calculating the optimum number of shares that could be matched at a price, taking into consideration all the orders on the BSTX Book.¹⁹¹ This single price resulting from the Opening Auction would be the “BSTX Official Opening Price.” Proposed Rule 25040(a)(6) provides that the BSTX Official Opening Price is the price which results in the matching of the highest number of shares. If two or more prices would satisfy this maximum quantity criteria, the price leaving the fewest resting shares in the BSTX Book will be selected at the BSTX Official Opening Price and where two or more prices would satisfy the maximum quantity criteria and

¹⁸⁸ Pursuant to proposed Rule 25040(a)(3), any orders which are at a better price (i.e., bid higher or offer lower) than the TOP would be shown only as a total quantity on the BSTX Book at a price equal to the TOP (i.e., shown as Paired Orders).

¹⁸⁹ Cboe BZX similarly broadcasts opening auction information every five seconds. See Cboe BZX Rule 11.23(b)(2)(A).

¹⁹⁰ In determining the priority of orders to be filled during the Opening Auction, orders priced at or more aggressively than the BSTX Official Opening Price will be executed on the basis of price priority. See proposed Rule 25040(a)(6)(i).

¹⁹¹ See proposed Rule 25040(a)(6)(ii).

leave the fewest shares in the BSTX Book, the “BSTX Official Closing Price” will be used, which is the final round lot trade for the Security reported to the consolidated tape.¹⁹² The BSTX Official Opening Price must also be within the “Collar Price Range” as set forth in proposed Rule 25040(a)(5), which is designed to ensure that a Security opens in an fair and orderly manner and under market conditions where there is sufficient quotation interest (e.g., a national best bid and offer), the market is not crossed, and where the opening price will not drastically depart from the market at the time of the auction or the preceding day’s closing price.¹⁹³ Unexecuted trading interest during the Opening Auction will move to the BSTX Book and will preserve price time priority.¹⁹⁴ When the BSTX System cannot determine an opening price of a BSTX-listed Security from the Opening Auction, BSTX would nevertheless open the Security for trading and move all trading interest received during the Pre-Opening Phase to the BSTX Book.¹⁹⁵ In such case, the BSTX Official Opening Price shall be the “Final Last Sale Eligible Trade.”¹⁹⁶

¹⁹² With respect to an initial public offering of a Security where there is no previous day’s closing price, the opening price in this circumstance would be the price assigned to the Security by the underwriter for the offering, referred to as the “Initial Security Offering Reference Price.” See proposed Rule 25040(a)(5)(ii)(3).

¹⁹³ See proposed Rule 25040(a)(5). The Exchange notes that the auction collars proposed in Rule 25040(a)(5) are substantially similar to those of Cboe BZX. See Cboe BZX Rule 11.23.

¹⁹⁴ See proposed Rule 25040(a)(7).

¹⁹⁵ Id.

¹⁹⁶ The term “Final Last Sale Eligible Trade” would be defined as the last round lot trade (i.e., 100 shares) occurring during Regular Trading Hours on the Exchange, which price shall also be the “BSTX Official Closing Price.” For Halt Auctions, the Final Last Sale Eligible Trade would be defined as the last round lot trade prior to trading in the security being halted. If there is no such qualifying trade for the current day, the BSTX Official Closing Price from the previous trading day would be used as the Final Last Sale Eligible Trade. See proposed BSTX Rule 25040(a)(5)(ii). This proposed definition is similar to the same definition in Cboe BZX Rule 11.23(a)(9) except that it has been adjusted to reflect the absence of a closing auction on BSTX. See infra note 222 and accompanying text for additional detail regarding the absence of a closing

For initial public offerings of Securities (“Initial Security Offerings”), the process would be generally the same as regular market openings. However, in advance of an Initial Security Offering auction (“Initial Security Offering Auction”), the Exchange shall announce a “Quote-Only Period” that shall be between fifteen (15) and thirty (30) minutes plus a short random period prior to the Initial Security Offering Auction.¹⁹⁷ All orders associated with Initial Security Offering Auction must be received prior to the end of the Quote-Only Period in order to participate in the auction.¹⁹⁸ The Quote-Only Period may be extended in certain cases.¹⁹⁹ As with regular market openings the Exchange would disseminate Broadcast Information via electronic means at the commencement of the Quote Only Period, and Broadcast Information would be re-calculated and disseminated every five seconds.²⁰⁰ In the event of any extension to the Quote-Only Period, the Exchange will notify market participants regarding the circumstances and length of the extension.²⁰¹ Orders will be matched and executed at the conclusion of the Quote-Only Period, rather than at 9:30 a.m. Eastern Time.²⁰² Following the initial cross at the end of the Quote-Only Period wherein orders will execute based on price/time priority in a manner consistent with proposed Rule 25040(a)(6) (i.e., similar to the crossing of orders during

auction.

¹⁹⁷ See proposed Rule 25040(b)(1).

¹⁹⁸ See proposed Rule 25040(b)(1).

¹⁹⁹ Such cases are when: (i) there is no TOP; (ii) the underwriter requests an extension; (iii) the TOP moves the greater of 10% or fifty (50) cents in the fifteen (15) seconds prior to the initial cross; or (iv) in the event of a technical or systems issue at the Exchange that may impair the ability of BSTX Participants to participate in the Initial Security Offering Auction or of the Exchange to complete the Initial Security Offering Auction. See proposed Rule 25040(b)(2).

²⁰⁰ See proposed Rule 25040(b)(3).

²⁰¹ See proposed Rule 25040(b)(4).

²⁰² See proposed Rule 25040(b)(5).

the Opening Auction), the Exchange will transition to normal trading pursuant to proposed Rule 25040(a)(7).²⁰³ The Initial Security Offering Auction price will be BSTX Official IPO Opening Price.²⁰⁴

The Exchange also proposes a process for reopening trading following a trading halt or a Limit Up-Limit Down “Trading Pause” (“Halt Auctions”).²⁰⁵ For Halt Auctions, the Exchange proposes that in advance of reopening, the Exchange shall announce a Quote-Only Period that shall be five (5) minutes prior to the Halt Auction.²⁰⁶ This Quote-Only Period may be extended in certain circumstances.²⁰⁷ All orders associated with the Halt Auction must be received prior

²⁰³ As with the regular opening process, orders marked IOC submitted during the Pre-Opening Phase of an Initial Security Offering Auction would be rejected. See proposed Rule 25040(b)(6).

²⁰⁴ See proposed Rule 25040(b)(5).

²⁰⁵ By “trading halt” the Exchange refers to a halt or pause in trading initiated by the Exchange, while references to a “Trading Pause” or “LULD Trading Pause” refer to a “Trading Pause” as such term is defined in the NMS Plan to Address Extraordinary Market Volatility.

²⁰⁶ See proposed Rule 25040(c)(1). Orders marked IOC submitted during the Quote-Only Period would be rejected. In addition, Halt Auctions would be subject to the proposed Halt Auction Collar, as set forth in proposed Rule 25040(c)(2)(i) and (ii). These proposed collars for Halt Auctions are substantially similar to those provided by Cboe BZX, and are designed to make sure that the Exchange is able to reopen trading in a Security in a fair and orderly manner. See Cboe BZX Rule 11.23(d). To the extent an Halt Auction would occur at an “Impermissible Price” (i.e., a price outside of the proposed Halt Auction collars), the Exchange would extend the period of Halt Auction and gradually expand the parameters of the collar price range over time until it is able to re-open trading in the Security in a manner consistent with proposed Rule 25040(c)(2).

²⁰⁷ See proposed Rule 25040(c)(2). The Quote-Only Period shall be extended for an additional five (5) minutes should a Halt Auction be unable to be performed due to the absence of a TOP or where the TOP is outside the applicable Halt Auction Collars (before any adjustments to the Halt Auction Collars through additional extensions of the Quote-Only Period) (an “Impermissible Price”) (and this period known as the “Initial Extension Period”). After the Initial Extension Period, the Exchange proposes that the Quote-Only Period shall be extended for additional five (5) minute periods should a Halt Auction be unable to be performed due to a Impermissible Price (“Additional Extension Period”) until a Halt Auction occurs. As noted, the parameters of the Halt Auction Collar would be gradually expanded in the direction of the Impermissible Price. Under the proposed Rule, the Exchange shall attempt to conduct a Halt Auction during the course of each Additional Extension Period. Id.

to the end of the Quote-Only Period in order to participate in the auction.²⁰⁸ The Exchange proposes to disseminate the same Broadcast Information as it does for an Initial Security Offering Auction, except that it would also disseminate to market participants the applicable Halt Auction Reference Price and the Halt Auction Collars, and would similarly provide notification of any extension to the quote-only period as with an Initial Security Offering Auction.²⁰⁹ The transition to normal trading would also occur in the same manner as Initial Security Offering Auctions, as described above.²¹⁰

The Exchange also proposes to adopt certain contingency procedures in proposed Rule 25040(d) that would provide that when a disruption occurs that prevents the execution of an Initial Security Offering Auction the Exchange will publicly announce the Quote-Only Period for the Initial Security Offering Auction, and the Exchange will then cancel all orders on the BSTX Book and disseminate a new scheduled time for the Quote-Only Period and opening match.²¹¹ Similarly, when a disruption occurs that prevents the execution of a Halt Auction, the Exchange will publicly announce that no Halt Auction will occur, and all orders in the halted Security on the BSTX Book will be canceled after which the Exchange will open the Security for trading without an auction.²¹²

²⁰⁸ See proposed Rule 25040(c)(1).

²⁰⁹ See proposed Rule 25040(c)(3)-(5). Additionally, if a trading halt is triggered by the Exchange or if the Exchange is unable to reopen trading at the end of the trading halt due to a systems or technology issue, the Exchange will immediately notify the single plan processor responsible for consolidation of information for the security pursuant to Rule 603 of Regulation NMS under the Securities Exchange Act of 1934. See proposed Rule 25040(c)(4).

²¹⁰ Id. For the avoidance of doubt, the Exchange proposes to specify in proposed Rule 25040(c)(5) that orders may only be matched and executed at a price that is within the Halt Auction collars pursuant to the Halt Auction process.

²¹¹ See proposed Rule 25040(d)(1).

²¹² See proposed Rule 25040(d)(2). The Exchange notes that these contingency procedures are

The opening process with respect to non-BSTX-listed securities is set forth in proposed Rule 25040(e). Although BSTX initially plans to only support trading in securities listed on BSTX, it may in the future determine to trade securities listed on other national securities exchanges, subject to any necessary changes to its Rules to support such trading pursuant to Section 19 of the Exchange Act.²¹³ Accordingly, BSTX proposes to adopt an opening process for non-BSTX-listed securities as a placeholder for potential trading of securities listed on other exchanges in the future. Pursuant to that Rule, BSTX Participants who wish to participate in the opening process may submit orders and quotes for inclusion in the BSTX Book, but such orders and quotes cannot execute until the termination of the Pre-Opening Phase (“Opening Process”). Orders that are canceled before the Opening Process will not participate in the Opening Process. The Exchange will attempt to perform the Opening Process and will match buy and sell orders that are executable at the midpoint of the NBBO.²¹⁴ The price of the Opening Process will be at the midpoint of the first NBBO subsequent to the first two-sided quotation published by the listing exchange after 9:30:00 a.m. Eastern Time.²¹⁵ Pursuant to proposed Rule 25040(e)(4), if

substantially similar to those of another exchange (see e.g., IEX Rule 11.350(e)(4)) and are designed to ensure that the Exchange has appropriate mechanisms in place to address possible disruptions that may arise in an Initial Security Offering Auction or Halt Auction, consistent with the protection of investors and the public interest pursuant to Section 6(b)(5) of the Exchange Act. 15 U.S.C. 78f(b)(5).

²¹³ 15 U.S.C. 78s.

²¹⁴ See proposed Rule 25040(e)(2).

²¹⁵ See proposed Rule 25040(e)(3). This methodology is similar to that used by Cboe BZX with respect to listing exchanges other than NYSE and NYSE American. See Cboe BZX Rule 11.24(c). Cboe BZX Rule 11.24 has a special provision for opening securities whereby the opening price may be either (i) first NBBO subsequent to the first reported trade and first two-sided quotation on the listing exchange after 9:30:00 a.m. Eastern Time; or (ii) then prevailing NBBO when the first two-sided quotation is published by the listing exchange after 9:30:00 a.m. Eastern Time, but before 9:45:00 a.m. Eastern Time if no first trade is reported by the listing exchange within one second of publication of the first two-sided quotation by the listing exchange. The Exchange believes that a uniform standard for determining the opening price for

the conditions to establish the price of the Opening Process set forth above do not occur by 9:45:00 a.m. Eastern Time, orders will be handled in time sequence, beginning with the order with the oldest time stamp, and will be placed on the BSTX Book cancelled, or executed in accordance with the terms of the order. With respect to re-opening a non-BSTX-listed security subject to a halt, suspension, or pause, BSTX proposes to reject orders in the non-BSTX-listed security until after the halt, suspension or pause has been lifted.²¹⁶ Once the trading halt, suspension, or pause is lifted and the Exchange has received the price bands for the security from the plan processor, BSTX Participants may resume submitting orders to BSTX. The proposed process for opening securities listed on another exchange is similar to existing exchange rules governing the opening of trading of a security listed on another exchange.²¹⁷

The Exchange proposes to provide in proposed Rule 25040(f) that, whenever in the judgment of the Exchange, the interests of a fair and orderly market so require, the Exchange may adjust the timing of or suspend the auctions set forth in this Rule with prior notice to BSTX Participants. Additionally, proposed Rule 25040(g) would provide that, for purposes of Rule 611(b)(3) of Regulation NMS, orders executed pursuant to the Opening Match, Initial Security

non-BSTX listed securities without differentiating between NYSE and NYSE American versus all other listing exchanges would simplify BSTX's opening process and reduce potential discrimination among different exchanges by treating all listing exchanges the same.

²¹⁶ See proposed Rule 25040(e)(5). This Rule provision differs from Cboe BZX Rule 11.24(e), which Cboe BZX Rule provides for a reopening process that crosses orders received and queued during the halt and the determination of the price at which the reopening process would occur (e.g., the midpoint of the NBBO subsequent to the first reported trade and first two-sided quotation on the listing exchange following the resumption of trading after a halt). Because BSTX proposes to reject orders during the full duration of the halt, suspension or pause and only accept orders after the halt, suspension or pause has been lifted, it is not necessary for the BSTX Rule to specify the process by which the Exchange would cross queued orders received during the halt and price at which the Exchange would reopen trading in the non-BSTX listed security.

²¹⁷ See e.g., Cboe BZX Rule 11.24.

Offering Auction, and Halt Auction may trade through any other trading center's manual or protected quotations if the transaction that constituted the trade-through was a single-priced opening, reopening, or closing transaction by the trading center. Both provisions are based on similar provisions of another national securities exchange and have been included to provide the Exchange with flexibility to ensure that it is able to maintain fair and orderly markets through its auctions and to promote consistency with Rule 611 of Regulation NMS.²¹⁸

Consistent with Section 6(b)(5) of the Exchange Act,²¹⁹ the Exchange believes that the proposed process for opening trading in BSTX-listed Securities and securities listed on other exchanges will promote just and equitable principles of trade and will help perfect the mechanism of a free and open market by establishing a uniform process to determine the opening price of Securities. Proposed Rule 25040 provides a mechanism by which BSTX Participants may submit orders in advance of the start of regular trading hours, perform an opening cross, and commence regular hours trading in Securities listed on BSTX or securities listed on other markets. Where an opening cross is not possible in a BSTX-listed Security, the Exchange will proceed by opening regular hours trading in the security anyway, which is consistent with the manner in which other exchanges open trading in securities.²²⁰ With respect to initial public offerings of Securities and openings after a Limit Up-Limit Down Trading Pause or a trading halt, BSTX proposes to use a process with features similar to its normal opening process. There are a variety of different ways in which an exchange can open trading in securities, including with respect to an initial public offering of a Security, and the Exchange believes that proposed

²¹⁸ See Cboe BZX Rule 11.23(f) and (g).

²¹⁹ 15 U.S.C. 78f(b)(5).

²²⁰ See e.g., BOX Rule 7070.

Rule 25040 provides a simple and clear method for opening transactions that is consistent with the protection of investors and the public interest.²²¹ Additionally, proposed Rule 25040 applies to all BSTX Participants in the same manner and is therefore not designed to permit unfair discrimination among BSTX Participants.

The Exchange will not operate a closing auction because the Exchange does not propose to offer order types designed to only trade at the close of Regular Trading Houses such as Limit-on-Close (“LOC”) or Market-on-Close (“MOC”) orders. Without these order types or similar functionality, a closing auction cannot occur. This is because auctions are designed to accumulate crossing or matching order interest in advance of the auction that will execute at the time of the auction. It is therefore necessary to have order types like LOC and MOC orders in order to allow crossing/matching order interest to accumulate in advance of a closing auction but which are ineligible to trade other than at the close of trading. If, for example, a MOC order was able to execute prior to the close of trading, it would necessarily execute as a market order immediately against the book. Correspondingly, without MOC or LOC orders types (or similar functionality) making possible the queuing of order interest to execute at the close (and only at the close of trading), there is no auction information to disseminate (e.g., imbalance side and quantity) regarding order interest that will execute at the close of trading. At least one other equities exchange does not provide for a closing auction presumably because such exchange, like BSTX, does not support order types that are only available for execution at the close of trading

²²¹ The Exchange notes that its proposed opening, Initial Security Offering Auction, and Halt Auction processes are substantially similar to those of another exchange. See Cboe BZX Rule 11.23. The key differences between the Exchange’s proposed processes and those of the Cboe BZX exchange are that the Exchange has substantially fewer order types, which make its opening process less complex.

such as LOC and MOC orders.²²² As a result, the BSTX Official Closing Price is the last round lot trade (i.e., 100 shares) occurring during Regular Trading Hours on the Exchange,²²³ which the Exchange believes is a simple and fair way to establish the closing price of a Security that does not permit unfair discrimination among customers, issuers, or broker-dealers consistent with Section 6(b)(5) of the Exchange Act.²²⁴ This proposed process is consistent with the overall proposed simplified market structure for BSTX, which does not include a variety of order types offered by certain other exchanges such as MOC and LOC orders, and, as noted, is similar to the closing process of another equities exchange that also does not offer these order types. The Exchange believes that a simplified market structure, including the proposed manner in which a closing price would be determined, promotes the public interest and the protection of investors consistent with Section 6(b)(5) of the Exchange Act through reduced complexity.²²⁵

6. Rule 25050 – Limit Up-Limit Down Plan and Trading Halts

BSTX proposes to adopt rules relating to trading halts²²⁶ that are substantially similar to other exchange rules adopted in connection with the NMS Plan to Address Extraordinary Market Volatility (“LULD Plan”), with certain exceptions that reflect Exchange functionality.²²⁷ BSTX intends to join the LULD Plan prior to the commencement of trading Securities. Below is an explanation of BSTX’s approach to certain categories of orders during a trading halt:

²²² See MIAX Pearl Rule 516 (Order Types).

²²³ See proposed Rule 25040(a)(5)(ii).

²²⁴ 15 U.S.C. 78f(b)(5).

²²⁵ Id.

²²⁶ The Exchange notes that rules on opening trading for non-BSTX-listed security are set forth in proposed Rule 25040(e).

²²⁷ See e.g., IEX Rule 11.280.

- Short Sales – BSTX cancels all orders on the book during a halt and rejects any new orders, so rules relating to the repricing of short sale orders during a trading halt that certain other exchanges have adopted have been omitted.
- Pegged Orders – BSTX would not support pegged orders, at least initially, so rules relating to pegged orders during a trading halt have been omitted.
- Routable Orders – Pursuant to proposed Rule 25130, the BSTX System will reject any order or quotation that would lock or cross a protected quotation of another exchange (rather than routing such order or quotation), and therefore rules relating to handling of routable orders during a trading halt have been omitted.
- Limit Orders – Because BSTX would cancel resting order interest and reject incoming orders during a trading halt, specific rules relating to the repricing of limit-priced interest that certain other exchanges have adopted have been omitted.²²⁸
- Auction Orders, Market Orders, and FOK Orders – BSTX would not support these order types, at least initially, so rules relating to these order types during a trading halt have been omitted.²²⁹

Pursuant to proposed Rule 25050(d), the Exchange would cancel all resting orders in a non-BSTX listed security subject to a trading halt, reject any incoming orders in that security, and will only resume accepting orders following a broadcast message to BSTX Participants indicating a forthcoming re-opening of trading.²³⁰

²²⁸ See e.g., Cboe BZX 11.18(e)(5)(B).

²²⁹ IOC orders would be handled pursuant to proposed Rule 25050(g)(5).

²³⁰ Trading would resume pursuant to proposed Rule 25040(e)(5). See proposed Rule 25050(g)(7).

BSTX believes that it is in the public interest and furthers the protection of investors, consistent with Section 6(b)(5) of the Exchange Act²³¹ to provide for a mechanism to halt trading in securities during periods of extraordinary market volatility consistent with the LULD Plan. However, the Exchange has excluded rules relating to order types and other aspects of the LULD Plan that would not be supported by the Exchange, such as market orders and auction orders. The Exchange has also reserved the right in proposed Rule 25050(f) to halt or suspend trading in other circumstances where the Exchange deems it necessary to do so for the protection of investors and in the furtherance of the public interest.

The Exchange believes that canceling resting order interest during a trading halt and rejecting incoming orders received during the trading halt is consistent with Section 6(b)(5) of the Exchange Act²³² because it is not designed to permit unfair discrimination among BSTX Participants. The orders and trading interest of all BSTX Participants would be canceled in the event of a trading halt and each BSTX Participant would be required to resubmit any orders they had resting on the order book.

7. Rule 25060 – Order Entry

Proposed Rule 25060 sets forth the manner in which BSTX Participants may enter orders to the BSTX System. The BSTX System would initially only support limit orders.²³³ Orders

²³¹ 15 U.S.C. 78f(b)(5).

²³² Id.

²³³ The BSTX System will also accept incoming Intermarket Sweep Orders (“ISO”) pursuant to proposed Rule 25060(c)(2). ISOs must be limit orders, are ineligible for routing, may be submitted with a limit price during Regular Trading Hours, and must have a time-in-force of IOC. Proposed Rule 25060(c)(2) is substantially similar to rules of other national securities exchanges. See e.g., Cboe BZX Rule 11.9(d).

that do not designate a limit price would be rejected.²³⁴ The BSTX System would also only support two time-in-force (“TIF”) designations initially: (i) DAY; and (ii) immediate or cancel (“IOC”). DAY orders will queue during the Pre-Opening Phase, may trade during regular market hours, and, if unexecuted at the close of the trading day (4:00 p.m. ET), are canceled by the BSTX System.²³⁵ All orders are given a default TIF of DAY. BSTX Participants may also designate orders as IOC, which designation overrides the default TIF of DAY. IOC orders are not accepted by the BSTX System during the Pre-Opening Phase. During regular trading hours, IOC orders will execute in whole or in part immediately upon receipt by the BSTX System. The BSTX System will not support modification of resting orders. To change the price or quantity of an order resting on the BSTX Book, a BSTX Participant must cancel the resting order and submit a new order, which will result in a new time stamp for purposes of BSTX Book priority. In addition, all orders on BSTX will be displayed, and the BSTX System will not support hidden orders or undisplayed liquidity, as set forth in proposed Rule 25100. The Exchange has also proposed an additional order parameter for BSTX Participants to indicate a preference for T+0 or T+1 settlement, as previously described in Item 3, Part II.I.

Consistent with Section 6(b)(5) of the Exchange Act,²³⁶ the Exchange believes that the proposed order entry rules will promote just and equitable principles of trade and help perfect the mechanism of a free and open market by establishing the types of orders and modifiers that all BSTX Participants may use in entering orders to the BSTX System. Because these order types and TIFs are available to all BSTX Participants, the proposed rule does not unfairly discriminate

²³⁴ Proposed Rule 25060(c)(1).

²³⁵ Proposed Rule 25060(d)(1).

²³⁶ 15 U.S.C. 78f(b)(5).

among market participants, consistent with Section 6(b)(5) of the Exchange Act. The proposed rule sets forth a very simple exchange model whereby there is only one order type—limit orders—and two TIFs. Upon the initial launch of BSTX, there will be no hidden orders, price sliding, pegged orders, or other order type features that add complexity. The Exchange believes that creating a simplified exchange model is designed to protect investors and is in the public interest because it reduces complexity, thereby helping market participants better understand how orders would operate on the BSTX System.

8. Rule 25070 – Consolidated Audit Trail

Proposed Rule 25070 (Consolidated Audit Trail) is designed to ensure that BSTX Participants are subject to the requirements related to the Consolidated Audit Trail, which Rules are set forth in the Rule 16000 Series. The Exchange believes that proposed Rule 25070 is designed to protect investors and the public interest, consistent with Section 6(b)(5) of the Exchange Act,²³⁷ because it will promote clarity in the Rules to ensure that BSTX Participants are aware of their obligation to comply with the CAT requirements set forth in the Rule 16000 Series.

9. Rule 25080 – Execution and Price Time Priority

Proposed Rule 25080 governs the execution of orders on the BSTX System, providing a price-time priority model. The proposed rule provides that orders of BSTX Participants shall be ranked and maintained in the BSTX Book according to price-time priority, such that within each price level, all orders shall be organized by the time of entry. The proposed rule further provides that sell orders may not execute a price below the best bid in the marketplace and buy orders cannot

²³⁷ 15 U.S.C. 78f(b)(5).

execute at a price above the best offer in the marketplace. Further, the proposed rule ensures compliance with Regulation SHO, Regulation NMS, and the LULD Plan, in a manner consistent with the rulebooks of other national securities exchanges.²³⁸ For example, in order to promote compliance with Rule 201 of Regulation SHO, proposed Rule 25080(b)(1) provides that when a short sale price test restriction is in effect, the execution price of the short sale order must be higher than (i.e., above) the best bid, unless the sell order is marked “short exempt” pursuant to Regulation SHO.

The Exchange believes that proposed Rule 25080 is consistent with Section 6(b)(5) of the Exchange Act²³⁹ because it is designed to promote just and equitable principles of trade and foster cooperation and coordination with persons facilitating transactions in securities by setting forth the order execution priority scheme for security transactions. Numerous other exchanges similarly operate a price-time priority structure for effecting transactions. The proposed rule also does not permit unfair discrimination among BSTX Participants because all BSTX Participants are subject to the same price-time priority structure. In addition, the Exchange believes that specifying in proposed Rule 25080(b)(3) that execution of short sale orders when a short sale price test restriction is in effect must occur at a price above the best bid unless the order is marked “short exempt,” is consistent with the Exchange Act because it is intended promote compliance with Regulation SHO in furtherance of the protection of investors and the public interest.

10. Rule 25090 – BSTX Risk Controls

Proposed Rule 25090 sets forth certain risk settings applicable to a BSTX Participant’s

²³⁸ See e.g., Cboe BZX Rule 11.13(a)(2)-(3) governing regular trading hours.

²³⁹ 15 U.S.C. 78f(b)(5).

activities on the Exchange offered by the Exchange. Similar to other equities exchanges with respect to their risk controls, BSTX Participants are not required to use these risk controls. The proposed risk controls are designed to, among other things, prevent the submission and execution of potentially erroneous orders, cancel orders upon a BSTX Participant being disconnected from the Exchange, and limit the rate at which orders may be sent. The proposed risk control offerings are substantially similar to those offered by, and set forth in the rules of, another existing national securities exchanges with certain exceptions to reflect differences in the risk controls offered by BSTX.²⁴⁰ Specifically, similar to MEMX Rule 11.10.01(c), BSTX proposes to offer a control related to the types of orders that may be utilized by a BSTX Participant except that BSTX will not offer a number of order types that are offered by MEMX, such as pre-market orders and post-market orders.²⁴¹ In addition, while MEMX Rule 11.10.01(h) offers credit controls that measure both gross and net exposure of a BSTX Participant that warn of, and when breached, prevent submission of new orders, BSTX offers a credit control for net exposure but not gross exposure at this time. MEMX Rule 11.10.02(b) also offers a batch cancel functionality that permits its users to cancel all or a subset of orders simultaneously as well as to request that MEMX block all or a subset of its new inbound orders in one or more symbols. In contrast, proposed BSTX Rule 25090(c) describes similar functionality to batch cancel all or a subset of orders simultaneously, but the BSTX control is not currently configured to allow for the prevention of new orders in one or more symbols.²⁴² The Exchange notes that the risk control

²⁴⁰ See Members Exchange (“MEMX”) Rule 11.10.01 and .02.

²⁴¹ Accordingly, BSTX Rule 25090(a)(3) does not enumerate the different types of orders for which the controls may be used.

²⁴² The BSTX risk control can block all new orders for a BSTX Participant, but not for a select symbol(s).

offerings of other equities exchange vary substantially and not every exchange has the same control as other exchanges.²⁴³ Accordingly, the Exchange believes that BSTX's voluntary risk control offerings are comparable to those of other national securities exchanges.²⁴⁴

The Exchange also proposes to add as BSTX Rule 25090(d) a provision specifying that the risk controls described in Rule 25090 are meant to supplement, and not replace, a BSTX Participant's own internal systems, monitoring, and procedures related to risk management and are not designed for compliance with Rule 15c3-5 under the Exchange Act as well as noting that responsibility for compliance with all Exchange and SEC rules remains with the BSTX Participant. This provision is substantially similar to a parallel provision in NYSE American Rule 7.19E.01. The Exchange believes that this provision is helpful to clarify that BSTX Participants are not relieved of their obligations under Rule 15c3-5 to the extent they use the Exchange's risk control features. The Exchange believes the proposed risk controls in Rule 25090 are consistent with Section 6(b)(5) of the Exchange Act²⁴⁵ because they are designed to help prevent the execution of potentially erroneous orders, which furthers the protection of investors and the public interest. Among other things, erroneous orders can be disruptive to the operation of an exchange marketplace, can lead to temporary price dislocations, and can hinder price formation. The Exchange believes that offering configurable risk controls to BSTX

²⁴³ For example, unlike MEMX and other exchanges, neither NYSE American Rule 7.19E nor IEX Rule 11.380 appear to offer the ability to limit the use of certain types of orders. Similarly, NYSE American Rule 7.19E offers a gross credit control but not a net credit control, and IEX Rule 11.380 does not appear to offer a batch cancel functionality or controls on the overall rate of orders.

²⁴⁴ The Exchange notes that until May 14, 2020, NYSE American did not have any pre-trade risk control offering. See Exchange Act Release No. 88878 (May 14, 2020), 85 FR 30770 (May 20, 2020) (SR-NYSEAMER-2020-38).

²⁴⁵ 15 U.S.C. 78f(b)(5).

Participants may help protect investors by reducing the number of erroneous executions on the BSTX System and thereby remove impediments to and perfect the mechanism of a free and open market system.

11. Rule 25100 – Trade Execution, Reporting, and Dissemination of Quotations

Proposed Rule 25100(a) provides that executions occurring as a result of orders matched against the BSTX Book, pursuant to proposed Rule 25080, shall be collected and made available to last sale vendors for dissemination and shall be reported by the Exchange to an appropriate consolidated transaction reporting system to the extent required by the Exchange Act and the rules and regulations thereunder.²⁴⁶ Proposed Rule 25100 additionally provides that the aggregate of the best-ranked non-marketable Limit Order(s), pursuant to Rule 25080, to buy and the best-ranked non-marketable Limit Order(s) to sell in the BSTX Book shall be collected and made available to quotation vendors for dissemination. Proposed Rule 25100 further provides that the BSTX System will operate as an “automated trading center” within the meaning of Regulation NMS and will display “automated quotations” at all times except in the event of a system malfunction.²⁴⁷ In addition, the proposed Rule specifies that the Exchange shall identify

²⁴⁶ Proposed Rule 25100(a) is substantially similar to IEX Rule 11.240(a) and (d), but modified to reflect certain differences between BSTX and IEX such as the fact that BSTX will not route orders.

²⁴⁷ 17 CFR 242.600(b)(4) and (5). The general purpose of an exchange being deemed an “automated trading center” displaying “automated quotations” relates to whether or not an exchange’s quotations may be considered protected under Regulation NMS. See Exchange Act Release No. 51808, 70 FR 37495, 37520 (June 29, 2005). Other trading centers may not effect transactions that would trade through a protected quotation of another trading center. The Exchange believes that it is useful to specify that it will operate as an automated trading center at this time to make clear to market participants that it is not operating a manual market with respect to Securities.

all trades executed pursuant to an exception or an exemption of Regulation NMS. The Exchange will disseminate last sale and quotation information pursuant to Rule 602 of Regulation NMS and will maintain connectivity to the securities information processors for dissemination of quotation information.²⁴⁸ BSTX Participants may obtain access to this information through the securities information processors.

Proposed Rule 25100(d) provides that executions that occur as a result of orders matched against the BSTX Book, pursuant to Rule 25080, shall clear and settle pursuant to the rules, policies, and procedures of a registered clearing agency. Rule 25100(e) obliges BSTX Participants, or a clearing member/participant clearing on behalf of a BSTX Participant to honor trades effected on the BSTX System on the scheduled settlement date, and the Exchange shall not be liable for the failure of BSTX Participants to satisfy these obligations.²⁴⁹

The Exchange believes that proposed Rule 25100 is consistent with Section 6(b)(5) of the Exchange Act²⁵⁰ because it will foster cooperation and coordination with persons processing information with respect to, and facilitating transactions in securities by requiring the Exchange to collect and disseminate quotation and last sale transaction information to market participants. BSTX Participants will need last sale and quotation information to effectively trade on the BSTX System, and proposed Rule 25100 sets forth the requirement for the Exchange to provide this information as well as the information to be provided. The proposed rule is similar to rules of other exchanges relating to the dissemination of last sale and quotation information. The Exchange believes that requiring BSTX Participants (or firms clearing trades on behalf of other

²⁴⁸ 17 CFR 242.602.

²⁴⁹ These proposed provisions are substantially similar to those of exchanges. See e.g., Nasdaq Rule 4627 and IEX Rule 10.250.

²⁵⁰ 15 U.S.C. 78f(b)(5).

BSTX Participants) to honor their trade obligations on the settlement date is consistent with the Exchange Act because it will foster cooperation with persons engaged in clearing and settling transactions in Securities, consistent with Section 6(b)(5) of the Exchange Act.²⁵¹

12. Rule 25110 – Clearly Erroneous

Proposed Rule 25110 sets forth the manner in which BSTX will resolve clearly erroneous executions that might occur on the BSTX System and is substantially similar to comparable clearly erroneous rules on other exchanges. Under proposed Rule 25100, transactions that involve an obvious error such as price or quantity, may be canceled after review and a determination by an officer of the Exchange or such other employee designee of the Exchange (“Official”).²⁵² BSTX Participants that believe they submitted an order erroneously to the Exchange may request a review of the transaction, and must do so within thirty (30) minutes of execution and provide certain information, including the factual basis for believing that the trade is clearly erroneous, to the Official.²⁵³ Under proposed Rule 25100(c), an Official may determine that a transaction is clearly erroneous if the price of the transaction to buy (sell) that is

²⁵¹ Id.

²⁵² A transaction made in clearly erroneous error and canceled by both parties or determined by the Exchange to be clearly erroneous would be removed from the Consolidated Tape. Proposed Rule 25110(a). In addition, similar to parallel rules of other exchanges, proposed Rule 25110(a) would provide that executions as a result of a Halt Auction under Rule 25040(c) are not eligible for a request to review as clearly erroneous under paragraph (b) of proposed Rule 25110. See e.g., Cboe BZX Rule 11.17(a).

²⁵³ Proposed Rule 25110(b). The Official may also consider certain “outlier” transactions on a case by case basis where the request for review is submitted after 30 minutes but no longer than sixty (60) minutes after the transaction. Proposed Rule 2511(d). Proposed Rule 25110(b)(2) would provide, similar to parallel rules of other exchanges, that other market centers will generally have an additional thirty (30) minutes from receipt of their participant’s timely filing, but no longer than sixty (60) minutes from the time of the execution at issue, to file with the Exchange for review of transactions routed to the Exchange from that away market center and executed on the Exchange.

the subject of the complaint is greater than (less than) the “Reference Price”²⁵⁴ by an amount that equals or exceeds specified “Numerical Guidelines.”²⁵⁵ The Official may consider additional factors in determining whether a transaction is clearly erroneous, such as whether trading in the security had recently halted or overall market conditions.²⁵⁶ Similar to other exchanges’ clearly erroneous rules, the Exchange may determine that trades are clearly erroneous in certain circumstances such as during a system disruption or malfunction, on a BSTX Officer’s (or senior employee designee) own motion, during a trading halt, or with respect to a series of transactions over multiple days.²⁵⁷ Under proposed Rule 25110(e)(2), BSTX Participants affected by a determination by an Official may appeal this decision to a Clearly Erroneous Execution Panel (“CEE Panel”), provided such appeal is made within thirty (30) minutes after the party making the appeal is given notice of the initial determination being appealed.²⁵⁸ Proposed Rule

²⁵⁴ The Reference Price would be equal to the consolidated last sale immediately prior to the execution(s) under review except for in circumstances, such as, for example, relevant news impacting a security or securities, periods of extreme market volatility, sustained illiquidity, or widespread system issues, where use of a different Reference Price is necessary for the maintenance of a fair and orderly market and the protection of investors and the public interest. Proposed Rule 25110(c)(1).

²⁵⁵ The proposed Numerical Guidelines are 10% where the Reference Price ranges from \$0.00 to \$25.00, 5% where the Reference Price is greater than \$25.00 up to and including \$50.00, and 3% where the Reference Price ranges is greater than \$50. Proposed Rule 25110(c)(1).

²⁵⁶ Proposed Rule 25110(c)(1).

²⁵⁷ See proposed Rule 25110(f) – (j). These provisions are virtually identical to similar provisions of other exchanges’ clearly erroneous rules other than by making certain administrative edits (e.g., replacing the term “security” with “Security”).

²⁵⁸ Determinations by an Official pursuant to proposed Rule 25110(f) relating to system disruptions or malfunctions may not be appealed if the Official made a determination that the nullification of transactions was necessary for the maintenance of a fair and orderly market or the protection of invests and the public interest and further provided that with respect to rulings made by the Exchange in conjunction with one or more additional market centers, the number of affected transactions is similarly such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest and, hence, are also non-appealable. Proposed Rule 25110(e)(2).

25110(d)(2) would further provide that CEE Panel will be comprised of the Exchange's Chief Regulatory Officer ("CRO"), or a designee of the CRO, and representatives from two (2) BSTX Participants.²⁵⁹ The CEE Panel may overturn the decision of the Official and all determinations made by the CEE Panel shall constitute final action by the Exchange on the matter at issue pursuant to proposed Rule 25110(e)(2)(ii).²⁶⁰

The Exchange believes that proposed Rule 25110 is consistent with Section 6(b)(5) of the Exchange Act,²⁶¹ because it would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system by setting forth the process by which clearly erroneous trades on the BSTX System may be identified and remedied. Proposed Rule 25110 would apply equally to all BSTX Participants and is therefore not designed to permit unfair discrimination among BSTX Participants, consistent with Section 6(b)(5) of the Exchange Act.²⁶² The proposed rule is substantially similar to the clearly erroneous rules of other exchanges.²⁶³ For example, proposed Rule 25110

²⁵⁹ Similar to parallel rules of other exchanges, the Exchange shall designate at least ten (10) representatives of BSTX Participants to be called upon to serve on the CEE Panel as needed. In no case shall a CEE Panel include a person affiliated with a party to the trade in question. To the extent reasonably possible, the Exchange shall call upon the designated representatives to participate on a CEE Panel on an equally frequent basis. See Proposed Rule 25110(e)(2)(ii).

²⁶⁰ In addition, similar to parallel provisions of other equities exchanges, proposed Rule (e)(2)(v) would provide that if the CEE Panel votes to uphold the decision made pursuant to paragraph (e)(1) above, the Exchange will assess a \$500.00 fee against the BSTX Participant(s) who initiated the request for appeal, and, in addition, in instances where the Exchange, on behalf of a BSTX Participant, requests a determination by another market center that a transaction is clearly erroneous, the Exchange will pass any resulting charges through to the relevant BSTX Participant. See e.g., Cboe BZX Rule 11.17 (e)(2)(E).

²⁶¹ 15 U.S.C. 78f(b)(5).

²⁶² Id.

²⁶³ See e.g., Cboe BZX Rule 11.17. Similar to other exchanges' comparable rules, proposed Rule 25110 provides BSTX with the ability to determine clearly erroneous trades that result from a system disruption or malfunction, a BSTX Official acting on his or her own motion, trading

does not include provisions related to clearly erroneous transactions for routed orders because orders for Securities will not route to other exchanges. Securities would also only trade during regular trading hours (i.e., 9:30 a.m. ET to 4:00 p.m. ET), so provisions from comparable exchange rules relating to clearly erroneous executions occurring outside of regular trading hours have been excluded. Proposed Rule 25110 also excludes provisions from comparable clearly erroneous rules of certain other exchanges relating to clearly erroneous executions in unlisted trading privileges securities that are subject to an initial public offering.²⁶⁴

The Exchange believes that its proposed process, which mirrors that of other exchanges, for BSTX Participants to appeal clearly erroneous execution determinations made by an Exchange Official pursuant to proposed Rule 25110 to a CEE Panel is consistent with Section 6(b)(5) of the Exchange Act²⁶⁵ because it promotes just and equitable principles of trade and fosters cooperation and coordination with persons regulating, settling, and facilitating transactions in securities by providing a clear and fair process to appeal determinations made by an Official that involves both representatives of other BSTX Participants and the CRO of the Exchange. In addition, proposed Rule 25110(e)(2)(vi) provides that any determination made by an Official or the CEE Panel under proposed Rule 25110 shall be rendered without prejudice as to the rights of the parties to the transaction to submit their dispute to arbitration. Accordingly, there is an additional safeguard in place for BSTX Participants to seek further review of the

halts, multi-day trading events, multi-stock events involving five or more (but less than twenty) securities whose executions occurred within a period of five minutes or less, multi-stock events involving twenty or more securities whose executions occurred within a period of five minutes or less, securities subject to the LULD Plan, and for leveraged ETP Securities.

²⁶⁴ The Exchange notes that not all equities exchanges have a provision with respect to trade nullification for UTP securities that are the subject of an initial public offering. See IEX Rule 11.270.

²⁶⁵ 15 U.S.C. 78f(b)(5).

Exchange's clearly erroneous determination.

13. Rule 25120 – Short Sales

Proposed Rule 25120 sets forth certain requirements with respect to short sale orders submitted to the BSTX System that is virtually identical to similar rules on other exchanges.²⁶⁶ Specifically, proposed Rule 25120 requires BSTX Participants to appropriately mark orders as long, short, or short exempt and provides that the BSTX System will not execute or display a short sale order not marked short exempt with respect to a “covered security”²⁶⁷ at a price that is less than or equal to the current national best bid if the price of that security decreases by 10% or more, as determined by the listing market for the covered security, from the covered security's closing price on the listing market as of the end of Regular Trading Hours on the prior day (the “Trigger Price”). The proposed rule further specifies the duration of the “Short Sale Price Test” and that the BSTX System shall determine whether a transaction in a covered security has occurred at a Trigger Price and shall immediately notify the responsible single plan processor.²⁶⁸

The Exchange believes that proposed Rule 25120 is consistent with Section 6(b)(5) of the Exchange Act,²⁶⁹ because it would promote just and equitable principles of trade and further the protection of investors and the public interest by enforcing rules consistent with Regulation SHO. Pursuant to Regulation SHO, broker-dealers are required to appropriately mark orders as

²⁶⁶ See e.g., IEX Rule 11.290.

²⁶⁷ Proposed Rule 25120(b) provides that the terms “covered security,” “listing market,” and “national best bid” shall have the same meaning as in Rule 201 of Regulation SHO. 17 CFR 242.201(a).

²⁶⁸ Proposed Rule 25120(d). The proposed rule further provides in paragraph (d)(1) that if a covered security did not trade on BSTX on the prior trading day, BSTX's determination of the Trigger Price shall be based on the last sale price on the BSTX System for that security on the most recent day on which the security traded.

²⁶⁹ 15 U.S.C. 78f(b)(5).

long, short, or short exempt,²⁷⁰ and trading centers are required to establish, maintain, and enforce written policies and procedures reasonably designed to, among other things, prevent the execution or display of a short sale order of a covered security at a price that is less than or equal to the current national best bid if the price of that covered security decreases by 10% or more from its closing price on the primary listing market on the prior day.²⁷¹ Proposed Rule 25120 is designed to promote compliance with Regulation SHO, is nearly identical to similar rules of other exchanges, and would apply equally to all BSTX Participants.

14. Rule 25130 – Locking or Crossing Quotations in NMS Stocks

Proposed Rule 25130 sets forth provisions related to locking or crossing quotations. The proposed rule is substantially similar to the rules of other national securities exchanges.²⁷² Proposed Rule 25130 is designed to promote compliance with Regulation NMS and prohibits BSTX Participants from engaging in a pattern or practice of displaying quotations that lock or cross a protected quotation unless an exception applies. The Exchange proposes in Rule 25130(d) that the BSTX System will reject any order or quotation that would lock or cross a protected quotation of another exchange at the time of entry.

The Exchange believes proposed Rule 25130 is consistent with Section 6(b)(5) of the Exchange Act²⁷³ because it is designed to promote just and equitable principles of trade and foster cooperation and coordination with persons facilitating transactions in securities by ensuring that the Exchange prevents display of quotations that lock or cross any protected

²⁷⁰ 17 CFR 242.200(g).

²⁷¹ 17 CFR 242.201(b)(1).

²⁷² See IEX Rule 11.310 and BZX Rule 11.20.

²⁷³ 15 U.S.C. 78f(b)(5).

quotation in an NMS stock, in compliance with applicable provisions of Regulation NMS.

15. Rule 25140 – Clearance and Settlement: Anonymity

Proposed Rule 25140 provides that each BSTX Participant must either (1) be a member of a registered clearing agency that uses a CNS system, or (2) clear transactions executed on the Exchange through another BSTX Participant that is a member of such a registered clearing agency. The Exchange would maintain connectivity and access to the UTC of NSCC for transmission of executed transactions. The proposed Rule requires a BSTX Participant that clears through another BSTX Participant to obtain a written agreement, in a form acceptable to the Exchange, that sets out the terms of such arrangement. The proposed Rule also provides that BSTX transaction reports shall not reveal contra party identities and that transactions would be settled and cleared anonymously. In certain circumstances, such as for regulatory purposes, the Exchange may reveal the identity of a BSTX Participant or its clearing firm such as to comply with a court order.

The Exchange believes that proposed Rule 25140 is consistent with Section 6(b)(5) of the Exchange Act²⁷⁴ because it would foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities. Proposed Rule 25140 is similar to rules of other exchanges relating to clearance and settlement.²⁷⁵

J. Market Making on BSTX (Rule 25200 Series)

The BSTX Market Making Rules (Rules 25200 – 25240) provide for registration and describe the obligations of Market Makers on the Exchange. The proposed Market Making

²⁷⁴ 15 U.S.C. 78f(b)(5).

²⁷⁵ See e.g., IEX Rule 11.250.

Rules also provide for registration and obligations of Designated Market Makers (“DMMs”) in a given Security, allocation of a DMM to a particular Security, and parameters for business combinations of DMMs.

Proposed Rule 25200 closely parallels NYSE American Rule 7.20E and sets forth general requirements applicable to BSTX Market Makers such as the requirement to register as a Market Maker, the fact that Market Makers and DMMs are considered to be dealers for purposes of the Exchange Act and rules and regulations thereunder, and providing general authority for the Exchange to suspend or terminate a Market Maker or DMM’s registration in the event that they fail to meet their obligations required under proposed Rule 25220 or 25240.²⁷⁶ Proposed Rule 25210 sets forth the basic registration requirement for a non-DMM BSTX Market Maker by noting that a Market Maker must enter a registration request to BSTX and that such registration shall become effective on the next trading day after the registration is entered, or, in the Exchange’s discretion, the registration may become effective the day that it is entered (and the Exchange will provide notice to the Market Maker in such cases). The proposed Rule further provides that a BSTX Market Maker’s registration shall be terminated by the Exchange if the Market Maker fails to enter quotations within five business days after the registration becomes effective.²⁷⁷ BSTX Rules 25210(c)-(f) are substantially similar to NYSE American Rule 7.22E,

²⁷⁶ BSTX added language to proposed Rule 25200 to make clear that the provisions apply to both Market Makers and DMMs, while NYSE American Rule 7.20E does not clearly apply to both DMMs and non-DMM market makers in each provision. BSTX did not include a parallel to NYSE American Rule 7.20E(e) regarding voluntary termination of registration as a Market Maker in proposed Rule 25200 as that provision is provided for in proposed Rule 25210(d).

²⁷⁷ Proposed Rule 25210(a) and (b) are substantially similar to IEX Rule 11.150. BSTX Rule 25200 differs from IEX Rule 11.150 in certain respects, such as that IEX Rule 11.150 provides that registration of a market maker becomes effective on the day the registration request is entered while BSTX Rule 25210 provides that shall become effective on the next trading day after the registration is entered, but that the Exchange has discretion to make the registration

and set forth certain criteria that the Exchange may consider when evaluating the application of a BSTX Market Maker, voluntary termination authority for a Market Maker, certain authority for the Exchange to suspend or termination the registration of a BSTX Participant as a Market Maker, and the ability for the Market Maker to appeal such suspension or termination.

Proposed Rule 25220 sets forth the obligations of Market Makers, including DMMs. Under the proposed Rule, a BSTX Participant that is a Market Maker, including a DMM, is generally required to post two-sided quotes during the regular market session for each Security in which it is registered as a Market Maker.²⁷⁸ The Exchange proposes that such quotes must be entered within a certain percentage, called the “Designated Percentage,” of the National Best Bid (Offer) price in such Security (or last sale price, in the event there is no National Best Bid (Offer)) on the Exchange.²⁷⁹ The Exchange proposes that the Designated Percentage would be the same as the Designated Percentage required of market makers on other national securities exchanges.²⁸⁰ The Exchange notes that pursuant to proposed Rule 25220(a)(1)(iii), there is nothing to preclude a Market Maker from entering trading interest at price levels that are closer to the NBBO, so Market Makers have the ability to quote must closer to the NBBO than required by the Designated Percentage requirement if they so choose.

The Exchange proposes in Rule 25220(a)(1)(ii)(A) that, in the event that price movements cause a Market Maker or DMM’s quotations to fall outside of the National Best Bid

effective the day entered with notice provided to the prospective BSTX Market Maker.

²⁷⁸ See proposed Rule 25220(a)(1).

²⁷⁹ See proposed Rule 25220(a)(1)(ii)(A).

²⁸⁰ Cf proposed Rule 25220(a)(1)(ii)(C) and IEX Rule 11.151(a)(6). Similarly, proposed Rule 25210(a)(1)(ii)(B) would specify similar to IEX Rule 11.151(a)(5) that the national best bid and national best offer shall be determined by the Exchange in accordance with its procedures for determining protected quotations under Rule 600 under Regulation NMS.

(Offer) (or last sale price in the event there is no National Best Bid (Offer)) by a given percentage, with such percentage called the “Defined Limit,” in a Security for which they are a Market Maker, the Market Maker or DMM must enter a new bid or offer at not more than the Designated Percentage away from the National Best Bid (Offer) in that Security. The Exchange proposes a tiered structure for the Defined Limit that parallels the rules of other national securities exchanges.²⁸¹ Under the proposed Rules, a Market Maker’s quotations must be firm and automatically executable for their size, and, to the extent the Exchange finds that a Market Maker has a substantial or continued failure to meet its quotation obligations, such Market Maker may face disciplinary action from the Exchange.²⁸² Under the proposed Market Maker and DMM Rules, Market Makers and DMMs’ two-sided quotation obligations must be maintained for a quantity of a “normal unit of trading” which is defined as one hundred shares.²⁸³ Proposed Rule 25220(a)(1)(ii)(E) would, similar to comparable rules of other national securities exchanges, provide that the minimum quotation increment for quotations of \$1.00 or above in all BSTX System Securities shall be \$0.01, and the minimum quotation increment in the System for quotations below \$1.00 in System Securities shall be \$0.0001.²⁸⁴

The Exchange notes that proposed Rule 25220 is substantially similar to NYSE American

²⁸¹ Cf. proposed Rule 25220(a)(1)(ii)(D) and IEX Rule 11.151(a)(7).

²⁸² See proposed Rule 25220(b) and (c). Pursuant to proposed Rule 25220(d), a BSTX Market Maker, other than a DMM, may apply for a temporary withdrawal from its Market Maker status provided it meets certain conditions such as demonstrating legal or regulatory requirements that necessitate its temporary withdrawal.

²⁸³ See proposed Rule 25220(a)(1)(i). The Exchange notes that one hundred shares corresponds to the current definition of a “round lot” under Rule 600(b)(82) of Regulation NMS. 17 CFR 242.600(b)(82).

²⁸⁴ See e.g., IEX Rule 11.151(a)(11). Proposed Rule 25220(a)(ii)(B) would also specify that the NBB and NBO shall be determined by the Exchange in accordance with its procedures for determining protected quotations under Rule 600 under Regulation NMS.

Rule 7.23E, with the exceptions of: (i) specifying the minimum quotation increment for securities priced above \$1.00 per share and below \$1.00 per share, as noted above; (ii) specifying that Market Maker quotations must be firm for their displayed size and automatically executable; and (iii) specifying the applicable Designated Percentage and Defined Limit with reference to securities that are part of the S&P500 Index, Russel 1000 Index or a pilot list of exchange traded products. The Exchange notes that these differences do not propose any novel requirements applicable to market makers and have been incorporated into the market maker rules of other national securities exchanges and the Exchange believes will add additional clarity to the expectations of Market Makers on the Exchange.²⁸⁵

Proposed Rule 25230 sets forth certain requirements for Market Maker Authorized Traders (“MMATs”), which are individuals permitted to enter orders only for the account of the Market Maker or DMM for which they are registered. The proposed provisions related to MMATs are substantially similar to those of other exchanges.²⁸⁶ Proposed Rule 25230(b) would set forth, among other things, who is eligible to act as a MMAT (e.g., officers, employees, and associated persons of a BSTX Market Maker), the requirements to act as a MMAT (e.g., completing the Series 57 examination and completing any training or certification required by the Exchange) and provide the Exchange with authority to require additional information for a MMAT’s registration or to grant a conditional registration of a MMAT. Proposed Rule 25230(c) provides that the Exchange may suspend an individual’s registration as a MMAT if it makes certain determinations (e.g., failure to comply with applicable laws or regulatory requirements, including the Rules of the exchange, or if the Exchange believes it is in the interest

²⁸⁵ See IEX Rule 11.151(a)(6), (7), and (11) and IEX Rule 11.151(b)(1).

²⁸⁶ See e.g., NYSE American Rule 7.21E and Cboe BZX Rule 11.6.

of maintaining fair and orderly markets) and the process for voluntary withdrawal of a MMAT via written request of the BSTX Participant for which the MMAT is registered.

Proposed Rule 25240 sets forth the registration requirements for a DMM. Under proposed Rule 25240, a DMM must be a registered Market Maker and be approved as a DMM in order to receive an allocation of Securities pursuant to proposed Rule 25230, which is described below.²⁸⁷ For Securities in which a Participant serves as a DMM, it must meet the same obligations as if it were a Market Maker and must also maintain a bid or offer at the National Best Bid and Offer at least 25% of the day measured across all Securities in which such Participant serves as DMM.²⁸⁸ The proposed Rule provides, among other things, that there will be no more than one DMM per Security and that a DMM must maintain information barriers between the trading unit operating as a DMM and the trading unit operating as a BSTX Market Maker in the same Security (to the extent applicable).²⁸⁹ The Rule further provides a process by which a DMM may temporarily withdraw from its DMM status, which is similar to the same process for a BSTX Market Maker²⁹⁰ and similar to the same process for DMMs on other exchanges.²⁹¹ The Exchange notes that proposed Rule 25240 is substantially similar to NYSE American Rule 7.24E with the exception that the Exchange proposes to add a provision stating that the Exchange is not required to assign a DMM if the Security has an adequate number of

²⁸⁷ See proposed Rule 25240(b). DMMs would be approved by the Exchange pursuant to an application process in the form as required by the Exchange and the proposed Rule notes that the Exchange may consider an applicant's market making ability, capital available for market making, and such other factors as the Exchange deems appropriate.

²⁸⁸ See proposed Rule 25240(c).

²⁸⁹ See proposed Rule 25240(b).

²⁹⁰ See proposed Rule 25220(d).

²⁹¹ See e.g., NYSE American Rule 7.24E(b)(4).

BSTX Market Makers assigned to such Security. The purpose of this requirement is to acknowledge the possibility that a Security need not necessarily have a DMM provided that each Security has been assigned at least four active non-DMM Market Makers.

In proposed Rule 25250, the Exchange proposes to set forth the process by which a DMMs are allocated and reallocated responsibility for a particular Security. Proposed Rule 25250(a) sets forth the basic eligibility criteria for a when a Security may be allocated to a DMM, providing that this may occur when the Security is initially listed on BSTX, when it is reassigned pursuant to Rule 25250, or when it is currently listed without a DMM assigned to the Security.²⁹² Proposed Rule 25250(a) also specifies that a DMM's eligibility to participate in the allocation process is determined at the time the interview is scheduled by the Exchange and specifies that a DMM must meet with the quotation requirements set forth in proposed Rule 25240(c) (DMM obligations). The proposed Rule further specifies how the Exchange will handle several situations in which the DMM does not meet its obligations, such as, for example, by issuing an initial warning advising of poor performance if the DMM fails to meet its obligations for a one-month period.²⁹³

Proposed Rule 25250(b) sets forth the manner in which a DMM may be selected and allocated a Security. Under proposed Rule 25250(b), an issuer may select its DMM directly, delegate the authority to the Exchange to selects its DMM, or may opt to proceed with listing

²⁹² As previously noted, pursuant to proposed Rule 26106, a Security may, in lieu of having a DMM assigned to it, have a minimum of four non-DMM Market Makers. Consequently, a Security might not have a DMM when it initially begins trading on BSTX, but may acquire a DMM later.

²⁹³ See proposed Rule 25250(a)(4). The proposed handling of these scenarios where a DMM does not meet its obligations is substantially similar to parallel requirements in NYSE American Rule 7.25E(a)(4).

without a DMM, in which case a minimum of four non-DMM Market Makers must be assigned to its Security consistent with proposed Rule 26106. Proposed Rule 25250(b) further sets forth provisions relating to the interview between the issuer and DMMs, the Exchange selection by delegation, and a requirement that a DMM serve as a DMM for a Security for at least one year. Each of these provisions is substantially similar to corresponding provisions in NYSE American Rule 7.25E(b)(1)-(3). Proposed Rule 25250(b) further sets forth specific provisions related to a variety of different issuances and types of securities, including spin-offs or related companies, warrants, rights, relistings, equity Security listing after preferred Security, listed company mergers, target Securities, and closed-end management investment companies.²⁹⁴ Each of these provisions is substantially similar to corresponding provisions in NYSE American Rule 7.25E(b)(4)-(11).

Proposed Rule 25250(c) sets forth the reallocation process for a DMM in a manner that is substantially similarly to corresponding provisions in NYSE American Rule 7.25E(c). Generally, under the proposed Rule, an issuer may request a reallocation to a new DMM and Exchange staff will review this request, along with any DMM response letter, and eventually make a determination.²⁹⁵ Proposed Rule 25250(d), (e), and (f), set forth provisions governing an allocation freeze, allocation sunset, and criteria for applicants that are not currently DMMs to be eligible to be allocated a Security as a DMM respectively. Each of these provisions are likewise substantially similar to corresponding provisions in NYSE American Rule 7.25E(d)-(f).

²⁹⁴ See proposed Rule 25250(b)(4)-(11).

²⁹⁵ In addition, proposed Rule 25250(c)(2) sets forth provisions that allow for the Exchange's CEO to immediately initiate a reallocation proceeding upon written notice to the DMM and the issuer when the DMM's performance in a particular market situation was, in the judgment of the Exchange, so egregiously deficient as to call into question the Exchange's integrity or impair the Exchange's reputation for maintaining an efficient, fair, and orderly market.

Finally, proposed Rule 25260 sets forth the DMM combination review policy. The proposed Rule, among other things, defines a proposed combination among DMMs, requires that DMMs provide a written submission to the Office of the Corporate Secretary of the Exchange and specifies, among other things, the items to be disclosed in the written submission, the criteria that the Exchange will use to evaluate a proposed combination, and the timing for a decision by the Exchange, subject to the Exchange's right to extend such time period. The Exchange notes that proposed Rule 25260 is substantially similar to NYSE American Rule 7.26E.

The Exchange believes that the proposed Market Making Rules set forth in the Rule 25200 Series are consistent with Section 6(b)(5) of the Exchange Act²⁹⁶ because they are designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. The Exchange notes that the proposed Rules are substantially similar to the market making rules of other exchanges, as detailed above,²⁹⁷ and that all BSTX Participants are eligible to become a Market Maker or DMM provided they comply with the proposed requirements.²⁹⁸ The proposed Market Maker Rules set forth the quotation and related expectations of BSTX Market Makers which the Exchange believes will help ensure that there is sufficient liquidity in Securities. The Exchange has also proposed that the minimum quotation increment for quotations of \$1.00 or above in all securities shall be \$0.01 and \$0.0001 for quotations below \$1.00, consistent with the rules of

²⁹⁶ 15 U.S.C. 78f(b)(5).

²⁹⁷ See NYSE American Rule 7, Section 2.

²⁹⁸ In this regard, the Exchange believes the proposed Market Making Rules are not designed to permit unfair discrimination between BSTX Participants, consistent with Section 6(b)(5) of the Exchange Act. 15 U.S.C. 78f(b)(5).

other equities exchanges.²⁹⁹

K. BSTX Listing Rules Other than for Exchange Traded Products and Suspension and Delisting Rules (Rule 26000 and 27000 Series)

The BSTX Listing Rules Other than for Exchange Traded Products (the “Non-ETP Listing Rules”) in the Rule Series 26000 and the Suspension and Delisting Rules in the Rule 27000 Series have been adapted from, and are substantially similar to, Parts 1 – 12 of the NYSE American LLC Company Guide.³⁰⁰ Except as described below, each proposed Rule in the BSTX 26000 and 27000 Series is substantially similar to a Section of the NYSE American Company Guide.³⁰¹ Below is further detail.

- The BSTX Rule 26100 Series are based on the NYSE American Original Listing Requirements (Sections 101-146).³⁰²

²⁹⁹ See e.g., Cboe BZX Rule 11.8(d)(2)(G).

³⁰⁰ All references to various “Sections” in the discussion of these Listing Rules refer to the various Sections of the NYSE American Company Guide.

³⁰¹ The Exchange notes that while the numbering of BSTX’s Listing Rules generally corresponds to a Section of the NYSE American LLC Company Guide, BSTX did not integrate certain Sections of the NYSE American Company Guide that the Exchange deemed inapplicable to its operations. Regarding types of securities that the Exchange is not proposing to make eligible for listing this applies to the sections of the NYSE American LLC Company Guide that address bonds and debentures, currency and index warrants, other securities not otherwise covered by the NYSE American listing criteria, transfers from unlisted to listed trading, and investment trusts (See NYSE American Sections 104, 106, 107, 113 and 118). In addition, the Exchange is proposing to adopt proposed BSTX Rules 26019 and 26110 that correspond to NYSE American sections 109 (regarding Canadian companies) and 110 (regarding securities of foreign issuers), however, the application of the provisions regarding securities of foreign issuers would be limited to Canadian issuers because those are the only foreign issuers that would be permitted to list. The Exchange also proposes to modify cross-references in the proposed Non-ETP Listing Rules to accord with its Rules.

³⁰² Pursuant to proposed Rule 26136, all securities initially listing on BSTX, except securities which are book-entry only, must be eligible for a Direct Registration Program operated by a clearing agency registered under Section 17A of the Exchange Act. 15 U.S.C. 78q-1. The Exchange also proposes to modify Rule 26210 from NYSE American Section 210 regarding Exchange Act registration requirements for issuers seeking to list on the Exchange to provide

- The BSTX Original Listing Procedures (26200 Series) are based on the NYSE American Original Listing Procedures (Sections 201 – 222).
- The BSTX Additional Listings Rules (26300 Series) are based on the NYSE American Additional Listings Sections (Sections 301- 350).
- The BSTX Disclosure Policies (26400 Series) are based on the NYSE American Disclosure Policies (Sections 401-404).
- The BSTX Dividends and Splits Rules (26500 Series) are based on the NYSE American Dividends and Stock Splits Sections (Sections 501-522).
- The BSTX Accounting; Annual and Quarterly Reports Rules (26600 Series) are based on the NYSE American Accounting; Annual and Quarterly Reports Sections (Sections 603-624).
- The BSTX Shareholders’ Meetings, Approval and Voting of Proxies Rules (26700 Series) are based on the NYSE American Shareholders’ Meetings, Approval and Voting of Proxies Sections (Sections 701-726).³⁰³
- The BSTX Corporate Governance Rules (26800 Series) are based on the NYSE American Corporate Governance Sections (Sections 801-809).
- The BSTX Additional Matters Rules (26900 Series) are based on the NYSE American Additional Matters Sections (Sections 920-994).

that issuers must have their securities registered under Section 12(b) of the Exchange Act or alternatively that issuers may list pursuant to an exemption from registration issued by the Commission that permits the listing notwithstanding that the security has not been registered under Section 12(b). IEX Rule 14.203 similarly allows for securities subject to an exemption from registration to be listed on IEX.

³⁰³ The Exchange notes that the proposed fees for certain items in the proposed Listing Rules (e.g., proxy follow-up mailings) are the same as those charged by NYSE American. See e.g., proposed IM-26722-8 cf. NYSE American Section 722.80.

- The BSTX Suspension and Delisting Rules (27000 Series) are based on the NYSE American Suspension and Delisting Sections (Sections 1001-1011).
- The BSTX Guide to Filing Requirements (27100 Series) are based on the NYSE American Guide to Filing Requirements (Section 1101).
- The BSTX Procedures for Review of Exchange Listing Determinations (27200 Series) are based on the NYSE American Procedures for Review of Exchange Listing Determinations (Sections 1201-1211).

Notwithstanding that the proposed Rule 26000 and 27000 Series are substantially similar to those of other exchanges, BSTX proposes certain additions or modifications to these rules specific to its market. For example, the Exchange proposes to add definitions that apply to the proposed BSTX Rule 26000 and 27000 Series. Specifically, the Exchange proposes in BSTX Rule 26000(a) to add the following defined terms: “BSTX Listing Standards”, “Covered Security”, “Initial Security Offering”, “public distribution”, “public shareholders”, “Primary Equity Security”, “Round Lot” and “shareholder”, “holder” or “security holder”. Many of these definitions are based on defined terms used in the NYSE American LLC Company Guide and listing rules of the Nasdaq Stock Market,³⁰⁴ and all of the defined terms are designed to facilitate understanding by market participants of the proposed Rule 26000 and 27000 Series. Increased clarity may serve to remove impediments to and perfect the mechanism of a free and open market and a national market system and may also foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and

³⁰⁴ See NYSE American Section 102 (defining public distribution and public shareholders); NASDAQ Rules 5005(a)(9) (defining Covered Security), (33) (defining Primary Equity Security) and (40) (defining Round Lot).

facilitating transactions in securities, consistent with Section 6(b)(5) of the Exchange Act.³⁰⁵

With respect to initial listing standards for non-ETP Securities, which begin at proposed Rule 26101, the Exchange proposes to adopt listing standards that are substantially similar to the NYSE American listing rules for initial listings.³⁰⁶ The Exchange understands that the Commission has extended relief to NYSE American with respect to certain quantitative listing standards that do not meet the thresholds of SEC Rule 3a51-1.³⁰⁷ Initial listings of securities that do not meet such thresholds and are not subject to the relief provided to NYSE American would qualify as “penny stocks” and would be subject to additional regulation. The Exchange notes that it is not seeking relief related to SEC Rule 3a51-1. Therefore, it has made several conforming changes to the proposed listing standards in proposed Rule 26101 to bring them in line with SEC Rule 3a51-1. These changes are as follows: in Rule 26101(a)(2) issuers would be required to have at least one year of operating history; in Rule 26101(a)(4) the aggregate market value of publicly held shares would be at least \$5 million; in Rule 26101(c)(2) the required total value of market capitalization would be \$50 million for the prior 90 consecutive days; in Rule 26101(d)(1) the total market value of capitalization would be \$50 million for the prior 90 consecutive days; in Rule 26101(g)(1) the required market value of publicly held shares for closed-end investment management companies would be at least \$50 million; and in Rule 26101(g)(2) for a closed-end investment management company that is part of a group and meets

³⁰⁵ 15 U.S.C. 78f(b)(5).

³⁰⁶ See NYSE American Sections 101 through 119. The Sample Underwriter’s Letter that has been submitted as Exhibit 3L to this proposal states that representatives of the underwriters in an Initial Security Offering would represent to the Exchange that they have reviewed and understand the BSTX listing criteria and that the distribution will meet or exceed the applicable requirements.

³⁰⁷ 17 CFR 240.3a51-1.

certain other conditions the required total market value of publicly held shares would be at least \$50 million.. BSTX will also require new listings pursuant to proposed Rule 26102 to meet the following standards: have a public distribution of either a minimum of 500 shares together with a minimum of 800 public shareholders or a minimum public distribution of 1 million shares together with a minimum of 400 public shareholders; a minimum market price of \$4 per security; and at least 300 round lot holders. These provisions meet the requirements in SEC Rule 3a51-1 and are consistent with the rules of other national securities exchanges.³⁰⁸ In addition, the Exchange notes that proposed Rule 26140, which governs the additional listing requirements of a company that is affiliated with the Exchange, is based on similar provisions in NYSE American Rule 497 and IEX 14.205.

The Exchange believes that adopting listing rules similar to those in place on other national securities exchanges will facilitate more uniform standards across exchanges, which helps foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, consistent with Section 6(b)(5) of the Exchange Act.³⁰⁹ Market participants that are already familiar with NYSE American's listing standards will already be familiar with most of the substance of the proposed listing rules. The Exchange also believes that adopting proposed listing standards that closely resemble those of NYSE American may also foster competition among listing exchanges for companies seeking to publicly list their securities.

The Exchange is also proposing certain additional provisions relative to the NYSE American listing rules regarding initial listing standards for secondary classes of common stock

³⁰⁸ See e.g., NASDAQ Rules 5505 and 5510.

³⁰⁹ 15 U.S.C. 78f(b)(5).

and listing standards for preferred stock.³¹⁰ Specifically, relative to the NYSE American listing rules the Exchange is proposing additional listing standards in these areas that are based on NASDAQ Rule 5510.³¹¹ Under the standards pertaining to a company's secondary class of common stock, in circumstances where the "primary equity security" of the issuer is already listed on BSTX or meets the Exchange's definition of a "covered security", as those terms are proposed to be defined by the Exchange, the company's secondary class of common stock would be required to meet the following listing conditions: (i) minimum bid price of at least \$4 per share; (ii) at least 100 round lot holders and at least 50% of such round lot holders must each hold shares that are not subject to resale restrictions for any reason and that have a market value of at least \$2,500; (iii) at least 200,000 publicly held shares that are not subject to resale restrictions for any reason; (iv) a market value of publicly held shares that are not subject to resale restrictions for any reason of at least \$3.5 million; and, (v) if the security is trading in the U.S. over-the-counter market as of the date of the application, such security must have a minimum average daily trading volume of 2,000 shares over the 30 trading day period prior to listing, with trading occurring on more than half of those 30 days, unless such security is listed on BSTX in connection with a firm commitment underwritten public offering of at least \$4 million. These same conditions would apply to preferred stock under the Exchange's proposed additional Preferred Stock Distribution Standard 2 in Rule 26103(b)(2). The Exchange believes these proposed rules providing additional initial listing standards for secondary classes of common stock and preferred stock that are consistent with existing NASDAQ Rule 5510 would

³¹⁰ See proposed Rules 26101(i) and 26103(b)(2).

³¹¹ See NASDAQ Rule 5510 (Initial Listing Requirements for Preferred Stock and Secondary Classes of Common Stock).

expand the possible universe of issuances that would be eligible to list on the Exchange regarding secondary classes of common stock and preferred stock. The Exchange believes that such rules would help remove impediments to and perfect the mechanism of a free and open market and a national market system, consistent with Section 6(b)(5) of the Exchange Act by giving issuers additional means by which to list these types of securities (i.e., secondary classes of common stock and preferred stock) and investors the opportunity to trade in such securities.³¹² Further, consistent with the public interest, rules that provide more opportunity for listings may promote competition among listing exchanges and capital formation for issuers.

With respect to the definitions in proposed Rule 26000, these are designed to facilitate understanding of the BSTX Non-ETP Listing Rules by market participants. The Exchange believes that allowing market participants to better understand and interpret the BSTX Non-ETP Listing Rules removes impediments to and perfects the mechanism of a free and open market and a national market system, and may also foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, consistent with Section 6(b)(5) of the Exchange Act.³¹³

The Exchange's proposed Rules provide additional flexibility for listed companies in choosing how liquidity would be provided in their listings by allowing listed companies to meet either the DMM Requirement or Active Market Maker Requirement for initial listing and continued trading.³¹⁴ Pursuant to proposed Rule 26205, a company may choose to be assigned a

³¹² 15 U.S.C. 78f(b)(5).

³¹³ Id.

³¹⁴ See proposed Rule 26205. BSTX-listed Securities must meet the criteria specified in proposed Rule 26106, which provides that unless otherwise provided, all Securities listed pursuant to the BSTX Listing Standards must meet one of the following requirements: (1) the DMM Requirement whereby a DMM must be assigned to a given Security; or (2) the Active

DMM by the Exchange or to select its own DMM.³¹⁵ Alternatively, a company may elect that in lieu of a DMM a minimum of four (4) market makers would be assigned to the Security.

The Exchange believes that such additional flexibility would promote the removal of impediments to and perfection of the mechanism of a free and open market and a national market system, consistent with Section 6(b)(5) of the Exchange Act.³¹⁶ The Commission has previously approved exchange rules providing for four market makers to be assigned to a particular security upon initial listing.³¹⁷ In accordance with these previously approved rules, the Exchange believes proposed Rule 26205 would ensure fair and orderly markets and would facilitate the provision of sufficient liquidity for Securities.

The Exchange also proposes a number of other non-substantive changes from the baseline NYSE American listing rules, such as to eliminate references to the concept of a

Market Maker Requirement which states that the Security must have at least four registered and active Market Makers.

³¹⁵ Exchange personnel responsible for managing the listing and onboarding process would be responsible for determining to which DMM a Security would be assigned. As provided in proposed Rule 26205, the Exchange makes every effort to see that each Security is allocated in the best interests of the company and its shareholders, as well as that of the public and the Exchange. Similarly, the Exchange anticipates that these same personnel would be responsible for answering questions relating to the Exchange's listing rules pursuant to proposed Rule 26994 (New Policies). The Exchange notes that certain provisions in the NYSE American Listing Manual contemplate a "Listing Qualifications Analyst" that would perform a number of these functions. The Exchange is not proposing to adopt provisions that specifically contemplate a "Listing Qualifications Analyst," but expects to have personnel that will perform the same basic functions, such as advising issuers and prospective issuers with respect to relevant rules related to listing.

³¹⁶ 15 U.S.C. 78f(b)(5).

³¹⁷ See e.g., IEX Rule 14.310(c). While the Exchange proposal is consistent with IEX Rule 14.310(c) the Exchange is not proposing to adopt exceptions in the IEX provisions that permit three market makers if the issuer meets certain criteria. The Exchange is also not proposing any different continued listing requirement.

“specialist,” since BSTX will not have a specialist,³¹⁸ or references to certificated equities, since Securities will be uncertificated equities.³¹⁹ As another example, NYSE American Section 623 requires that three copies of certain press releases be sent to the exchange, while the Exchange proposes only that a single copy of such press release be shared with the Exchange.³²⁰ The Exchange proposes to modify proposed Rule 26510 (Two Day Delivery Plan), which is based on NYSE American Section 510 and specifies that all trades on NYSE American will be settled in two days, to contemplate potential accelerated settlement of transactions pursuant to proposed Rule 25060(h). In addition, the Exchange proposes to adopt Rule 26720 in a manner that is substantially similar to NYSE American Section 720, but proposes to modify the internal citations to ensure consistency with its proposed Rulebook.³²¹ In its proposed Rules, the

³¹⁸ See e.g., NYSE American Section 513(f), noting that open orders to buy and open orders to sell on the books of a specialist on an ex rights date are reduced by the cash value of the rights. Proposed Rule 26340(f) deletes this provision because BSTX will not have specialists. Similarly, because BSTX will not have specialists, the Exchange is not proposing to adopt a parallel rule to NYSE American Section 516, which specifies that certain types of orders are to be reduced by a specialist when a security is quoted ex-dividend, ex-distribution or ex-rights are set forth in NYSE American Rule 132.

³¹⁹ See e.g., NYSE American Section 117 including a clause relating to paired securities for which “the stock certificates of which are printed back-to-back on a single certificate”). Similarly, the Exchange has proposed to replace certain references to the “Office of General Counsel” contained in certain NYSE American Listing Rule (see e.g., Section 1205) with references to the Exchange’s “Legal Department” to accommodate differences in BSTX’s organizational structure. See proposed Rule 27204. As another example, proposed Rule 27205 refers to the Exchange’s “Hearing Committee” as defined in Section 6.08 of the Exchange’s By-Laws to similarly accommodate organizational differences between the Exchange and NYSE American.

³²⁰ See proposed Rule 26623.

³²¹ Specifically, proposed Rule 26720 would provide that participants must comply with Rules 26720 through 26725 and BSTX’s Rule 22020 (Forwarding of Proxy and Other Issuer-Related Materials; Proxy Voting). NYSE American Section 726, upon which proposed Rule 26720 is based, includes cross-references to NYSE American’s corresponding rules to proposed Rules 26720 through 26725, and also includes cross-references to NYSE American Rules 578 through 585, for which the Exchange is not proposing corresponding rules. These NYSE American rules for which the Exchange is not proposing to adopt a parallel rule relate to certain requirements

Exchange has included certain form letters related to proxy rules that are included in the NYSE American rules.³²² The Exchange also proposes to include certain materials as part of the BSTX Listing Supplement, which would contain certain forms/applications applicable to companies listed on BSTX.³²³ The Exchange is not proposing to adopt provisions relating to future priced securities at this time.³²⁴ In addition, the Exchange is not proposing to allow for listing of

specific to proxy voting (e.g., requiring that a member state the actual number of shares for which a proxy is given – NYSE American Rule 578) or, in some cases, relate to certificated securities (e.g., NYSE American Rule 579), which would be inapplicable to the Exchange since it proposes to only list uncertificated securities. The Exchange believes that it does not need to propose to adopt parallel rules corresponding to NYSE American Rules 578-585 at this time and notes that other listing exchanges do not appear have corresponding versions of these NYSE American Rules. See e.g., Cboe BZX Rules. The Exchange believes that proposed Rule 26720 and the Exchange’s other proposed Rules governing proxies, including those referenced in proposed Rule 26720, are sufficient to govern BSTX Participants’ obligations with respect to proxies. Nevertheless, the Exchange proposes to adopt Rule 26729 (Representations to Management) to require that before a BSTX Participant states to management that he/she represents stockholders in making demands for changes in management or company policies, he/she must have received permission of such stockholders to make such demands. This proposed Rule is similar to NYSE American Rule 581, except that BSTX proposes in its version to remove references to “Schedule B” or “Schedule 14-B” and “Regulation §240.14a-11” as these references are obsolete (i.e., there is no longer a Rule 14a-11 or Schedule 14B). The Exchange believes that it is still important that a BSTX Participant have the requisite authority from stockholders it purports to represent when making demand on behalf of those stockholders.

³²² Proposed Rules IM-26722-2 and IM-26722-4 contain samples of letters containing the information and instructions required pursuant to the proxy rules to be given to clients in the circumstances indicated in the appropriate heading. These are intended to serve as examples and not as prescribed forms. Participants would be permitted to adapt the form of these letters for their own purposes provided all of the required information and instructions are clearly enumerated in letters to clients.

³²³ Pursuant to proposed Rule 26212, the BSTX Listing Supplement would include a sample application for original listing, which the Exchange has submitted as Exhibit 3G. Other examples of items that would appear in the BSTX Listing Supplement include certain certifications to be completed by the CEO of listed companies pursuant to proposed Rule 26810(a) (submitted as Exhibit 3M) and corporate governance affirmations for the different types of entities that might list on BSTX pursuant to proposed Rule 26810(c) (submitted as Exhibits 3K, 3N, and 3O). The Exchange notes that these proposed materials in the BSTX Listing Supplement are substantially similar to the corresponding versions of such documents used by NYSE American.

³²⁴ See e.g., NYSE American Section 101, Commentary .02. The Exchange is also not proposing

foreign companies, other than Canadian companies,³²⁵ or to allow for issuers to transfer their existing securities to BSTX.³²⁶ Listing of securities of Canadian companies is generally addressed in proposed BSTX Rule 26109. The financial criteria for listing securities of Canadian companies are proposed to be the same as for U.S. companies,³²⁷ and with respect to public distribution requirements consideration would be given to the total number of shareholders and publicly held shares in Canada and the U.S.³²⁸ U.S. market interest would also be considered in evaluating the suitability of the Canadian issue for listing on BSTX.³²⁹ These provisions regarding the listing requirements for Canadian companies are the same as the current provisions of NYSE American Section 109.³³⁰ Other provisions in the NYSE American listing rules also address requirements related to listing securities of foreign issuers, and the Exchange is also proposing provisions that are the same in these respects, but limited only to Canadian companies, as set forth in proposed BSTX Rules 26110 (Securities of Canadian Companies), 26220 (Original Listing Applications of Canadian Issuers), 26221 (Content of Original Listing Application – Canadian Issuers), and 26222 (Exhibits to Be Filed With Original Listing Application – Canadian Issuers). These proposed BSTX Rules are based on NYSE American

to adopt a parallel provision to NYSE American Section 950 (Explanation of Difference between Listed and Unlisted Trading Privileges) because the Exchange believes that such provision is not necessary and contains extraneous historical details that are not particularly relevant to the trading of Securities. The Exchange notes that numerous other listing exchanges do not have a similar provision to NYSE American Section 950. See e.g., IEX Listing Rules.

³²⁵ See proposed Rule 26109.

³²⁶ Consequently, the Exchange does not propose to adopt a parallel provision to NYSE American Section 113 at this time.

³²⁷ See proposed Rule 26109.

³²⁸ Id.

³²⁹ Id.

³³⁰ See NYSE American Section 109.

Sections 110, 220, 221 and 222 and would be the same as those provisions, including that under proposed BSTX Rule 26221 the content of the original listing application would be substantially the same as that for a similar domestic issue and that under proposed BSTX Rule 26222 the exhibits filed in support of an original listing application would be substantially the same as those pertaining to an equivalent domestic issue. However, the Exchange has further provided in both rules that it would file a proposed rule change to specify the more detailed requirements for the original listing application and exhibits prior to the first listing application of a Canadian issuer. Similarly, the Exchange is not proposing at this time to support debt securities, so the Exchange has not proposed to adopt certain provisions from the NYSE American Listing Manual related to bonds/debt securities³³¹ or the trading of units.³³² The Exchange believes that the departures from the NYSE American rules upon which the proposed Rules are based, as described above, are non-substantive (e.g., by not including provisions relating to instruments that will not trade on the Exchange), would apply to all issuers in the same manner and are therefore not designed to permit unfair discrimination, consistent with Section 6(b)(5) of the Exchange Act.³³³

The Exchange proposes in Rule 26507 to prohibit the issuance of fractional shares and to provide that cash must be paid in lieu of any distribution or part of a distribution that might result in fractional shares.³³⁴ The Exchange believes that disallowing fractional shares reduces

³³¹ See e.g., NYSE American Sections 1003(b)(iv) and (e).

³³² See e.g., NYSE American Sections 101(f), 401(i), and 1003(g). For the avoidance of doubt, this reference to the Exchange not adopting provisions from the NYSE American Listing Manual that relate to “units” is different from and does not refer to the investment company units that the Exchange is proposing to list under proposed Rule 28000.

³³³ 15 U.S.C. 78f(b)(5).

³³⁴ The Exchange also proposes certain conforming changes in Rule 26503 (Form of Notice) to

complexity. By extension, the requirement to provide cash in lieu of fractional shares simplifies the process related to share transfer and tracking of share ownership. The Exchange believes that this simplification promotes just and equitable principles of trade, fosters cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, removes impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest, consistent with Section 6(b)(5) of the Exchange Act.³³⁵

The Exchange proposes to adopt corporate governance listing standards as its Rule 26800 Series that are substantially similar to the corporate governance listing standards set forth in Part 8 of the NYSE American Listing Manual. However, Rule 26801(i) in the Series also includes a requirement that is based on IEX Rule 14.414 (Internal Audit Function). Specifically, it would require each listed company to establish and maintain an internal audit function to provide management and the audit committee with ongoing assessments of the company's risk management process and system of internal control.³³⁶ The Exchange also notes that, unlike the current NYSE American rules upon which the proposed Rules are based, the proposed Rules on corporate governance do not include provisions on asset-backed securities and foreign issues (other than those from Canada), since the Exchange does not proposed to allow for such foreign issuers to list on BSTX at this time.

The Exchange proposes to adopt additional listing rules as its Rule 26900 Series that are substantially similar to the corporate governance listing standards set forth in Part 9 of the NYSE

reiterate that fractional interests in Securities are not permitted by the Exchange.

³³⁵ 15 U.S.C. 78f(b)(5).

³³⁶ See proposed Rule 26801(i); IEX Rule 14.414.

American Listing Manual. The only significant difference from the baseline NYSE American rules is that the proposed BSTX Rules do not include provisions related to certificated securities, since Securities listed on BSTX will be uncertificated.

The Exchange proposes to adopt suspension and delisting rules as its Rule 27000 Series that are substantially similar to the corporate governance listing standards set forth in Parts 10, 11, and 12 of the NYSE American Listing Manual. The proposed rules do not include concepts from the baseline NYSE American rules regarding foreign securities (other than securities of Canadian issuers), fixed income securities, or other non-equity securities because the Exchange is not proposing to allow for listing of such securities at this time.³³⁷ References to unlisted trading privileges are also deleted because the Exchange is not proposing at this time that BSTX would extend unlisted trading privileges.

The Exchange believes that the proposals in the Rule 26800 to Rule 27000 Series, which are based on the rules of NYSE American with the differences explained above, are designed to foster cooperation and coordination with persons engaged in facilitating transactions in securities, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. Further, the differences in the proposals compared to the analogous NYSE American provisions appropriately reflect the differences between the two exchanges. The Exchange believes that ensuring that its systems are appropriately described in the BSTX Rules facilitates market participants' review of such Rules, which serves to remove impediments to and perfect the

³³⁷ As with all sections of the proposed rules, references to "securities" have been changed to "Securities" where appropriate and, in the Rule 27000 Series, certain references have been conformed from the baseline NYSE American provisions to account for the differences in naming conventions of BSTX.

mechanism of a free and open market and a national market system by ensuring that market participants can easily navigate, understand and comply with the Exchange's rulebook.

Therefore, the Exchange believes its proposals are consistent with Section 6(b)(5) of the Exchange Act.³³⁸

L. Trading and Listing Rules for Exchange-Trade Products (Rule 28000 Series)

The Exchange proposes as the Rule 28000 Series rules related to trading and listing ETPs. These proposed Rules allow for an array of different types of ETPs to be traded and listed on the Exchange and would provide individuals and institutions with diverse range of products in which to invest. The proposed Rules would set forth requirements and initial as well as continued listing standards for a variety of ETPs noted in the bulleted list below. The proposed Rules have been adapted from, and are substantially similar to, rules found in the NYSE Arca Inc. ("NYSE Arca") rulebook. Below is a list of the proposed Rules in the 28000 Series and the NYSE Arca rules on which it is based:

- Proposed Rule 28000 (Investment Company Units) is based on NYSE Arca Rule 5.2-E(j)(3)
- Proposed Rule 28001 (Equity Index-Linked Securities, Commodity-Linked Securities, Currency-Linked Securities, Fixed Income Index-Linked Securities, Futures-Linked Securities and Multifactor Index-Linked Securities) is based on NYSE Arca Rule 5.2-E(j)(6)
- Proposed Rule 28002 (Exchange-Traded Fund Shares) is based on NYSE Arca Rule 5.2-E(j)(8)
- Proposed Rule 28003 (Trust Issued Receipts) is based on NYSE Arca Rule 8.200-E
- Proposed Rule 28004 (Commodity-Based Trust Shares) is based on NYSE

³³⁸ 15 U.S.C. 78f(b)(5).

Arca Rule 8.201-E

- Proposed Rule 28005 (Managed Fund Shares) is based on NYSE Arca Rule 8.600-E
- Proposed Rule 28006 (Active Proxy Portfolio Shares) is based on NYSE Arca Rule 8.601-E
- Proposed Rule 28007 (Managed Portfolio Shares) is based on NYSE Arca Rule 8.900-E

For each Rule in the 28000 Series, the Exchange proposes provisions that are substantially similar to provisions in the NYSE Arca rulebook, with adjustments made to ensure appropriate reference to concepts in other parts of the BSTX Rulebook. For example, in cases where the precedent NYSE Arca rule referred to a specific provision regarding delisting procedures, the Exchange has modified the proposed Rules to reference to the proposed Rule 27000 Series, which set forth the Exchange's proposed Rules governing suspension and delisting.³³⁹ As another example, the proposed definition of "ETP Holder," which closely parallels the same definition in the NYSE Arca Rulebook, but is located in a different place in the proposed BSTX Rulebook as compared to the NYSE Arca rulebook.³⁴⁰ In addition, certain products or concepts that are supported by NYSE Arca but are not supported by the Exchange have not been included in the proposal. For example, the Exchange notes that the NYSE Arca rulebook provides for trading of a Nasdaq-100 Index product, Currency Trust Shares, and Commodity Index Trust Shares,³⁴¹ whereas the Exchange will not support trading in these

³³⁹ As another example, the concept of "Core Trading Hours" in the NYSE Arca Rulebook (as defined therein) has no analog in the BSTX Rulebook. The BSTX Rulebook only allows for Regular Trading Hours and thus the proposal references the concept of Regular Trading Hours.

³⁴⁰ See proposed IM-28000-1g. In the NYSE Arca rule book, the comparable definition is set forth in NYSE Arca Rulebook Rule 1.

³⁴¹ Specifically, Section 2 of Rule 8-E in the NYSE Arca rulebook allows for trading of a Nasdaq-100 Index product, Currency Trust Shares, and Commodity Index Trust Shares.

specific ETPs and therefore has not included provisions relating to the listing and trading of such products in its proposal. References to unlisted trading privileges are also deleted because the Exchange is not proposing at this time that BSTX would extend unlisted trading privileges.

The Exchange believes that the proposals in the Rule 28000 Series help remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general promote the protecting of investors and the public interest because they will facilitate an additional exchange on which ETPs can be listed and traded. This adds competition to the marketplace for the listing of ETPs, providing greater choice for issuers of ETPs and an additional trading venue on which market participants can trade such products. As noted, the proposed Rule 28000 Series is substantially similar to the rules of NYSE Arca relating to ETPs, with only non-substantive differences, which differences appropriately reflect the differences between the two exchanges (e.g., internal cross-references within each rule book or excluding provisions related to products that the Exchange will not support).

M. Fees (Rule 29000 Series)

The Exchange proposes to set forth as its Rule 29000 Series (Fees) the Exchange's authority to prescribe reasonable dues, fees, assessments or other charges as it may deem appropriate. As provided in proposed Rule 29000 (Authority to Prescribe Dues, Fees, Assessments and Other Charges), these fees may include membership dues, transaction fees, communication and technology fees, regulatory fees, and other fees, which will be equitably allocated among BSTX Participants, issuers, and other persons using the Exchange's facilities.³⁴²

The Exchange proposes to state in Rule 29000(b) to describe the computation related to fees

³⁴² Proposed Rule 29000 further provides authority for the Exchange to charge BSTX Participants a regulatory transaction fee pursuant to Section 31 of the Exchange Act (15 U.S.C. 78ee) and that the Exchange will set forth fees pursuant to publicly available schedule of fees.

collected pursuant to Section 31 of the Exchange Act. The Exchange also proposes to add additional detail regarding how the computation is performed, noting that the Exchange will round a sum ending in .xx5 or above to the next higher cent, and round a sum ending in .xx4 or below to the next lower cent and that the Exchange's goal is to collect from all members Regulatory Transaction Fees that exactly equal the amount that the Exchange pays the Commission in Section 31 fees during the relevant computational period. Rule 29000(b) would further provide, however, that to the extent there may be any excess monies collected under Rule 29000(b), the Exchange may retain those monies to help fund its general operating expense. Proposed Rule 29010 (Regulatory Revenues) generally provides that any revenues received by the Exchange from fees derived from its regulatory function or regulatory fines will not be used for non-regulatory purposes or distributed to the stockholder, but rather, shall be applied to fund the legal and regulatory operations of the Exchange (including surveillance and enforcement activities).

The Exchange believes that the proposed Rule 29000 Series (Fees) is consistent with Sections 6(b)(5) of the Exchange Act because these proposed rules are designed to protect investors and the public interest by setting forth the Exchange's authority to assess fees on BSTX Participants, which would be used to operate the BSTX System and surveil BSTX for compliance with applicable laws and rules. The Exchange believes that the proposed Rule 29000 Series (Fees) is also consistent with Sections 6(b)(3) of the Exchange Act³⁴³ because the proposed Rules specify that all fees assessed by the Exchange shall be equitably allocated among BSTX Participants, issuers and other persons using the Exchange's facilities. The Exchange notes that the proposed Rule 29000 Series is substantially similar to the existing rules of another

³⁴³ 15 U.S.C. 78f(b)(5).

exchange.³⁴⁴ The Exchange intends to submit a proposed rule change to the Commission setting forth the proposed fees relating to trading on BSTX and market data products in advance of the launch of BSTX.

IV. Minor Rule Violation Plan

The Exchange's disciplinary rules, including Exchange Rules applicable to "minor rule violations," are set forth in the Rule 12000 Series of the Exchange's current Rules. Such disciplinary rules would apply to BSTX Participants and their associated persons pursuant to proposed Rule 24000. The Exchange's Minor Rule Violation Plan ("MRVP") specifies those uncontested minor rule violations with sanctions not exceeding \$2,500 that would not be subject to the provisions of Rule 19d-1(c)(1) under the Exchange Act³⁴⁵ requiring that an SRO promptly file notice with the Commission of any final disciplinary action taken with respect to any person or organization.³⁴⁶ The Exchange's MRVP includes the policies and procedures set forth in Exchange Rule 12140 (Imposition of Fines for Minor Violations).

The Exchange proposes to amend its MRVP to add certain rules relating to BSTX to the list of rules eligible for minor rule violation plan treatment by amending Rule 12140 and adopting proposed Rule 24010 (Penalty for Minor Rule Violations). In addition, going forward,

³⁴⁴ See Cboe BZX Rules 15.1 and 15.2.

³⁴⁵ 17 CFR 240.19d-1(c)(1).

³⁴⁶ The Commission adopted amendments to paragraph (c) of Rule 19d-1 to allow SROs to submit for Commission approval plans for the abbreviated reporting of minor disciplinary infractions. See Exchange Act Release No. 21013 (June 1, 1984), 49 FR 23828 (June 8, 1984). Any disciplinary action taken by an SRO against any person for violation of a rule of the SRO which has been designated as a minor rule violation pursuant to such a plan filed with and declared effective by the Commission will not be considered "final" for purposes of Section 19(d)(1) of the Exchange Act if the sanction imposed consists of a fine not exceeding \$2,500 and the sanctioned person has not sought an adjudication, including a hearing, or otherwise exhausted his administrative remedies.

to the extent that there are any changes to the Rules applicable to the Exchange's MRVP, the Exchange requests that the Commission deem such changes to be modifications to the Exchange's MRVP. The Rules included in proposed Rule 24010 as appropriate for disposition under the Exchange's MRVP are: (a) Rule 19180 (Communications with the Public), (b) Rule 20000 (Maintenance, Retention and Furnishing of Records); (c) Rule 25070 (Consolidated Audit Trail); (d) Rule 25130 (Locking or Crossing Quotations in NMS Stocks); (e) Rule 25210(a)(1) (Two-Sided Quotation Obligations of BSTX Market Makers); and (f) Rule 25120 (Short Sales). The rules included in proposed Rule 12140 are the same as the rules included in the MRVPs of other exchanges and would be calculated on a rolling 12 month period.³⁴⁷ Upon implementation of this proposal, the Exchange will include the enumerated trading rule violations in the Exchange's standard quarterly report of actions taken on minor rule violations under the MRVP. The quarterly report includes: the Exchange's internal file number for the case, the name of the individual and/or organization, the nature of the violation, the specific rule provision violated, the sanction imposed, the number of times the rule violation has occurred, and the date of disposition. The Exchange's MRVP, as proposed to be amended, is consistent with Sections 6(b)(1), 6(b)(5) and 6(b)(6) of the Exchange Act,³⁴⁸ which require, in part, that an exchange have the capacity to enforce compliance with, and provide appropriate discipline for, violations of the rules of the Commission and of the exchange. In addition, because amended Rule 12140 will

³⁴⁷ See e.g., IEX Rule 9.218, Cboe BZX Rule 8.15.01, and MIAX Pearl Rule 1014(d)(15). Consistent with each of these exchanges, the Exchange also proposes to add text providing that failures to comply with the Consolidated Audit Trail Compliance Rule requirements of Rules 25070 (which in turn incorporates by reference the Rule 16000 Series), the Exchange may impose a minor rule violation fine of up to \$2,500. The Exchange would further specify that for more serious violations, other disciplinary action may be sought.

³⁴⁸ 15 U.S.C. 78f(b)(1), 78f(b)(5) and 78f(b)(6).

offer procedural rights to a person sanctioned for a violation listed in proposed Rule 24010, the Exchange will provide a fair procedure for the disciplining of members and associated persons, consistent with Section 6(b)(7) of the Exchange Act.³⁴⁹

This proposal to include the rules listed in Rule 24010 in the Exchange's MRVP is consistent with the public interest, the protection of investors, or otherwise in furtherance of the purposes of the Exchange Act, as required by Rule 19d-1(c)(2) under the Exchange Act,³⁵⁰ because it should strengthen the Exchange's ability to carry out its oversight and enforcement responsibilities as an SRO in cases where full disciplinary proceedings are unsuitable in view of the minor nature of the particular violation. In requesting the proposed change to the MRVP, the Exchange in no way minimizes the importance of compliance with Exchange Rules and all other rules subject to the imposition of fines under the MRVP. However, the MRVP provides a reasonable means of addressing rule violations that do not rise to the level of requiring formal disciplinary proceedings, while providing greater flexibility in handling certain violations. The Exchange will continue to conduct surveillance with due diligence and make a determination based on its findings, on a case-by-case basis, whether a fine of more or less than the recommended amount is appropriate for a violation under the MRVP or whether a violation requires a formal disciplinary action.

V. Amendments to Existing BOX Rules

Due to the new BSTX trading facility and the introduction of trading in Securities= on the Exchange, the Exchange proposes to amend those Exchange Rules that would apply to BSTX Participants, but that currently only contemplate trading in options. Therefore, the Exchange is

³⁴⁹ 15 U.S.C. 78f(b)(7).

³⁵⁰ 17 CFR 240.19d-1(c)(2).

seeking to amend the following Exchange Rules, each of which is set forth in Exhibit 5B submitted with the proposal:

- Rule 100(a) (Definitions) “Options Participant” or “Participant”: The Exchange proposes to change the definition of “Options Participant or Participant” to “Participant” to reflect Options Participants and BSTX Participants and to amend the definition as follows: “The term ‘Participant’ means a firm, or organization that is registered with the Exchange pursuant to the Rule 2000 Series for purposes of participating in trading on a facility of the Exchange and includes an ‘Options Participant’ and ‘BSTX Participant.’”
- Rule 100(a) (Definitions) “Options Participant”: The Exchange proposes to add a definition of “Options Participant” that would be defined as follows: “The term ‘Options Participant’ is a Participant registered with the Exchange for purposes of participating in options trading on the Exchange.”³⁵¹
- Rule 2020(c) and (e) (Participant Eligibility and Registration): The Exchange proposes to remove the word “options” in (c)(2)(i) and (c)(2)(i)(A) to make clear that the rule does not apply solely to an “Options” Principal or an “options” securities business, but would also apply to a BSTX Participant engaged in an equities business. Similarly, the Exchange would also delete the word “options” before “securities business” in Rule 2020(e)(1) for the same reason of broadening the applicability to contemplate BSTX Participants.
- Rule 2020(g)(2) (Participant Eligibility and Registration): The Exchange proposes to

³⁵¹ In addition, as a result of these new defined terms, the Exchange proposes to renumber definitions set forth in Rule 100(a) to keep the definitions in alphabetically order.

delete subsection (g)(2) and replace it with the following: “(2) persons associated with a Participant whose functions are related solely and exclusively to transactions in municipal securities; (3) persons associated with a Participant whose functions are related solely and exclusively to transactions in commodities; (4) persons associated with a Participant whose functions are related solely and exclusively to transactions in securities futures, provided that any such person is appropriately registered with a registered futures association; and (5) persons associated with a Participant who are restricted from accessing the Exchange and that do not engage in the securities business of the Participant relating to activity that occurs on the Exchange.”³⁵²

- Rule 2020 (j) (Participant Eligibility and Registration): The Exchange proposes to add the following table to help clarify the registration obligations of different registered persons, consistent with similar tables set forth in the rules of other national securities exchanges:³⁵³

CATEGORY OF REGISTRATION	QUALIFICATION EXAMINATION	ALTERNATIVE ACCEPTABLE QUALIFICATIONS
General Securities Representative	Series 7	N/A

³⁵² In addition to revising Rule 2020(g)(2) to broaden it to include securities activities beyond just options trading, the Exchange proposes to add greater specificity to define persons that are exempt from registration, consistent with the approach adopted by other exchanges. See e.g., IEX Rule 2.160(m).

³⁵³ See e.g., Cboe BZX Rule 2.5.01(i). The Exchange would add corresponding footnotes adding clarification that in the case of alternative acceptable qualifications: (i) for General Securities Principal and Securities Trader Principal, the Exchange will only permit the Series 14 for those designated as Chief Compliance Officers on Schedule A of Form BD; and (ii) for a Financial/Operations Principal an examination acceptable to the Participant’s designated examining authority is only acceptable to the Exchange if the Exchange waives the requirements of paragraph (f) of Rule 2020.

Securities Trader	Series 57	N/A
General Securities Principal	Series 24	Compliance Official Examination (Series 14)
Securities Trader Principal	Series 24	Compliance Official Examination (Series 14)
Financial/Operations Principal	Series 27	Other examination acceptable to designated examining authority

- Rule 2060 (Revocation of Participant Status or Association with a Participant): The Exchange proposes to amend Rule 2060 to refer to “securities transactions” rather than “options securities transactions.”
- Rule 3180(a) (Mandatory Systems Testing): The Exchange proposes to amend subsection (a)(1) of Rule 3180 to also include BSTX Participants, in addition to the categories of Market Makers and OFPs.
- Rule 7130(a)(2)(v) Execution and Price/Time Priority: The Exchange proposes to update the cross reference to Rule 100(a)(58) to refer to Rule 100(a)(59), which defines the term “Request for Quote” or “RFQ” under the Rules after the proposed renumbering.
- Rule 7150(a)(2) (Price Improvement Period): The Exchange proposes to amend Rule 7150(a)(2) to update the cross reference to the definition of a Professional in Rule 100(a)(51) to instead refer to Rule 100(a)(52), which is where that term would be defined in the Rules after the proposed renumbering.
- Rule 7230 (Limitation of Liability): The Exchange proposes to amend the references in Rule 7230 to “Options Participants” to simply “Participants.”

- Rule 7245(a)(4) (Complex Order Price Improve Period): The Exchange proposes to update the cross reference to Rule 100(a)(51) to refer to Rule 100(a)(52), which defines the term “Professional” after the proposed renumbering.
- IM-8050-3: The Exchange proposes to update the cross reference to Rule 100(a)(56) to refer to Rule 100(a)(57), which defines the term “quote” or “quotation” after the proposed renumbering.
- Rule 11010(a) “Investigation Following Suspension”: The Exchange proposes to amend subsection (a) of Rule 11010 to remove the reference to “in BOX options contracts” and to modify the word “position” with the word “security” as follows: “. . . the amount owing to each and a complete list of each open long and short security position maintained by the Participant and each of his or its Customers.”
- Rule 11030 (Failure to Obtain Reinstatement): The Exchange proposes to amend Rule 11030 to replace the reference to “Options Participant” to simply “Participant.”
- Rule 12030 (Letters of Consent): The Exchange proposes to amend Rule 12030 to replace the reference to “Options Participant” to simply “Participant.”
- Rule 12140 (Imposition of Fines for Minor Rule Violations): The Exchange proposes to amend Rule 12140 to replace references to “Options Participant” to simply “Participant.” In addition, the Exchange proposes to add paragraph (f) to Rule 12140, to incorporate the aforementioned modifications to the Exchange’s MRVP. New paragraph (f) of Rule 12140 would provide: “(f) Transactions on BSTX. Rules and penalties relating to trading on BSTX that are set forth in Rule 24010 (Penalty for Minor Rule Violations).”

The Exchange believes that the proposed amendments to the definitions set forth in Rule

100 are consistent with Section 6(b)(5) of the Exchange Act³⁵⁴ because they protect investors and the public interest by setting forth clear definitions that help BOX and BSTX Participants understand and apply Exchange Rules. Without defining terms used in the Exchange Rules clearly, market participants could be confused as to the application of certain rules, which could cause harm to investors.

The Exchange believes that the proposed amendments to the other Exchange Rules detailed above are consistent with Section 6(b)(5) of the Exchange Act³⁵⁵ because the proposed rule change is designed to foster cooperation and coordination with persons engaged in facilitating transactions in securities, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. The Exchange believes that the proposed rule change would remove impediments to and perfect the mechanism of a free and open market and a national market system by ensuring that market participants can easily navigate, understand and comply with the Exchange's rulebook. The Exchange believes that the proposed rule change enables the Exchange to continue to enforce the Exchange's rules. The Exchange notes that none of the proposed changes to the current Exchange rulebook would materially alter the application of any of those Rules, other than by extending them to apply to BSTX Participants and trading on the BSTX System. As such, the proposed amendments would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national exchange system. Further, the Exchange believes that, by ensuring the rulebook accurately reflects the intention of the

³⁵⁴ 15 U.S.C. 78f(b)(5).

³⁵⁵ Id.

Exchange's rules, the proposed rule change reduces potential investor or market participant confusion.

VI. Forms to Be Used in Connection with BSTX

In connection with the operation of BSTX, the Exchange proposes to use a series of new forms to facilitate becoming a BSTX Participant and for issuers to list their Securities. These forms have been submitted with the proposal as Exhibits 3A – 3L. Each are described below.

A. BSTX Participant Application

Pursuant to proposed Rule 18000(b), in order to become a BSTX Participant, an applicant must complete a BSTX Participant Application, which has been submitted with the proposal as Exhibit 3A. The proposed BSTX Participant Application requires the applicant to provide certain basic information such as identifying the applicant's name and contact information, Designated Examining Authority, organizational structure, and Central Registration Depository ("CRD") number. The BSTX Participant Application also requires applicants to provide additional information including certain beneficial ownership information, the applicant's current Form BD, an organization chart, a description of how the applicant receives orders from customers, how it will send orders to BSTX, and a copy of written supervisory procedures and information barrier procedures.

In addition, the BSTX Participant Application allows applicants to indicate whether they are applying to be a BSTX Market Maker or a Designated Market Maker. Applicants wishing to become a BSTX Market Maker or Designated Market Maker must provide certain additional information including a list of each of the applicant's trading representatives (including a copy of each representative's Form U4), a copy of the applicant's written supervisory procedures relating to market making, a description of the source and amount of the applicant's capital, and

information regarding the applicant's other business activities and information barrier procedures.

B. BSTX Participant Agreement

Pursuant to Exchange Rule 18000(b), to transact business on BSTX, prospective BSTX Participants must complete a BSTX Participant Agreement. The BSTX Participant Agreement has been submitted with the proposal as Exhibit 3B. The BSTX Participant Agreement provides that a BSTX Participant must agree with the Exchange as follows:

1. Participant agrees to abide by the Rules of the Exchange and applicable bylaws, as amended from time to time, and all circulars, notices, interpretations, directives and/or decisions adopted by the Exchange.
2. Participant acknowledges that BSTX Participant and its associated persons are subject to the oversight and jurisdiction of the Exchange.
3. Participant authorizes the Exchange to make available to any governmental agency or SRO any information it may have concerning the BSTX Participant or its associated persons, and releases the Exchange from any and all liability in furnishing such information.
4. Participant acknowledges its obligation to update any and all information contained in any part of the BSTX Participant's application, including termination of membership with another SRO.

These provisions of the BSTX Participant Agreement and others therein are generally designed to reflect the Exchange's SRO obligations to regulate BSTX Participants. Accordingly, these provisions contractually bind a BSTX Participant to comply with Exchange rules, acknowledge the Exchange's oversight and jurisdiction, authorize the Exchange to disclose

information regarding the Participant to any governmental agency or SRO and acknowledge the obligation to update any and all Application contained in the Participant's application.

C. BSTX User Agreement

In order to become a BSTX Participant, prospective participants must also execute a BSTX User Agreement pursuant to proposed Rule 18000(b). The BSTX User Agreement, submitted with the proposal as Exhibit 3C, includes provisions related to the term of the agreement, compliance with exchange rules, right and obligations under the agreement, changes to BSTX, proprietary rights under the agreement, use of information received under the relationship, disclaimer of warranty, limitation of liability, indemnification, termination and assignment. The information is necessary to outline the rights and obligations of the prospective Participant and the Exchange under the terms of the agreement. Both the BSTX Participant Agreement and BSTX User Agreement will be available on the Exchange's website (boxoptions.com).

D. BSTX Security Market Designated Market Maker Selection Form

In accordance with proposed Rule 25250(b)(1), BSTX will maintain the BSTX Security Designated Market Maker Selection Form, which has been submitted with the proposal as Exhibit 3D. The issuer may select its DMM from among a pool of DMMs eligible to participate in the process. Within two business days of the issuer selecting its DMM, it will use the BSTX Security Market Designated Market Maker Selection form to notify BSTX of the selection. The form must be signed by a duly authorized officer as specified in proposed Rule 25250(b)(1).

E. Clearing Authorization Forms

In accordance with proposed Rule 18010, BSTX Participants that are not members/participants of a registered clearing agency must clear their transactions through a

BSTX Participant that is a member of a registered clearing agency. A BSTX Participant clearing through another BSTX Participant would do so using, as applicable, either the BSTX Clearing Authorization (non-Market Maker) form (submitted with the proposal as Exhibit 3E) or the BSTX Participant Clearing Authorization (Market Maker) form (submitted with the proposal as Exhibit 3F). Each form would be maintained by BSTX and each form specifies that the BSTX Participant clearing on behalf of the other BSTX Participant accepts financial responsibility for all transactions on BSTX that are made by the BSTX Participant designated on the form.

F. BSTX Listing Applications

The Exchange proposes to specify the required forms of listing application, listing agreement and other documentation that listing applicants and listed companies must execute or complete (as applicable) as a prerequisite for initial and ongoing listing on the Exchange, as applicable (collectively, “listing documentation”). As proposed, the listing forms are substantially similar to those currently in use by NYSE American LLC, with certain differences to account for the trading of Securities. All listing documentation will be available on the Exchange’s website (boxoptions.com). Each of the listing documents form a duly authorized representative of the company must sign an affirmation that the information provided is true and correct as of the date the form was signed. In the event that in the future the Exchange makes any substantive changes (including changes to the rights, duties, or obligations of a listed company or listing applicant or the Exchange, or that would otherwise require a rule filing) to such documents, it will submit a rule filing in accordance with Rule 19b-4.³⁵⁶

Pursuant to Rule 26130 and 26300 of the Exchange Rules, a company must file and

³⁵⁶ The Exchange will not submit a rule filing if the changes made to a document are solely typographical or stylistic in nature.

execute the BSTX Original Listing Application (submitted with the proposal as Exhibit 3G) or the BSTX Additional Listing Application (submitted with the proposal as Exhibit 3H) to apply for the listing of Securities on BSTX. The BSTX Original Listing Application provides information necessary, and in accordance with Section 12(b) of the Exchange Act,³⁵⁷ for Exchange regulatory staff to conduct a due diligence review of a company to determine if it qualifies for listing on the Exchange. The BSTX Additional Listing Application requires certain further information for an additional listing of Securities. Relevant factors regarding the company and securities to be listed would determine the type of information required. The following describes each category and use of application information:

1. Corporate information regarding the issuer of the security to be listed, including company name, address, contact information, Central Index Key Code (CIK), SEC File Number, state and country of incorporation, date of incorporation, whether the company is a foreign private issuer, website address, SIC Code, CUSIP number of the security being listed and the date of fiscal year end. This information is required of all applicants and is necessary in order for the Exchange's regulatory staff to collect basic company information for recordkeeping and due diligence purposes, including review of information contained in the company's SEC filings.
2. For original listing applications only, corporate contact information including the company's Chief Executive Officer, Chief Financial Officer, Corporate Secretary, General Counsel and Investor Relations Officer. This information is required of all initial applicants and is necessary in order for the Exchange's regulatory staff to collect current

³⁵⁷ 15 U.S.C. 78l(b).

company contact information for purposes of obtaining any additional due diligence information to complete a listing qualification review of the applicant.

3. For original listing applications only, offering and security information regarding an offering, including the type of offering, a description of the issue, par value, number of shares outstanding or offered, total shares unissued, but reserved for issuance, date authorized, purpose of shares to be issued, number of shares authorized, and information relating to payment of dividends. This information is required of all applicants listing Securities on the Exchange, and is necessary in order for the Exchange's regulatory staff to collect basic information about the offering.
4. For original listing applications only, information regarding the company's transfer agent. Transfer agent information is required for all applicants. This information is necessary in order for the Exchange's regulatory staff to collect current contact information for such company transfer agent for purposes of obtaining any additional due diligence information to complete a listing qualification review of the applicant.
5. For original listing applications only, contact information for the outside counsel with respect to the listing application, if any. This information is necessary in order for the Exchange's regulatory staff to collect applicable contact information for purposes of obtaining any additional due diligence information to complete a listing qualification review of the applicant and assess compliance with Exchange Rule 26130.
6. For original listing applications only, a description of any security preferences. This information is necessary to determine whether the Applicant issuer has any existing class of common stock or equity securities entitling the holders to differential voting rights, dividend payments, or other preferences.

7. For original listing applications only, type of Security listing, including the type of transaction (initial public offering of a Security, merger, spin-off, follow on offering, reorganization, exchange offer or conversion) and other details related to the transaction, including the name and contact information for the investment banker/financial advisor contacts. This information is necessary in order for the Exchange's regulatory staff to collect information for such company for purposes of obtaining any additional due diligence information to complete a listing qualification review of the applicant.
8. For original listing applications only, exchange requirements for listing consideration. This section notes that to be considered for listing, the Applicant Issuer must meet the Exchange's minimum listing requirements, that the Exchange has broad discretion regarding the listing of any Security and may deny listing or apply additional or more stringent criteria based on any event, condition or circumstance that makes the listing of an Applicant Issuer's Security inadvisable or unwarranted in the opinion of the Exchange. The section also notes that even if an Applicant Issuer meets the Exchange's listing standards for listing on the BSTX Security Market, it does not necessarily mean that its application will be approved. This information is necessary in order for the Exchange's regulatory staff to assess whether an Applicant Issuer is qualified for listing.
9. For original listing applications only, regulatory review information, including a certification that no officer, board member or non-institutional shareholder with greater than 10% ownership of the company has been convicted of a felony or misdemeanor relating to financial issues during the past ten years or a detailed description of any such matters. This section also notes that the Exchange will review background materials available to it regarding the aforementioned individuals as part of the eligibility review

process. This regulatory review information is necessary in order for the Exchange's regulatory staff to assess whether there are regulatory matters related to the company that render it unqualified for listing.

10. For original listing applications only, supporting documentation required prior to listing approval includes a listing agreement, corporate governance affirmation, listing application checklist and underwriter's letter. This documentation is necessary in order to support the Exchange's regulatory staff listing qualification review (corporate governance affirmation, listing application checklist and underwriter's letter) and to effectuate the listed company's agreement to the terms of listing (listing agreement).
11. For additional listing applications only, transaction details, including the purpose of the issuance, total shares, date of board authorization, date of shareholder authorization and anticipated date of issuance. This information is required of all applicants listing additional shares on the Exchange, and is necessary in order for the Exchange's regulatory staff to collect basic information about the offering.
12. For additional listing applications only, insider participation and future potential issuances, including whether any director, officer or principal shareholder of the company has a direct or indirect interest in the transaction, and if the transaction potentially requires the company to issue any Securities in the future above the amount they are currently applying for. This information is required of all applicants listing additional Securities on the Exchange, and is necessary in order for the Exchange's regulatory staff to collect basic information about the offering.
13. For additional listing applications only, information for a technical original listing, including reverse Security splits and changes in states of incorporation. This information

is required of all applicants listing additional Securities on the Exchange, and is necessary in order for the Exchange's regulatory staff to collect basic information about the offering.

14. For additional listing applications only, information for a forward Security split or Security dividend, including forward Security split ratios and information related to Security dividends. This information is required of all applicants listing additional Securities on the Exchange, and is necessary in order to determine the rights associated with the Securities.
15. For additional listing applications only, relevant company documents. This information is required of all applicants listing additional Securities on the Exchange, and is necessary to assess to support the Exchange's regulatory staff listing qualification review.
16. For additional listing applications only, reconciliation for technical original listing, including Securities issued and outstanding after the technical original event, listed reserves previously approved for listing, and unlisted reserves not yet approved by the Exchange. This information is required of all applicants listing additional Securities on the Exchange, and is necessary to assess to support the Exchange's regulatory staff listing qualification review and to obtain all of the information relevant to the offering.

G. Checklist for Original Listing Application

In order to assist issuers seeking to list its Securities on BSTX, the Exchange has provided a checklist for issuers to seeking to file an original listing application with BSTX. The BSTX Listing Application Checklist, submitted with the proposal as Exhibit 3I, provides that issuers must provide BSTX with a listing application, listing agreement, corporate governance affirmation, underwriter's letter (for an initial public offering of a Security only) and relevant

SEC filings (e.g., 8-A, 10, 40-F, 20-F). Each of the above referenced forms are fully described herein. The checklist is necessary to assist issuers and the Exchange regulatory staff in assessing the completion of the relevant documents.

H. BSTX Security Market Listing Agreement

Pursuant to proposed Exchange Rule 26132, to apply for listing on the Exchange, a company must execute the BSTX Security Market Listing Agreement (the “Listing Agreement”), which has been submitted with this proposal as Exhibit 3J. Pursuant to the proposed Listing Agreement, a company agrees with the Exchange as follows:

1. Company certifies that it will comply with all Exchange rules, policies, and procedures that apply to listed companies as they are now in effect and as they may be amended from time to time, regardless of whether the Company’s organization documents would allow for a different result.
2. Company shall notify the Exchange at least 20 days in advance of any change in the form or nature of any listed Securities or in the rights, benefits, and privileges of the holders of such Securities.
3. Company understands that the Exchange may remove its Securities from listing on the BSTX Security Market, pursuant to applicable procedures, if it fails to meet one or more requirements of Paragraphs 1 and 2 of this agreement.
4. In order to publicize the Company’s listing on the BSTX Security Market, the Company authorizes the Exchange to use the Company’s corporate logos, website address, trade names, and trade/service marks in order to convey quotation information, transactional reporting information, and other information regarding the Company in connection with the Exchange. In order to ensure the accuracy of the information, the Company agrees to

provide the Exchange with the Company's current corporate logos, website address, trade names, and trade/service marks and with any subsequent changes to those logos, trade names and marks. The Listing Agreement further requires that the Company specify a telephone number to which questions regarding logo usage should be directed.

5. Company indemnifies the Exchange and holds it harmless from any third-party rights and/or claims arising out of use by the Exchange or, any affiliate or facility of the Exchange ("Corporations") of the Company's corporate logos, website address, trade names, trade/service marks, and/or the trading symbol used by the Company.
6. Company warrants and represents that the trading symbol to be used by the Company does not violate any trade/service mark, trade name, or other intellectual property right of any third party. The Company's trading symbol is provided to the Company for the limited purpose of identifying the Company's security in authorized quotation and trading systems. The Exchange reserves the right to change the Company's trading symbol at the Exchange's discretion at any time.
7. Company agrees to furnish to the Exchange on demand such information concerning the Company as the Exchange may reasonably request.
8. Company agrees to pay when due all fees associated with its listing of Securities on the BSTX Security Market, in accordance with the Exchange's Rules.
9. Company agrees to file all required periodic financial reports with the SEC, including annual reports and, where applicable, quarterly or semi-annual reports, by the due dates established by the SEC.

The various provisions of the Listing Agreement are designed to accomplish several objectives. First, clauses 1-3 and 6-8 reflect the Exchange's SRO obligations to assure that only

listed companies that are compliant with applicable Exchange rules may remain listed. Thus, these provisions contractually bind a listed company to comply with Exchange rules, provide notification of any corporate action or other event that will cause the company to cease to be in compliance with Exchange listing requirements, evidence the company's understanding that it may be removed from listing (subject to applicable procedures) if it fails to be in compliance or notify the Exchange of any event of noncompliance, furnish the Exchange with requested information on demand, pay all fees due and file all required periodic reports with the SEC. Clauses four and five contain standard legal representations and agreements from the listed company to the Exchange regarding use of its logo, trade names, trade/service markets, and trading symbols as well as potential legal claims against the Exchange in connection thereto.

I. BSTX Market Company Corporate Governance Affirmation

In accordance with the proposed Rule 26800 Series, companies listed on BSTX would be required to comply with certain corporate governance standards, relating to, for example, audit committees, director nominations, executive compensation, board composition, and executive sessions. In certain circumstances the corporate governance standards that apply vary depending on the nature of the company. In addition, there are phase-in periods and exemptions available to certain types of companies. The proposed BSTX Market Domestic Company Corporate Governance Affirmation, submitted with this proposal as Exhibit 3K, enables a U.S. company to confirm to the Exchange that it is in compliance with the applicable standards, and specify any applicable phase-ins or exemptions. Companies are required to submit a BSTX Market Domestic Company Corporate Governance Affirmation upon initial listing on the Exchange and thereafter when an event occurs that makes an existing form inaccurate. This BSTX Market Domestic Company Corporate Governance Affirmation assists the Exchange regulatory staff in

monitoring listed company compliance with the corporate governance requirements. Similar requirements apply to a registered investment companies as well as foreign private issuers (i.e., Canadian companies) listing on BSTX.³⁵⁸ The Exchange has submitted with this Proposal corresponding corporate governance affirmations for registered investment companies as Exhibit 3N (BSTX Market Open-end and Closed-end Management Investment Company Corporate Governance Affirmation) and Exhibit 3O (Proposed BSTX Market Foreign Private Issuer Corporate Governance Affirmation).

In addition, the Exchange has proposed, similar to the requirements of other exchanges,³⁵⁹ to require in Rule 26810(a) that each listed company CEO must certify to the Exchange each year that he or she is not aware of any violation by the listed company of Exchange corporate governance listing standards and to qualify the certification to the extent necessary. The Exchange has submitted with this Proposal a blank copy of the CEO certification form required by proposed Rule 26810(a) as Exhibit 3M (Proposed BSTX Market Company Annual CEO Certification).

J. Sample Underwriter's Letter

In accordance with proposed Rule 26101, an initial public offering of a Security must meet certain listing requirements. The Exchange seeks to require the issuer's underwriter to execute a letter setting forth the details of the offering, including the name of the offering and why the offering meets the criteria of the BSTX rules. This information, set forth in the proposed Sample Underwriter's Letter and submitted with this proposal as Exhibit 3L, is

³⁵⁸ See proposed Rule 26801(d) and (f), which requires a registered investment company and foreign private issuer to comply with the corporate governance affirmation requirements in proposed Rule 26810.

³⁵⁹ See NYSE American Section 810(a).

necessary to assist the Exchange's regulatory staff in assessing the offering's compliance with BSTX listing standards for an initial public offering of a Security.

VII. Regulation

In connection with the operation of BSTX, the Exchange will leverage many of the structures it established to operate a national securities exchange in compliance with Section 6 of the Exchange Act.³⁶⁰ Specifically, the Exchange will extend its Regulatory Services Agreement with FINRA to cover BSTX Participants and trading on the BSTX System. This Regulatory Services Agreement will govern many aspects of the regulation and discipline of BSTX Participants, just as it does for options regulation. The Exchange will perform Security listing regulation, authorize BSTX Participants to trade on the BSTX System, and conduct surveillance of Security trading on the BSTX System.

Section 17(d) of the Exchange Act³⁶¹ and the related Exchange Act rules permit SROs to allocate certain regulatory responsibilities to avoid duplicative oversight and regulation. Under Exchange Act Rule 17d-1,³⁶² the SEC designates one SRO to be the Designated Examining Authority, or DEA, for each broker-dealer that is a member of more than one SRO. The DEA is responsible for the financial aspects of that broker-dealer's regulatory oversight. Because Exchange Participants, including BSTX Participants, also must be members of at least one other SRO, the Exchange would generally not be designated as the DEA for any of its members.³⁶³

³⁶⁰ 15 U.S.C. 78f.

³⁶¹ 15 U.S.C. 78q(d).

³⁶² 17 CFR 240.17d-1.

³⁶³ See Exchange Rule 2020(a) (requiring that a Participant be a member of another registered national securities exchange or association).

Rule 17d-2 under the Exchange Act³⁶⁴ permits SROs to file with the Commission plans under which the SROs allocate among each other the responsibility to receive regulatory reports from, and examine and enforce compliance with specified provisions of the Exchange Act and rules thereunder and SRO rules by, firms that are members of more than one SRO (“common members”). If such a plan is declared effective by the Commission, an SRO that is a party to the plan is relieved of regulatory responsibility as to any common member for whom responsibility is allocated under the plan to another SRO. The Exchange plans to join the Plan for the Allocation of Regulatory Responsibilities Regarding Regulation NMS.³⁶⁵ The Exchange is in the process of joining certain Rule 17d-2 agreements, including those applicable to equities trading and equities market surveillance.³⁶⁶

For those regulatory responsibilities that fall outside the scope of any Rule 17d-2 agreements that the Exchange may join, subject to Commission approval, the Exchange will retain full regulatory responsibility under the Exchange Act. However, as noted, the Exchange will extend its existing Regulatory Services Agreement with FINRA to provide that FINRA personnel will operate as agents for the Exchange in performing certain regulatory functions with respect to BSTX. As is the case with the Exchange’s options trading platform, the Exchange will supervise FINRA and continue to bear ultimate regulatory responsibility for BSTX. Consistent with the Exchange’s existing regulatory structure, the Exchange’s Chief Regulatory Officer shall have general supervision of the regulatory operations of BSTX, including responsibility for overseeing the surveillance, examination, and enforcement functions and for administering all

³⁶⁴ 17 CFR 240.17d-2.

³⁶⁵ Exchange Act Release No. 85046 (February 4, 2019), 84 FR 2643 (February 7, 2019).

³⁶⁶ Exchange Act Release No. 84392 (October 10, 2018), 83 FR 52243 (October 16, 2018).

regulatory services agreements applicable to BSTX. Similarly, the Exchange's existing Regulatory Oversight Committee will be responsible for overseeing the adequacy and effectiveness of Exchange's regulatory and self-regulatory organization responsibilities, including those applicable to BSTX. Finally, as it does with options, the Exchange will perform automated surveillance of trading on BSTX for the purpose of maintaining a fair and orderly market at all times and monitor BSTX to identify unusual trading patterns and determine whether particular trading activity requires further regulatory investigation by FINRA.

In addition, the Exchange will oversee the process for determining and implementing trade halts, identifying and responding to unusual market conditions, and administering the Exchange's process for identifying and remediating "clearly erroneous trades" pursuant to proposed Rule 25110. The Exchange will also ensure that its membership in the Intermarket Surveillance Group extends to the BSTX facility.

VIII. NMS Plans

The Exchange intends to join the Order Execution Quality Disclosure Plan, the Plan to Address Extraordinary Market Volatility, and the applicable plan(s) for consolidation and dissemination of market data. The Exchange is already a participant in the NMS plan related to the Consolidated Audit Trail. Consistent with Section 6(b)(5) of the Exchange Act,³⁶⁷ the Exchange believes that joining the same set of NMS plans that all other national securities exchanges that trade equities must join fosters cooperation and coordination with other national securities exchanges and other market participants engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities.

(b) Statutory Basis

³⁶⁷ 15 U.S.C. 78f(b)(5).

The Exchange believes that the proposed rule change is consistent with the provisions of the Exchange Act,³⁶⁸ in general and with Section 6(b)(5) of the Exchange Act,³⁶⁹ in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest; and it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers, or to regulate by virtue of any authority conferred by this title matters not related to the purposes of this title or the administration of the Exchange.

The Exchange believes that BSTX will benefit individual investors, other market participants, and the equities market generally. The Exchange proposes to establish BSTX as a facility of the Exchange that would trade equities in a similar manner to how equities presently trade on other exchanges. BSTX would also make available to BSTX Participants the BSTX Market Data Blockchain, which provides certain order and transaction information with respect to a BSTX Participant's trading activity on BSTX, as well as anonymized order and transaction data with respect to all trading activity occurring on BSTX. The Exchange believes that the content of information available on the BSTX Market Data Blockchain would generally be similar to TAQ data made available by NYSE today, except that (i) the BSTX Market Data Blockchain would use a private, permissioned network controlled by the Exchange to make the market data available to BSTX Participants; (ii) a BSTX Participant would be able to certain see

³⁶⁸ 15 U.S.C. 78a et seq.

³⁶⁹ 15 U.S.C. 78f(b)(5).

non-anonymized information about its own trading activity on BSTX;³⁷⁰ and (iii) the BSTX Market Data Blockchain would include market data only with respect to trading activity occurring on BSTX, while the Exchange understands that TAQ data includes certain trading and quotation data that may occur on other markets.³⁷¹ The Exchange believes that the use of blockchain technology, through a private permissioned network accessible through an API that operates in manner that is fully compatible with the existing regulatory structures for trading, recordkeeping, and clearance and settlement that market participants are familiar with is an appropriate way to introduce blockchain to the current market structure. BSTX Participants would not have affirmative obligations to provide information to the blockchain nor would they be required to access or use it. The data inputs to the BSTX Market Data Blockchain would be captured in the ordinary course as BSTX Participants' orders and messages are sent to the Exchange through the FIX gateway. The BSTX Market Data Blockchain, therefore, would be optional functionality available to all BSTX Participants on equal terms, and therefore is not unfairly discriminatory, consistent with Section 6(b)(5) of the Exchange Act.³⁷²

The Exchange has proposed to make anonymized General Market Data on the BSTX Market Data Blockchain available to both BSTX Participants and non-BSTX Participants through the same means of an API. Accordingly, the Exchange believes that because General Market Data available on the BSTX Market Data Blockchain would be available to both BSTX

³⁷⁰ All non-anonymized information would be available only to the BSTX Participant who provided such information to the Exchange through its trading activity on BSTX.

³⁷¹ See e.g., NYSE, Daily TAQ Fact Sheet, (noting that TAQ data “provides users access to all trades and quotes for all issues traded on NYSE, Nasdaq and the regional exchanges for a single trading day” and is “a comprehensive history of daily activity from NYSE markets and the U.S. Consolidated Tape covering U.S. Equities instruments (CTA and UTP participating markets)”) https://www.nyse.com/publicdocs/nyse/data/Daily_TAQ_Fact_Sheet.pdf.

³⁷² 15 U.S.C. 78f(b)(5).

and non-BSTX Participants on the same terms, the BSTX Market Data Blockchain is not unfairly discriminatory and does not impose a burden on competition, consistent with Sections 6(b)(5) and 6(b)(8) of the Exchange Act.³⁷³ Non-BSTX Participants would not be provided access to any Participant Proprietary Data to protect the private trading information of each BSTX Participant (and each BSTX Participant would only have access to its own Participant Proprietary Data), which the Exchange believes is consistent with Sections 6(b)(5) and 6(b)(8) of the Exchange Act because providing the Participant Proprietary Data of a given BSTX Participant to non-BSTX Participants (or other BSTX Participants) would unfairly discriminate against the BSTX Participant whose information is being shared and could place that BSTX Participant at an unfair competitive disadvantage if its order and trading information were shared with other market participants.

In addition, because the BSTX Market Data Blockchain only captures information with respect to trading activity on BSTX, it would have no effect or impact on other exchanges, promoting consistency with Section 6(b)(8) of the Exchange Act, which prohibits an exchange's rules from imposing a burden on competition not necessary or appropriate in furtherance of the Exchange Act.³⁷⁴ The entry of an innovative competitor such as BSTX seeking to implement a measured introduction of blockchain technology in connection with the trading of equity securities may promote competition by encouraging other market participants to find ways of using blockchain technology in connection with securities transactions. The proposed regulation of BSTX and BSTX Participants, as well as the execution of Securities using a price-time

³⁷³ 15 U.S.C. 78f(b)(5) and (8). See supra Part II.F.3 for additional discussion of the BSTX Market Data Blockchain and the information accessible to BSTX Participants and non-BSTX Participants.

³⁷⁴ 15 U.S.C. 78f(b)(8).

priority model and the clearance and settlement of Securities pursuant to the rules, policies and procedures of a registered clearing agency will all operate in a manner substantially similar to existing equities exchanges.³⁷⁵ In this way, the Exchange believes that BSTX provides a robust regulatory structure that protects investors and the public interest while introducing the use of blockchain technology as an additional feature in connection with Securities traded on the Exchange.

In connection with the clearance and settlement of Securities pursuant to the rules, policies and procedures of a registered clearing agency, the Exchange proposes that BSTX Participants would be able to include in their orders in Securities that are submitted to BSTX certain parameters to indicate a preference for settlement on a same day (T+0) or next trading day (T+1) basis when certain conditions are met.³⁷⁶ Any such orders would at the time of order entry represent orders that would be regular-way and would be presumed to settle on a T+2 basis just like any other order submitted by a BSTX Participant that does not include a parameter indicating a preference for faster settlement. As described in greater detail above, however, an Order with a T+0 Preference or an Order with a T+1 Preference would only result in executions that would actually settle more quickly than on a T+2 basis if, and only if, all of the conditions in Rule 25060(h) are met and the execution that is transmitted to NSCC is eligible for T+0 or T+1 settlement under the rules, policies and procedures of a registered clearing agency (and occurs

³⁷⁵ The Exchange notes that it has also proposed the ability for a BSTX Participant to indicate a preference for shortened settlement times on a T+0 or T+1 basis pursuant to the rules, policies and procedures of a registered clearing agency. The Exchange understands that this optional feature is not currently available on other exchanges, but notes that all trades using this feature would still result in settlements pursuant to the rules, policies and procedures of a registered clearing agency.

³⁷⁶ See proposed Rule 25060(h).

before the T+0 Cut-Off Time in the case of Orders with a T+0 Preference to settle on the trade date).³⁷⁷ Any such preference included by a BSTX Participant would only become operative if the order happens to execute against another order from a BSTX Participant that also includes a parameter indicating a preference for settlement on a T+0 or T+1 basis.

The Exchange believes that the proposed ability for BSTX Participants to indicate a preference for shorter settlement times as described above is consistent with the Exchange Act and in particular Section 6(b)(5) of the Exchange Act because it would help remove impediments to and perfect the mechanism of a free and open market and is not designed to permit unfair discrimination between or among market participants.³⁷⁸ Specifically, allowing for BSTX Participants to potentially reduce the settlement time for transactions on BSTX pursuant to the rules, policies and procedures of a registered clearing agency helps remove impediments to and perfects a free an open market by allowing greater choice for BSTX Participants who may want to avail themselves of currently available functionality at registered clearing agencies. Moreover, the Commission has previously noted a number of positive effects relating to the liquidity risks and costs faced by members in a clearing agency, and the Exchange believes that this proposed functionality on BSTX would help realize such positive effects.³⁷⁹ Proposed Rule 25060(h) is not designed to permit unfair discrimination between market participants consistent with Section 6(b)(5)³⁸⁰ because the Rule would allow all orders that are marketable against one another—regardless of the settlement preference of the BSTX Participant submitting the order

³⁷⁷ See proposed Rule 25100(d).

³⁷⁸ 15 U.S.C. 78f(b)(5).

³⁷⁹ See supra notes 80-83 and accompanying text.

³⁸⁰ 15 U.S.C. 78f(b)(5).

(or their customer)—to execute against each other. A BSTX Participant that would like settlement of T+2 could still interact with orders on BSTX that indicate a preference for a shorter settlement cycle and vice-versa and, in all cases, the trade would settle pursuant to the rules, policies and procedures of a registered clearing agency. Only where two orders that both indicate a preference for a shorter settlement cycle match on BSTX would a shorter settlement cycle be possible pursuant to the rules, policies and procedures of a registered clearing agency.

Item 4. Self-Regulatory Organization’s Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.³⁸¹ The Exchange operates in an intensely competitive global marketplace for transaction services. The Exchange competes for the privilege of providing market services to broker-dealers through the Exchange’s service offerings and associated benefits it is able to provide. The Exchange’s ability to compete in this environment is based in large part on the quality of its trading systems, the overall quality of its market and its attractiveness to market participants who evaluate the Exchange on, among other things, speed, reliability, the likelihood and costs of executions, as well as spreads, fairness, and transparency.

The Exchange believes that the primary areas where the proposed rule change could potentially result in a burden on competition are with regard to the terms on which: (1) issuers may list their securities for trading, (2) market participants may access BSTX as a facility of the Exchange and use its services including the BSTX Market Data Blockchain, (3) Security transactions may be cleared and settled, (4) Security transactions would occur OTC (5) Security transactions would occur on other exchanges through an extension of UTP to Securities.

³⁸¹ 15 U.S.C. 78f(b)(8).

Regarding considerations (1) and (2), and as described in detail in Item 3 above, the BSTX Rules are drawn substantially from the existing rules of other exchanges that the Commission has already found to be consistent with the Exchange Act, including regarding whether they impose any burden on competition that is not necessary or appropriate in furtherance of its purposes. For example, the BSTX Non-ETP Listing Rules in the 26000 Series and Suspension and Delisting Rules in the 27000 Series that affect issuers and their ability to list Securities for trading are based substantially on the current rules of NYSE American. Additionally, the BSTX Trading and Listing of ETPs Rules in the 28000 Series that concern issuers and their ability to list Securities that are exchange-traded products are based substantially on the current rules of NYSE Arca. Additionally, the BSTX Rules regarding membership and access to and use of the facilities of BSTX are also substantially based on existing exchange rules. Specifically, the relevant BSTX Rules are as follows: participation on BSTX (Rule 18000 Series); business conduct for BSTX Participants (Rule 19000 Series); financial and operational rules for BSTX Participants (Rule 20000 Series); supervision (Rule 21000 Series); miscellaneous provisions (Rule 22000 Series); trading practices (Rule 23000 Series); discipline and summary suspension (Rule 24000 Series); trading (Rule 25000 Series); market making (Rule 25200 Series); and dues, fees, assessments, and other charges (Rule 29000 Series). As described in detail in Item 3, these rules are substantially based on analogous rules of the following exchanges, as applicable: BOX; Investors Exchange LLC; Cboe BZX Exchange, Inc.; The Nasdaq Stock Market LLC; and NYSE American LLC.

Regarding consideration (2) and use of the BSTX Market Data Blockchain, the terms on which BSTX would operate the BSTX Market Data Blockchain and provide access to both BSTX Participants and non-BSTX Participants under Rule 17020 would apply equally to all

BSTX Participants (and non-BSTX Participants accessing anonymized General Market Data) and would therefore not impose any different burden on one BSTX Participant compared to another (or between and among non-BSTX Participants). As described in detail in Item 3, BSTX would issue login credentials to each BSTX Participant or non-BSTX Participant through which users may view the BSTX Market Data Blockchain. Accessing the BSTX Market Data Blockchain would not be required. If a BSTX Participant chooses to view the BSTX Market Data Blockchain, it would be able to see its order and transaction information on BSTX as well as anonymized General Market Data from other BSTX Participants and a non-BSTX Participant would only be able to see the anonymized General Market Data. Because the General Market Data would be anonymized, the Exchange believes that there would not be cause for concern regarding potential trading information leakage or the ability for a BSTX Participant to reverse engineer another BSTX Participant's trading strategies.³⁸² Moreover, the BSTX Market Data Blockchain would not require any affirmative action on the part of a BSTX Participant for its information to be recorded to the BSTX Market Data Blockchain. Rather the Exchange would control all aspects of the BSTX Market Data Blockchain as a private, permission-based blockchain accessible to BSTX Participants, and the BSTX Market Data Blockchain would capture order and execution activity that occurs in the normal course on BSTX and is made

³⁸² Non-BSTX Participants accessing the BSTX Market Data Blockchain would have access to the same anonymized General Market Data as BSTX Participants. While a non-BSTX Participant would be treated differently than a BSTX Participant in that they would not be able to access any proprietary market data of a BSTX Participant, the reason for this difference is to prevent a non-BSTX Participant from being able to see the confidential trading information of a BSTX Participant. If the Exchange were to provide non-BSTX Participants with access to one or more BSTX Participants' proprietary market data, the Exchange would impose an undue burden on competition against BSTX Participants whose confidential trading information would be shared. Accordingly, non-BSTX Participants may only access anonymized, General Market Data.

available to BSTX Participants (and non-BSTX Participants with respect to anonymized General Market Data) as an additional resource that they may use in their discretion. The BSTX Market Data Blockchain would functionally provide market data similarly to what NYSE offers through TAQ data, but would simply provide it using distributed ledger technology. Accordingly, although capturing a different set of market data than captured by NYSE TAQ data, the BSTX Market Data Blockchain is pro-competitive by offering a similar type of market data and using an innovative technology to do so. For these reasons, the Exchange believes that the BSTX Market Data Blockchain would not impose any burden on competition.

In addition to not imposing any burden on competition, the Exchange believes that the BSTX Market Data Blockchain would provide two primary benefits to BSTX Participants. First, the Exchange believes that BSTX Participants that choose to view the BSTX Market Data Blockchain may find the information useful as a focused source of market data regarding order and transaction information on BSTX.³⁸³ Second, the Exchange believes that the BSTX Market Data Blockchain would help familiarize BSTX Participants that access the market data with the capabilities of blockchain technology in a manner that does not impose any burden on competition on them or others. The Commission has stated that it is “mindful of the benefits of increasing use of new technologies for investors and the markets, and has encouraged experimentation and innovation . . .” stating further that “[i]nformation and communications technologies are critical to healthy and efficient primary and secondary markets.”³⁸⁴ Regarding the judgment of whether the benefits of certain technologies are meritorious, the Commission has

³⁸³ For example, a BSTX Participant may wish to use the market data to review its trading activity on BSTX, determine what the market quality was at a particular time for a given Security or to evaluate execution quality on BSTX.

³⁸⁴ See supra n. 53-55 and accompanying text.

explained its view that “[t]he market will ultimately prove the worth of technology – whether the benefits to the industry and its investors of developing and using new services are greater than the associated costs.”³⁸⁵ Consistent with these statements, the Exchange believes that promoting use of the functionality of blockchain technology through the BSTX Market Data Blockchain will allow BSTX Participants to observe and increase their familiarity with the capabilities and potential benefits of blockchain technology in a context that operates within the current equity market infrastructure and thereby advances and protects the public’s interest in the use and development of new data processing techniques that may create opportunities for more efficient, effective and safe securities markets.³⁸⁶

Regarding consideration (3) and the manner in which Security transactions may be cleared and settled, the Exchange proposes under BSTX Rule 25100(d) to clear and settle transactions in Securities in accordance with the rules, policies and procedures of a registered clearing agency. The Exchange believes that this is consistent with how other exchange-listed equity securities are cleared and settled today. Therefore, BSTX’s rules regarding clearance and settlement of Security transactions do not impose any relative burden on competition regarding the manner in which trades may be cleared and settled because market participants would be able to clear and settle Security transactions in the same manner as they already do in other types of NMS stock. The Exchange believes that this is equally true regarding the proposed ability of BSTX Participants to submit to BSTX orders in Securities in which they include a parameter expressing a preference for T+1 or T+0 settlement, consistent with the rules, policies and procedures of a registered clearing agency, as proposed in the operation of proposed BSTX

³⁸⁵ Id.

³⁸⁶ See supra n.56 and accompanying text.

Rules 25060(h) and 25100(d). As described in detail in Item 3 above, BSTX believes that NSCC and DTC already have authority under their rules policies and procedures to clear and settle certain trades on a T+1 or T+0 basis and that these clearing agencies do already clear and settle trades in accordance with this authority.

The Exchange believes that answering the question of whether a burden on competition is imposed by the proposal to allow BSTX Participants to specify an order parameter indicating a preference for potential settlement on a T+0 or T+1 basis requires an assessment under three general circumstances for order submissions and executions. The first possible circumstance contemplates orders that BSTX Participants would submit to the BSTX System and that would result in an execution on BSTX. Here, it would be entirely the choice of any BSTX Participant regarding whether to include an order parameter indicating a preference for T+0 or T+1 settlement where possible under the settlement logic in BSTX Rule 25060(h) and subject to functionality permitted by the rules, policies and procedures of a registered clearing agency. If no such additional parameter is included in the order or the matched orders are not eligible for shortened settlement pursuant to the rules, policies and procedures of a registered clearing agency, the order defaults to settle on a regular-way T+2 basis under the settlement logic in proposed BSTX Rule 25060(h). As described in Part II.H of Item 3, an order that includes a parameter indicating a preference for potential T+0 settlement will execute against any order against which it is marketable and BSTX will transmit the matched order information to a registered clearing agency for settlement on a standard settlement cycle of T+2 except where: (i) the order with the parameter for potential settlement on T+0 executes against another order with a parameter for potential settlement on T+0 (in which case BSTX will transmit the matched order information to a registered clearing agency for settlement on the trade date if the

transaction is also eligible for settlement on T+0 under the rules, policies and procedures of a registered clearing agency and occurs prior to the T+0 Cut-Off Time)³⁸⁷ or (ii) the order with a parameter for potential settlement on T+0 executes against an order with a parameter for potential settlement on T+1 (in which case BSTX will transmit the matched order information to a registered clearing agency for settlement on T+1 if the transaction is also eligible for settlement on T+1 under the rules, policies and procedures of a registered clearing agency). Similarly, as proposed, an order that includes a parameter for potential settlement on T+1 will execute against any order against which it is marketable and BSTX will transmit the matched order information to a registered clearing agency for settlement on standard settlement cycle of T+2 except where an order that includes a parameter for potential settlement on T+1 executes against another such order or an order that includes a parameter for potential settlement on T+0 (in which case BSTX will transmit the matched order information to a registered clearing agency for settlement on T+1 if the transaction is also eligible for settlement on T+1 under the rules, policies and procedures of a registered clearing agency). In all cases under the settlement logic in proposed BSTX Rule 25060(h), an order that does not include an optional parameter indicating a preference for potential settlement on T+0 or T+1 would be a regular way order that would always receive T+2 settlement if it executes against any other order in the BSTX System. In this way, all of the orders submitted to BSTX would be regular way orders that in and of themselves would be presumed to settle on T+2. Only where a BSTX Participant includes the optional parameters to express a preference for potential T+0 or T+1 settlement (where consistent with and eligible for

³⁸⁷ As previously noted, the Exchange has proposed that T+0 trades must execute on BSTX prior to the T+0 Cut-Off Time in order to provide the Exchange with sufficient time to transmit the execution details to NSCC and for NSCC to receive and process those details to facilitate same date settlement as part of its continuous net settlement system pursuant to NSCC's rules, policies and procedures.. See supra note 62-64 and accompanying text.

shortened settlement under the rules, policies and procedures of a registered clearing agency and, in the case of a T+0 settlement, received before the T+0 Cut-Off Time) and the order matches against another order seeking a shorter settlement time than T+2 could a transaction settle more quickly than T+2 under the settlement logic in proposed BSTX Rule 25060(h) and as described immediately above. Thus, every market participant seeking T+2 settlement for an execution on BSTX would be able to interact with any order against which their order is marketable, including those marked for possible T+0 or T+1 settlement. In addition, the possibility of shortened settlement timing would have no impact on the Exchange's price time priority.³⁸⁸ For these reasons, the Exchange believes that no burden on competition is imposed in this first possible circumstance.

The second possible circumstance arises when an order that would be required under Exchange Act Rule 611,³⁸⁹ the Commission's "order protection rule", to be routed to BSTX from a third party exchange that extends UTP to a Security. This required routing of the order in such a Security would occur in this setting because the NBBO existed on BSTX at the time of the entry of the order. Under proposed BSTX Rule 25060(h), the order routed to BSTX would execute against any order against which it is marketable without regard to whether a BSTX Participant may have included an optional parameter for potential T+0 or T+1 settlement where the order executes against another order that also has an optional parameter for potential T+0 or T+1 settlement under the settlement logic in BSTX Rule 25060(h). In the event the order routed to BSTX executes against another order on BSTX against which it is marketable, that executed transaction in the Security would be bound for regular way T+2 settlement under BSTX Rule

³⁸⁸ See supra n.66 and accompanying text.

³⁸⁹ 17 CFR 242.611.

25060(h) because the Exchange believes that the routed order from a third party exchange would not include a parameter for T+0 or T+1 settlement. This is because the Exchange believes that no other exchange currently includes any such optional parameters to be able to indicate a preference for potential T+0 or T+1 settlement. This structure means that any non-BSTX Participant that sees a quote in a Security on BSTX would remain able to execute against that quote even if that quote includes an optional parameter indicating a preference for T+0 or T+1 settlement where an executed order becomes eligible for any such settlement on a basis that is faster than T+2 under the settlement logic in BSTX Rule 25060(h). The Exchange believes that no burden on competition results in this second possible circumstance because an order routed to BSTX would interact against any order on BSTX against which it is marketable. All orders in a Security that are submitted directly to BSTX by BSTX Participants or that may be routed to BSTX would be regular way orders that when viewed in isolation would be presumed to settle on a T+2 basis at the time of order entry. It would only be upon execution against another order that also includes an order parameter expressing a preference for settlement on a T+0 or T+1 basis that the executed transaction (*i.e.*, not the initial orders) would become eligible for settlement faster than T+2 under the settlement logic in Rule 25060(h) pursuant to the rules, policies and procedures of a registered clearing agency. The Exchange believes this imposes no burden on competition on BSTX Participants because inclusion of any T+0 or T+1 parameter would be entirely optional and any BSTX Participant that includes such a parameter would do so with an ex-ante understanding of the settlement logic in BSTX Rule 25060 that could cause an executed transaction to settle more quickly than T+2. As noted, the Exchange believes that orders in a Security that would be required to be routed to BSTX, for example under the Commission's Order Protection Rule, would also not impose any burden on competition because other

exchanges do not have rules that similarly contemplate the inclusion of a T+0 or T+1 parameter, such routed orders would therefore result in T+2 settlement if executed against any other order on BSTX against which the order is marketable (regardless of whether the order against which it executes includes an optional parameter indicating a preference for T+0 or T+1 settlement). Therefore, any order routed to BSTX would be able to interact with any other order on BSTX against which it is marketable and would settle on a regular way T+2 basis just as occurs today regarding any order in an NMS stock that is routed to a national securities exchange.

The third possible circumstance contemplates an order that must be routed under the order protection rule from BSTX to a third party exchange that extends UTP for a Security because the third party exchange has the NBBO at that time. The Exchange believes that this setting is not relevant under the proposed rules of BSTX. Specifically, the Exchange believes that it is not relevant because proposed BSTX Rule 25130(d) states that the BSTX System will reject any order or quotation that would lock or cross a protected quotation of another exchange at the time of entry. Therefore, any such orders that would otherwise be required to be routed by BSTX to another exchange will instead be rejected by the BSTX System. Accordingly, any specification by a BSTX Participant of a T+0 or T+1 settlement timing parameter for an order in this setting could not create any burden on competition because the order will be rejected and would never lead to an execution.

In addition to not imposing any burden on competition, the Exchange believes that allowing BSTX Participants to use faster settlement cycles where consistent with the rules, policies and procedures of a registered clearing agency would mitigate settlement risk for transactions in such Securities, consistent with the benefits the Commission has noted in this area. Namely, in adopting amendments to SEC Rule 15c6-1 in 2017 to shorten the standard

settlement cycle for most broker-dealer transactions in securities from T+3 to T+2, the Commission stated its belief that the shorter settlement cycle would have positive effects regarding the liquidity risks and costs faced by members in a clearing agency, like NSCC, that performs CCP services, and that it would also have positive effects for other market participants. Specifically, the Commission stated its belief that the resulting “reduction in the amount of unsettled trades and the period of time during which the CCP is exposed to risk would reduce the amount of financial resources that the CCP members may have to provide to support the CCP’s risk management process . . .” and that “[t]his reduction in the potential need for financial resources should, in turn, reduce the liquidity costs and capital demands clearing broker-dealers face . . . and allow for improved capital utilization.”³⁹⁰ The Commission went on to state its belief that shortening the settlement cycle “would also lead to benefits to other market participants, including introducing broker-dealers, institutional investors, and retail investors” such as “quicker access to funds and securities following trade execution” and “reduced margin charges and other fees that clearing broker-dealers may pass down to other market participants[.]”³⁹¹ The Commission also “noted that a move to a T+1 standard settlement cycle could have similar qualitative benefits of market, credit, and liquidity risk reduction for market participants[.]”³⁹² The Exchange agrees with these statements by the Commission and has therefore proposed BSTX Rule 25100(d) in a form that would promote the benefits of shorter settlement cycles for Securities without imposing burdens on other national securities exchanges or market participants that are not BSTX Participants.

³⁹⁰ See supra n.80-83 and accompanying text.

³⁹¹ Id.

³⁹² Id.

With respect to consideration (4) above, as previously noted, market participants would not be limited in their ability to trade Securities OTC because Securities could be traded OTC and would be cleared and settled in the same manner as other NMS stocks through the facilities of a registered clearing agency. Thus, the Exchange does not believe that its proposal will place any new burden on competition with respect to OTC trading, given that trading, clearance and settlement will take place in the same manner as for other NMS stocks.

With respect to consideration (5) noted above regarding other exchanges extending UTP to Securities, the Exchange does not believe that the proposed Rules would impose a burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. This is because other national securities exchanges would be able to extend UTP to Securities in accordance with Commission rules just as they can regarding any other NMS stock.

Item 5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

Written comments were not and are not intended to be solicited with respect to the proposed rule change and none have been received.

Item 6. Extension of Time Period for Commission Action

Not applicable.

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

Not applicable.

Item 8. Proposed Rule Change Based on Rule of Another Self-Regulatory Organization or of the Commission

As described in further detail above in connection with the discussion of proposed

Exchange Rules, many of the proposed Rules are based on the rules of other national securities exchanges, including, but not limited to, IEX, Cboe BZX, NYSE American, and NYSE Arca.

Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

Item 11. Exhibits

Exhibit 1. Completed Notice of Proposed Rule Change for publication in the Federal Register.

Exhibit 3A. Proposed BSTX Participant Application.

Exhibit 3B. Proposed BSTX Participant Agreement.

Exhibit 3C. Proposed BSTX Participant User Agreement

Exhibit 3D. Proposed Designated Market Maker Selection

Exhibit 3E. Proposed BSTX Participant Clearing Authorization (Non-Market Maker).

Exhibit 3F. Proposed BSTX Participant Clearing Authorization (Market Maker).

Exhibit 3G. Proposed BSTX Original Listing Application

Exhibit 3H. Proposed BSTX Additional Listing Application

Exhibit 3I. Proposed BSTX Listing Application Checklist

Exhibit 3J. Proposed BSTX Listing Agreement

Exhibit 3K. Proposed BSTX Market Domestic Company Corporate Governance Affirmation

Exhibit 3L. Proposed Sample Underwriter's Letter

- Exhibit 3M. Proposed BSTX Market Company Annual CEO Certification
- Exhibit 3N. Proposed BSTX Market Open-end and Closed-end Management
Investment Company Corporate Governance Affirmation
- Exhibit 3O. Proposed BSTX Market Foreign Private Issuer Corporate Governance
Affirmation
- Exhibit 4A. Proposed changes to draft BSTX Rules by amendment
- Exhibit 4B. Proposed changes to draft BOX Rules by amendment
- Exhibit 5A. Proposed BSTX Rules
- Exhibit 5B. Proposed changes to BOX Rules

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, BOX Exchange LLC has caused this filing to be signed on its behalf by the undersigned hereunto duly authorized.

BOX Exchange LLC

By: _____

Lisa Fall

President

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-BOX-2021-06)

Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing of Proposed Rule Change to adopt rules to govern the trading of equity securities on the Exchange through a facility of the Exchange known as Boston Security Token Exchange LLC (“BSTX”).

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on [DATE], BOX Exchange LLC (the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 as amended (“Exchange Act”),³ BOX Exchange LLC (“BOX” or the “Exchange”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to adopt rules to govern the trading of equity securities on the Exchange through a facility of the Exchange known as Boston Security Token Exchange LLC (“BSTX”). The text of the proposed rule change is available from the principal office of the Exchange, at the Commission’s Public Reference Room and also on the Exchange’s Internet website at <http://boxoptions.com>.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(1).

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange is proposing to adopt a series of rules to govern the trading of certain equity securities through a facility of the Exchange known as BSTX and make certain amendments to the existing BOX rules to facilitate trading on BSTX. As described more fully below, BSTX would operate a fully automated, price/time priority execution system (“BSTX System”) for the trading of certain equity securities that would be considered “Securities” under the proposed rules. The “Securities”⁴ under the proposed rules would be equity securities that meet BSTX listing standards and that trade on the BSTX System. The Exchange would operate the BSTX Market Data Blockchain, which would record certain information regarding orders and transactions occurring on BSTX with respect to Securities. All BOX Participants would be eligible to participate in BSTX provided that they become a BSTX Participant pursuant to the proposed rules. Under the proposed rules, BSTX would serve as the listing market for eligible companies and issuers of exchange traded products (“ETPs”) that wish to issue their registered

⁴ As discussed further below, BSTX proposes to use the term “Security” to refer to BSTX-listed securities to distinguish them from other securities issued by an issuer that the issuer does not list on BSTX.

securities as Securities. Securities would trade as NMS stock.⁵ The Exchange is not proposing rules that would support its extension of unlisted trading privileges (“UTP”) to other NMS stock, and accordingly the Exchange does not intend to extend any such UTP in connection with this proposal. The Exchange would therefore only trade Securities listed on BSTX unless and until it proposes and receives Commission approval for rules that would support trading in other types of securities, including through any extension of UTP to other NMS stock.⁶ The Exchange will offer connectivity services at its primary datacenter (Equinix NY4 in Secaucus, NJ). Connectivity to the Exchange in the primary data center for both order entry and market data dissemination is equalized for all Participants with equipment colocated in Equinix NY4.⁷ A guide to the structure of the proposed rule change is described immediately below.

I. Guide to the Scope of the Proposed Rule Change

⁵ 17 CFR 242.600(b)(48).

⁶ These rules to facilitate UTP may include adding a provision to proposed Rule 25020 (Securities Eligible for Trading and Units of Trading) to contemplate the extension of UTP and trade nullification for UTP securities that are the subject of an initial public offering as part of the Exchange’s clearly erroneous rule (proposed Rule 25110).

⁷ Specifically, all BSTX Participants colocated in the same datacenter would connect to BSTX through an equidistant cabling cabinet, which is a separate cabinet from the cabinet hosting the BSTX System and market data distribution system. The cross connects from the equidistant cabling cabinet to the cabinet hosting BSTX’s systems are equidistant. Additionally, all cross connects from the equidistant cabling cabinet to each BSTX Participant’s cabinet, wherever located in the datacenter, provide for equidistant connectivity. Specifically, the equidistant cabling cabinet contains equal length spools of fiber that connect to each external BSTX Participant cabinet in the datacenter, and all BSTX Participants must connect to BSTX through the equidistant cabling cabinet from their own external cabinets. As a result, even if BSTX Participant X’s cabinet is closer in physical proximity to the equidistant cabling cabinet than BSTX Participant Y’s cabinet, the arrangement is such that both BSTX Participant X and BSTX Participant Y have equidistant connectivity to the equidistant cabling cabinet and in turn to BSTX’s systems. The Exchange believes that this structure is designed to prevent unfair discrimination between market participants, consistent with Section 6(b)(5) of the Exchange Act, by ensuring that all colocated BSTX Participants have equidistant connections to BSTX irrespective of where their equipment is located within the datacenter.

The proposal for trading of Securities through BSTX generally involves changes to existing BOX Rules and new BOX Rules pertaining specifically to BSTX (“BSTX Rules”). In addition, the Exchange has submitted a separate proposed rule change pertaining to BSTX’s corporate governance documents that will establish BSTX as a facility of the Exchange.⁸ To support the trading of Securities through BSTX, certain conforming changes are proposed to existing BOX Rules and entirely new BSTX Rules are also proposed as Rule Series 17000 through 29000.⁹ Each of those new Rule Series and the provisions thereunder are described in greater detail below. Where the BSTX Rules are based on existing rules of another national securities exchange, the source rule from the relevant exchange is noted along with a discussion of notable differences between the source rule and the proposed BSTX Rule. The proposed BSTX Rules are addressed in Part III below and they generally cover the following areas:

- Section 17000 – General Provisions of BSTX;
- Section 18000 – Participation on BSTX;
- Section 19000 – Business Conduct for BSTX Participants;
- Section 20000 – Financial and Operational Rules for BSTX Participants;
- Section 21000 – Supervision;
- Section 22000 – Miscellaneous Provisions;
- Section 23000 – Trading Practice Rules;
- Section 24000 – Discipline and Summary Suspension;
- Section 25000 – Trading Rules;

⁸ See Exchange Act Release No. 92206, 86 FR 33402 (June 24, 2021) (SR-BOX-2021-14).

⁹ The proposed changes to BOX Rules and the proposed BSTX Rules have been submitted with this proposal as Exhibits 5B and 5A, respectively.

- Section 25200 – Market Making on BSTX;
- Section 26000 – BSTX Listing Rules Other Than for Exchange Traded Products;
- Section 27000 – Suspension and Delisting;
- Section 27100 – Guide to Filing Requirements;
- Section 27200 – Procedures for Review of Exchange Listing Determinations; and
- Section 28000 – Trading and Listing of Exchange Traded Products;
- Section 29000 – Dues, Fees, Assessments and Other Charges.

II. Overview of BSTX and Considerations Related to the Listing, Trading and Clearance and Settlement of Securities

A. The Joint Venture and Ownership of BSTX

On June 19, 2018, t0.com Inc. (“tZERO”) and BOX Digital Markets LLC (“BOX Digital”) announced a joint venture to facilitate the trading of Securities on the Exchange.¹⁰ As part of the joint venture, BOX Digital, which is a subsidiary of BOX Holdings Group LLC, and tZERO each own voting and economic interest of BSTX LLC. Pursuant to the BSTX LLC Agreement, BOX Digital and tZERO will perform certain specified functions with respect to the operation of BSTX. As noted, these details, as well as the proposed governance structure of the joint venture will be the subject of a separate proposed rule change that the Exchange has been submitted to the Commission. Without approved rules pertaining to the governance structure of BSTX as a facility of the Exchange, the Exchange will not commence operation of BSTX.

¹⁰ See tZERO and BOX Digital Markets Sign Deal to Create Joint Venture, Business Wire (June 19, 2018), <https://www.businesswire.com/news/home/20180619005897/en/tZERO-and-BOX-Digital-Markets-Sign-Deal-to-Create-Joint-Venture> .

B. BSTX Would Be a Facility of BOX That Would Support Trading in the New Asset Class of Securities for BOX

BSTX would operate as a facility¹¹ of BOX, which is a national securities exchange registered with the SEC. As a facility of BOX, BSTX's operations would be subject to applicable requirements in Sections 6 and 19 of the Exchange Act, among other applicable rules and regulations.¹² Currently, BOX functions as an exchange only for standardized options. At the time that BSTX commences operations it would support trading in Securities that are equity securities (including certain ETPs), as described in more detail below. Accordingly, the proposal represents a new asset class for BOX, and the discussion below sets forth the changes and additions to the Exchange's Rules to support the trading of equity securities as Securities on BSTX.

The Exchange proposes to use the term "Security"¹³ to describe a NMS stock trading on the BSTX system. The legal significance, therefore, of a "Security" is that it would be an equity security that is approved for listing on BSTX and that trades on the BSTX System. A security that is offered by an issuer with the intent of it becoming listed on BSTX would therefore not become a "Security" under the proposed BSTX Rules unless and until it actually does become listed on BSTX and trades on the BSTX

¹¹ 15 U.S.C. 78c(a)(2). Section 3(a)(2) of the Exchange Act, provides that "the term 'facility' when used with respect to an exchange includes its premises, tangible or intangible property whether on the premises or not, any right to the use of such premises or property or any service thereof for the purpose of effecting or reporting a transaction on an exchange (including, among other things, any system of communication to or from the exchange, by ticker or otherwise, maintained by or with the consent of the exchange), and any right of the exchange to the use of any property or service." Because BSTX will share certain systems of the Exchange, BSTX would be a facility of the Exchange.

¹² 15 U.S.C. 78f; 15 U.S.C. 78s.

¹³ The Exchange proposes to define the term "Security" to mean a NMS stock, as defined in Rule 600(b)(47) of the Exchange Act, trading on the BSTX System. See proposed Rule 17000(a)(31).

System.¹⁴

C. Securities Would Be NMS Stocks

The Securities would qualify as NMS stocks pursuant to Regulation NMS,¹⁵ which defines the term “NMS security” in relevant part to mean “any security or class of securities for which transaction reports are collected, processed and made available pursuant to an effective transaction reporting plan”¹⁶ The Exchange plans to join existing transaction reporting plans, as discussed in Part VIII below, for the purposes of Security quotation and transaction reporting.¹⁷ The term “NMS stock” means “any NMS security other than an option”¹⁸ and therefore Securities traded on BSTX would be classified as NMS stock.

Securities would meet the definition of NMS stock and would trade, clear, and settle in the same manner as all other NMS stocks traded today. As described in further detail below, the operation of the BSTX Market Data Blockchain would in no way modify or alter market participants’ obligations under Regulation NMS.

D. BSTX Would Support Trading of Registered Securities

All securities traded on BSTX would be required to be registered with the Commission under both Section 12 of the Exchange Act¹⁹ and Section 6 of the Securities

¹⁴ Id.

¹⁵ 17 CFR 242.600 through 613.

¹⁶ 17 CFR 242.600(b)(47).

¹⁷ 17 CFR 242.601(a)(1). The Rule states in relevant part that “every national securities exchange shall file [with the SEC] a transaction reporting plan regarding transactions in listed equity and Nasdaq securities executed through its facilities”

¹⁸ 17 CFR 242.600(b)(47).

¹⁹ 15 U.S.C. 78l.

Act of 1933 (“Securities Act”) at the time of listing.²⁰ BSTX would not support trading of securities offered under an exemption from registration for public offerings, with the exception of certain offerings under Regulation A that meet the proposed BSTX listing standards.²¹

E. Issuance and Clearance and Settlement of Securities

BSTX would maintain certain rules, as described below, to address custody, clearance and settlement in connection with Securities. All transactions in Securities would clear and settle in accordance with the rules, policies and procedures of registered clearing agencies. Specifically, BSTX anticipates that at the time it commences operations, Securities that are listed and traded on BSTX would be securities that have been made eligible for services by The Depository Trust Company (“DTC”) and that DTC would serve as the securities depository²² for such Securities. It is also expected that confirmed trades in Securities on BSTX would be transmitted to National Securities Clearing Corporation (“NSCC”) for clearing such that NSCC would clear the trades through its systems to produce settlement obligations that would be due for settlement

²⁰ 15 U.S.C. 77f.

²¹ See proposed Rule 26210 regarding registration requirements for issuers seeking to list on the Exchange, which generally provides that issuers must have their securities registered under Section 12(b) of the Exchange Act or an exemption from registration issued by the Commission that permits the listing notwithstanding that the security has not been registered under Section 12(b). IEX Rule 14.203 similarly allows for securities subject to an exemption from registration to be listed on IEX.

²² 15 U.S.C. 78c(a)(23)(A). Section 3(a)(23)(A) of the Exchange Act defines the term “clearing agency” to include “any person, such as a securities depository, who (i) acts as a custodian of securities in connection with a system for the handling of securities whereby all securities of a particular class or series of any issuer deposited within the system are treated as fungible and may be transferred, loaned, or pledged by bookkeeping entry without physical delivery of securities certificates, or (ii) otherwise permits or facilitates the settlement of securities transactions or the hypothecation or lending of securities without physical delivery of securities certificates.”

between participants at DTC. BSTX believes that this custody, clearance and settlement structure is the same general structure that exists today for other exchange-traded equity securities. Importantly, for purposes of NSCC's clearing activities and DTC's settlement activities in respect of the Securities, the relevant Securities would be cleared and settled by NSCC and DTC in exactly the same manner as those activities are performed by NSCC and DTC currently regarding a class of NMS Stock.

The operation of the BSTX Market Data Blockchain will have no impact or effect on the manner in which a Security clears and settles. The BSTX Market Data Blockchain would be implemented through the operation of the proposed BSTX Rules and would occur separate and apart from the clearance and settlement process. The Security would be an ordinary equity security for NSCC's and DTC's purposes. The BSTX Market Data Blockchain would be a separate set of market data that uses distributed ledger technology to record certain order and transaction information regarding orders and transactions in Securities on BSTX.

1. Issuance of Equity Securities Eligible to Become a Security

With the exception of certain offerings under Regulation A that meet the proposed BSTX listing standards, all Securities listed on BSTX will have been offered and sold in registered offerings under the Securities Act, which means that generally purchasers of the Securities will benefit from all of the protections of registration. Because BSTX would be a facility of a national securities exchange, at the time of listing all Securities would generally be registered under Section 12(b) of the Exchange Act, thereby subjecting all of these issuers to the reporting regime in Section 13(a) of the Exchange Act.

All offerings of securities that are intended to be listed as Securities on BSTX

would be conducted in the same manner in which offerings of exchange-listed equity securities are conducted today under the federal securities laws, and will generally be a firm commitment underwriting with a sole underwriter or underwriting syndicate; the underwriter(s) will market the securities and distribute them to purchasers; and secondary trading in the securities (that are intended to trade on BSTX as Securities) will thereafter commence on BSTX.

Issuers on BSTX could include both (1) new issuers who do not currently have any class of securities registered on a national securities exchange, and (2) issuers who currently have securities registered on a national securities exchange and who are seeking registration of a new class of equity securities for listing on BSTX as Securities.

BSTX does not intend for a Security listed on BSTX to be a unique class of security due only to the fact that certain trading activity in the Security on BSTX would be recorded on the BSTX Market Data Blockchain.²³ The Exchange notes that whether a security is a separate class from another security is a matter that would be addressed by an issuer of securities when it goes through the registration process for its securities, and that this process does not involve the Exchange or BSTX. If an issuer sought to list a class of security on BSTX that is already listed on another exchange, BSTX does not intend to approve such a security for listing on BSTX as a Security, pursuant to BSTX's authority under BSTX Rule 26101. However, an issuer would be free to pursue listing of a Security on another national securities exchange if it so chose, just as the Exchange

²³ The Exchange notes that distinct classes of securities issued by an issuer that are Securities would not be fungible with another class of securities of the same issuer because no class of an issuer's securities is fungible with a separate class of its securities – otherwise they would be the same class of security. If an issuer sought to list a new class of securities on BSTX that is not distinct from an existing class of securities of the issuer, the Exchange would not allow such class to be listed pursuant to its authority under Rule 26101.

understands issuers are able to do in respect of their securities today. At the commencement of BSTX's operations, certain equities (including ETPs) would be eligible for listing as Securities. This would be addressed by BSTX Rules 26101 (General) 26102 (Equity Issues), 26103 (Preferred Securities), 26105 (Warrant Securities) and the Rule 28000 Series (Trading and Listing of Exchange Traded Products), which would be part of BSTX's listing rules and would contemplate that only those specified types of equity securities would be eligible for listing.

2. Securities Depository Eligibility

BSTX would maintain rules that would promote a structure in which Securities would be held in "street name" with DTC.²⁴ BSTX Rule 26137 would require that for an issuer's security to be eligible to be a Security, BSTX must have received a representation from the issuer that a CUSIP number that identifies the security is included in a file of eligible issues maintained by a securities depository that is registered with the SEC as a clearing agency. This is based on rules that are currently maintained by other equities exchanges.²⁵ In practice, BSTX Rule 26137 requires the Security to have a CUSIP number that is included in a file of eligible securities that is maintained by DTC because the Exchange believes that DTC currently is the only clearing agency registered

²⁴ The term "street name" refers to a securities holding structure in which DTC, through its nominee Cede & Co., would be the registered holder of the securities and, in turn, DTC would grant security entitlements in such securities to relevant accounts of its participants. Proposed BSTX Rule 26136 would also provide, with certain exceptions, that securities listed on BSTX must be eligible for a direct registration program operated by a clearing agency registered under Section 17A of the Exchange Act. DTC operates the only such program today, known as the Direct Registration System, which permits an investor to hold a security as the registered owner in electronic form on the books of the issuer.

²⁵ Proposed BSTX Rule 26137 is based on current NYSE American Rule 777.

with the SEC that provides securities depository services.²⁶

3. Book-Entry Settlement at a Securities Depository

BSTX would also maintain Proposed BSTX Rule 26135 regarding uniform book-entry settlement. The rule would require each BSTX Participant to use the facilities of a securities depository for the book-entry settlement of all transactions in depository eligible securities with another BSTX Participant or a member of a national securities exchange that is not BSTX or a member of a national securities association.²⁷ Proposed BSTX Rule 26135 is based on the depository eligibility rules of other equities exchanges and Financial Industry Regulatory Authority (“FINRA”).²⁸ Those rules were first adopted as part of a coordinated industry effort in 1995 to promote book-entry settlement for the vast majority of initial public offerings and “thereby reduce settlement risk” in the U.S. national market system.²⁹

4. Participation in a Registered Clearing Agency That Uses a Continuous Net Settlement System

Under proposed BSTX Rule 25140, each BSTX Participant would be required to either (i) be a member of a registered clearing agency that uses a continuous net settlement (“CNS”) system, or (ii) clear transactions executed on BSTX through a

²⁶ See Exchange Act Release No. 78963 (September 28, 2016), 81 FR 70744, 70748 (October 13, 2016) (footnote 46 and the accompanying text acknowledge that DTC is the only registered clearing agency that provides securities depository services for the U.S. securities markets).

²⁷ FINRA is currently the only national securities association registered with the SEC.

²⁸ See e.g., FINRA Rule 11310. Book-Entry Settlement and NYSE American Rule 776. Book-Entry Settlement of Transactions.

²⁹ These coordinated depository eligibility rules resulted from proposed listing rules amendments developed by the Legal and Regulatory Subgroup of the U.S. Working Committee, Group of Thirty Clearance and Settlement Project. See Securities Exchange Act Release Nos 35774 (May 26, 1995) (SR-NASD-95-24), 60 FR 28813 (June 2, 1995); 35773 (May 26, 1995), 60 FR 28817 (June 2, 1995) (SR-NYSE-95-19).

member of such a registered clearing agency. The Exchange believes that today NSCC is the only registered clearing agency that uses a CNS system to clear equity securities, and proposed BSTX Rule 25140 further specifies that BSTX will maintain connectivity and access to the Universal Trade Capture system of NSCC to transmit confirmed trade details to NSCC regarding trades executed on BSTX. The proposed rule would also address the following: (i) a requirement that each Security transaction executed through BSTX must be executed on a locked-in basis for automatic clearance and settlement processing; (ii) the circumstances under which the identity of contra parties to a Security transaction that is executed through BSTX would be required to remain anonymous or may be revealed; and (iii) certain circumstances under which a Security transaction may be cleared through arrangements with a member of a foreign clearing agency. Proposed BSTX Rule 25140 is based on a substantially identical rule of the Investor's Exchange, LLC ("IEX"), which, in turn, is consistent with the rules of other equities exchanges.³⁰

BSTX believes that the operation of its depository eligibility rule and its book-entry services rule would promote a framework in which Securities that would be eligible to be listed and traded on BSTX would be equity securities that have been made eligible for services by a registered clearing agency that operates as a securities depository and that are settled through the facilities of the securities depository by book-entry. The Exchange believes that because DTC currently is the only clearing agency registered with the SEC that provides securities depository services, at the commencement of BSTX's operations, Securities would be securities that have been made eligible for services by

³⁰ See IEX Rule 11.250 (Clearance and Settlement; Anonymity), which was approved by the Commission in 2016 as part of its approval of IEX's application for registration as a national securities exchange. Exchange Act Release No. 78101 (June 17, 2016); 81 FR 41142 (June 23, 2016); see also Cboe BZX Rule 11.14 (Clearance and Settlement; Anonymity).

DTC, including book-entry settlement services.

5. Settlement Cycle

Proposed BSTX Rule 25100(d) would address settlement cycle considerations regarding trades in Securities. Security trades that result from orders matched against the electronic order book of BSTX would be required to clear and settle pursuant to the rules, policies and procedures of a registered clearing agency. As noted above in connection with the description of proposed BSTX Rule 25140, the Exchange expects that at the commencement of operations by BSTX it would transmit confirmed trade details to NSCC regarding Security trades that occur on BSTX and that NSCC would be the registered clearing agency that clears Security trades for settlement at DTC.

As described in greater detail below in Part II.H, the Exchange is also proposing that BSTX Participants would be able to include parameters in orders submitted to BSTX to indicate a preference to use faster settlement cycles that are currently available through NSCC and DTC under certain circumstances. BSTX believes that allowing BSTX Participants to use these faster settlement cycles where consistent with the rules, policies and procedures of a registered clearing agency would mitigate settlement risk for transactions in such Securities due to faster settlement. BSTX believes that NSCC already has authority under its rules, policies and procedures to clear certain trades on a T+1 or T+0 basis, which are shorter settlement cycles than the longest settlement cycle of T+2 that is generally permitted under SEC Rule 15c6-1 for a security trade that involves a broker-dealer.³¹ Furthermore, BSTX understands that NSCC does already clear trades

³¹ 17 CFR 240.15c6-1. Under SEC Rule 15c6-1, with certain exceptions, a broker-dealer is not permitted to enter a contract for the purchase or sale of security that provides for payment of funds and delivery of securities later than the second business day after the date of the contract unless otherwise expressly agreed to by the parties at the time of the transaction.

in accordance with this authority, and supporting data from The Depository Trust & Clearing Corporation (“DTCC”) regarding clearance and settlement activity on such shorter settlement cycles is provided in Section II.H. below.

F. The BSTX Market Data Blockchain

BSTX will make available to BSTX Participants certain market data related to trading activity occurring on BSTX through the use of a private, permissioned blockchain maintained by the Exchange. As described further below, a BSTX Participant would have the ability to see through an online portal provided by the Exchange the market data information on the private blockchain consisting of detailed information about its trading activity on BSTX and anonymized information with respect to the trading activity of other BSTX Participants.³² BSTX Participants would have no obligations with respect to providing information to, accessing, maintaining, or using the BSTX Market Data Blockchain. The Exchange believes that the information made available on the BSTX Market Data Blockchain would be generally similar to Daily Trade and Quote (“TAQ”) data made available by New York Stock Exchange LLC except that the Exchange would use distributed ledger or “blockchain” technology to record such information, a BSTX Participant would be able to see non-anonymized information about its own trading activity on BSTX, and the market data would pertain only to trading activity on BSTX and not the broader market (e.g., an over-the-counter (“OTC”)³³ transaction in a Security reported to the consolidated tape).³⁴

³² Additionally, as also explained below, non-BSTX Participants would have the ability to see the anonymized market data relating to trading on BSTX.

³³ OTC in this context refers to trading occurring otherwise than on a national securities exchange.

³⁴ See e.g., NYSE, Daily TAQ Fact Sheet, https://www.nyse.com/publicdocs/nyse/data/Daily_TAQ_Fact_Sheet.pdf.

1. Background on Blockchain Technology

In general, a blockchain is essentially a ledger that can maintain digital records of assets, transactions, or other information. A blockchain's central function is to encode transitions or changes to the ledger. Whenever one change to the blockchain ledger occurs to record a state transition, the entire blockchain is immutably changed to reflect the state transition.

There are broadly two types of blockchains: (i) public blockchains that are decentralized, open to anyone running the same protocol;³⁵ and (ii) a private, permission-based blockchains where only those granted access may view or take other actions with respect to the blockchain.

2. BSTX Market Data Blockchain As a Private

Permissioned Network

The BSTX Market Data Blockchain would operate as a private, permission-based blockchain that would be accessible through an application program interface (“API”) available through the internet. Through this private permission-based blockchain and API, the Exchange would make certain market data available related to trading activity occurring on BSTX.³⁶ The Exchange would control all aspects of the BSTX Market Data Blockchain and the associated API. Pursuant to proposed Rule 17020(b), each BSTX Participant would be assigned a BSTX Market Data Blockchain address that corresponds to the BSTX Participant's trading activity on BSTX. The Exchange will also issue login credentials to each user (including non-BSTX Participants) through which the user may view the BSTX Market Data Blockchain through the API to see its order and transaction

³⁵ A “protocol” in this context generally means a set of rules governing the format of messages that are exchanged between the participants.

³⁶ See proposed Rule 17020(a).

information on BSTX as well as certain anonymized market data from other BSTX Participants, as discussed further below.³⁷ Similarly, the Exchange has the ability to issue login credentials to any non-BSTX Participant to allow them to view to the BSTX Market Data Blockchain through the API, but a non-BSTX Participant viewing the Market Data Blockchain would be limited to viewing only anonymized market data, as also explained below. BSTX Participants (and any non-BSTX Participants to which the Market Data Blockchain is made available by the Exchange) would only be able to view the information contained on the BSTX Market Data Blockchain through the API, and only the Exchange would have direct access to the underlying data on the private blockchain.

The BSTX Market Data Blockchain would generally operate by collecting information from two sources, which the Exchange would then translate into information capable of being recorded to the BSTX Market Data Blockchain. Specifically, the data inputs for the BSTX Market Data Blockchain would come from (i) the BSTX System³⁸ to capture information such as executed transactions and (ii) each BSTX Participant's order/message information passing through the financial information exchange ("FIX") gateway through which all orders and messages pass in order to connect to the BSTX System.³⁹ For example, if a BSTX Participant sends an order to buy 100 shares of

³⁷ The Exchange notes that non-BSTX Participants accessing the BSTX Market Data Blockchain would not be assigned a BSTX Market Data Blockchain address, but would receive login credentials to view anonymized market data available on the BSTX Market Data Blockchain available through the API.

³⁸ The "BSTX System" refers to the automated trading system used by BSTX for the trading of Securities. See proposed Rule 17000(a)(15).

³⁹ The Exchange notes that the FIX Gateway and the BSTX System are the same sources of information from which information is taken to be provided as part of consolidated market data.

Security XYZ, when that order is sent to the Exchange, the Exchange would capture this information as it passes through the FIX gateway in an automated process that results in the BSTX Participant being able to see that order on the BSTX Market Data Blockchain through its login credentials once the information is recorded on the BSTX Market Data Blockchain.

The BSTX Market Data Blockchain does not require any affirmative action on the part of a BSTX Participant in order for its information to be recorded to the BSTX Market Data Blockchain. Rather, the BSTX Market Data Blockchain captures trading activity that occurs on BSTX in the normal course and is made available to BSTX Participants as an additional resource that they may choose to use in their discretion in the same general manner that a market participant might use TAQ data.

3. Information Available on the BSTX Market Data Blockchain

As set forth in proposed Rule 17020(c), there are two types of information that would be available on the BSTX Market Data Blockchain: (i) a BSTX Participant's own order and transaction information related to its trading activity on BSTX ("Participant Proprietary Data"); and (ii) anonymized, general market data available to all BSTX Participants and to non-BSTX Participants that subscribe ("General Market Data").⁴⁰ Both Participant Proprietary Data and General Market Data would only contain the market data described below for Regular Trading Hours.⁴¹ With respect to Participant

⁴⁰ The Exchange notes that the BSTX Market Data Blockchain is effectively just the repository for these two categories of information (*i.e.*, Participant Proprietary Data and General Market Data), and it is through the Exchange-provided API that this information is able to be viewed and searched.

⁴¹ For example, no market data is uploaded with respect to the Pre-Opening Phase (*i.e.*, the thirty minutes prior to the open at 9:30 am ET), including Participant Proprietary Data

Proprietary Data, a BSTX Participant would be able to see the following information with respect to all orders and messages and executions submitted to and occurring on BSTX:

- (1) Symbol, side (buy/sell), limit price, quantity, time-in-force
- (2) Order type (e.g., limit order, ISO)
- (3) Order capacity (principal/agent)
- (4) Short/long sale order marking
- (5) Message type (e.g., order, modification, cancellation)

Participant Proprietary Data would effectively contain a record of all of a BSTX's Participant's trading activity on BSTX. Participant Proprietary Data would only be available to the BSTX Participant from which such data derived. That is, a BSTX Participant would not have access to the Participant Proprietary Data of another BSTX Participant, nor would any non-BSTX Participant provided access to the Market Data Blockchain have access to Participant Proprietary Data. As a result, no BSTX Participant (or non-BSTX Participant) would be provided with access to trading information of another BSTX Participant in a manner that would allow for reverse engineering of trading strategies or otherwise compromise the confidential nature of each BSTX Participant's trading information. Through the API, a BSTX Participant can run searches of its previous order and trading activity. The Participant Proprietary Data would be visible to the BSTX Participant to which it corresponds in sequential order of when each

regarding orders submitted by the Participant during the Pre-Opening Phase. Once Regular Trading Hours begins, the BSTX Market Data Blockchain would begin to be populated (on a delayed basis, as described below) and would show the BSTX Official Opening Price as the first action with respect to a security. The BSTX Market Data Blockchain would similarly not show orders received by the BSTX System during the Halt Auction process set forth in proposed Rule 25040(c), but once the Halt Auction is completed, the BSTX Market Data Blockchain would begin to be populated (on a delayed basis) and would show the price at which the security reopened trading as the first action with respect to the security following the initiation of the trading halt.

action occurred, though the BSTX Participant would have the ability to filter the different information fields or run searches for particular items (e.g., only showing cancel orders or only showing activity in a particular symbol).

General Market Data is the second type of information that would be available on the BSTX Market Data Blockchain, which would consist of:

- (1) In an anonymized format, all displayed orders,⁴² modifications, cancellations, and executions occurring on BSTX (i.e., the user may see the symbol, side (buy/sell), limit price, quantity, and message type).
- (2) Administrative data and other information from the Exchange (e.g., trading halts, or technical messages).

General Market Data would allow viewers to be able to observe the historical orders, executions, and other events (e.g., cancellations) received by and occurring on BSTX. Similar to the format and presentation of Participant Proprietary Data, the General Market Data would generally be visible in sequential order of when each action occurred, though viewers would have the ability to filter the different information fields or run searches for particular items (e.g., only showing cancel orders or only showing activity in a particular symbol). The Exchange notes that the General Market Data that would be available on the BSTX Market Data Blockchain would contain substantively similar information as would be available through the Exchange's proprietary market data feeds, so access to the BSTX Market Data Blockchain would not provide substantive information that is not otherwise available through the Exchange's proprietary market

⁴² The Exchange notes that it is not proposing any non-displayed or hidden order functionality for BSTX.

data feeds.⁴³ In other words, accessing General Market Data on the BSTX Market Data Blockchain would not provide any informational advantage over proprietary market data that could be used to make trading decisions in real time. The Exchange believes that this is particularly true given that market data (both Participant Proprietary Data and General Market Data) will be posted to the BSTX Market Data Blockchain on a delay of at least five minutes, as discussed further below. Similar to Participant Proprietary Data, persons accessing the General Market Data through the Exchange-provided API could run configurable searches of the available information.

General Market Data would be anonymized, meaning that a viewer would not be able to determine the identity associated with any BSTX Participant's orders, quotes, cancellations, or other messages. For the avoidance of doubt, the alphanumeric address assigned to each BSTX Participant to facilitate the BSTX Market Data Blockchain would not be visible as part of General Market Data.⁴⁴ As a result, there should not be cause for

⁴³ General Market Data would differ from the Exchange's proprietary market data feed in that the proprietary market data feed provides real time snapshots of the order book, including depth of book quotations and the quantity of shares available at each price point. In contrast, General Market Data would generally show sequential events occurring on the Exchange for each symbol (e.g., order posted to order book, then the order is executed in part, then the remaining amount of the order executed, then a new order posts to the order book etc.). In addition, proprietary market data generally does not show each individual newly posted order or cancellation of a resting order, but rather shows subscribers an updated snapshot that increases or decreases the available quantity at a given price point as new orders come in and modifications or executions of existing orders occur. In contrast, General Market Data available on the Market Data Blockchain would show viewers, in an anonymized format, the sequential entry of each order, modification, or cancellation in the order book in each symbol as historical order and transaction information rather than real time snapshots. In this respect, General Market Data is more akin to a historical market data product like TAQ data, except that it pertains only to activity occurring on BSTX rather than the entire market.

⁴⁴ For example, in looking at General Market Data, BSTX Participant X (or any other viewer of General Market Data) would not be able to determine by name, address, or otherwise that a particular order, modification to an existing order, or executed transaction involved BSTX Participant Y or any other BSTX Participant. General

concern regarding potential trading information leakage or the ability to reverse engineer another BSTX Participant's trading strategies given the anonymous nature of General Market Data. BSTX Participants and any non-BSTX Participant who chooses to subscribe to General Market Data would generally have available to them via the BSTX Market Data Blockchain the same information they would have today with respect to other BSTX Participants' trading activity in subscribing to proprietary data feeds of other exchanges. The Exchange would make the General Market Data available to BSTX Participants and non-BSTX Participants for the same fee and on the same subscription terms once the Exchange establishes a fee schedule through the proposed rule change process under the Exchange Act prior to the launch of BSTX.

The Exchange proposes to append timestamps to the information made available. Timestamps related to all information on the BSTX Market Data Blockchain would indicate the time to the microsecond at which an order posted to the BSTX Book or that the BSTX System took other action with respect to an order (e.g., effects a cancellation, execution, modification). As noted above, each new block of market data would be posted to the BSTX Market Data Blockchain on a delayed basis of at least five minutes and would show market data for the preceding five minutes.⁴⁵ As a result, the BSTX

Market Data would contain order/transaction detail consisting of the symbol, side (buy/sell), limit price, quantity, and message type with no ability to attribute any such information to a particular BSTX Participant.

⁴⁵ The practical purpose behind this five minute delay regarding the addition of new blocks is for the Exchange to accrue sufficient data and information to record to the BSTX Market Data Blockchain. As the name "blockchain" suggests, data is recorded onto a ledger in discrete blocks that are chained together at different intervals. The Exchange could record information to the BSTX Market Data Blockchain over a shorter time interval in much smaller blocks, each of which would contain less data than a longer interval and a larger block. However, as proposed, the Exchange would only record a new block of information to the BSTX Market Data Blockchain after at least five minutes, and each block would contain the market data and information that had accrued

Market Data Blockchain would not function as a substitute for real-time market data, and, accordingly the Exchange does not believe that market participants with access to the delayed market data available on the BSTX Market Data Blockchain would have any real time trading advantage over participants that continue to use real-time market data to make trading decisions.⁴⁶ A BSTX Participant would have the ability to download

over the preceding five minutes on a rolling basis. Thus, the market data uploaded as part of each block would contain the most recent transactions on the Exchange aged only a few seconds as well as market data for the preceding five minutes such that the oldest market data on each new block would be aged at least five minutes. Accordingly, a viewer of the BSTX Market Data Blockchain would be able to see the preceding five minutes of market data (as detailed above) each time a new block of market data is uploaded. The Exchange believes that a five minute interval is appropriate to allow the Exchange to operate the BSTX Market Data Blockchain efficiently (i.e., sufficient market data will have accrued over five minutes to publish an update to the blockchain) and to ensure that the BSTX Market Data Blockchain does not provide a real-time trading advantage over consumers of consolidated market data or proprietary market data—both of which are disseminated on sub-second, or sub-millisecond, timescales. See e.g., Exchange Act Release No. 90610, 86 FR 18596, 18603 (Apr. 9, 2021) (“Today, markets rely on highly sophisticated electronic trading systems that can consume many points of data at speeds measured in sub-second increments.”); see also id. at n.679 (noting that even the consolidated securities information processors 99th percentile of quote latency are today below 100 microseconds).

⁴⁶ According to data available on the Commission’s market structure website, even small capitalization stocks and exchange traded products generally have quote lifetimes of much shorter durations than five minutes. For example, 71.32% of executions and 78.7% of cancellations occurred in small capitalization stocks during Q1 2021 within 100 seconds (1.67 minutes) of being received by a market center. See Commission, Market Structure Data Visualizations, Conditional Frequency: Small Stocks (Q1 2021), https://www.sec.gov/marketstructure/datavis/quotelife_stocks_sm.html#.YP8Q245KhPY. Given that over two-thirds of orders are executed or canceled within 1.67 minutes (approximately one-third of the five minutes the Exchange proposes to delay publication of information to the BSTX Market Data Blockchain), the Exchange does not believe that there would be any real time trading advantage provided to those who use the BSTX Market Data Blockchain over subscribers to the Exchange’s proprietary feeds or subscribers to consolidated market data. The data metrics also reveal that over 11% of executions and nearly 12% of cancellations occurred in small capitalization stocks during Q1 2021 within 1 second (1/300th of the duration of the proposed five minute delay). This data makes clear that the speed of markets is such that using the BSTX Market Data Blockchain to gain a real time trading advantage would not be possible as over 10% of trades and cancels occur within one second.

market data from the BSTX Market Data Blockchain, which it could use to, for example, back test trading strategies or evaluate executions received on BSTX.

Finally, in order to promote clarity with respect to how a BSTX Participant may use the BSTX Market Data Blockchain, the Exchange proposes to provide in Rule 17020(c)(3) that the information available on the BSTX Market Data Blockchain does not act as a substitute for any recordkeeping obligations of a BSTX Participant. The Exchange notes that broker-dealers recordkeeping obligations generally require a much broader set of records covering the entirety of a broker-dealers trading activity across all trading centers.⁴⁷ As a result, the Exchange would not expect that a BSTX Participant would ever rely on the BSTX Market Data Blockchain, which would contain only its trading activity on BSTX, as a substitute for its independent recordkeeping obligations.

The Exchange notes that as a system of the Exchange, the BSTX Market Data Blockchain will be subject to the requirements of the Exchange Act, including Regulation Systems Compliance and Integrity (“Reg. SCI”).⁴⁸ The Exchange has classified the BSTX Market Data Blockchain as a “SCI system” (and not as an “indirect SCI system”) and has in place, among other requirements of Reg. SCI, robust safeguards to protect against any possible systems intrusion to the market data blockchain. To the extent a BSTX Participant were to share its credentials for accessing the API with third parties deliberately or inadvertently, it is possible that those third parties could gain access to its Participant Proprietary Data.⁴⁹ The Exchange would be able to issue new credentials

⁴⁷ See e.g., 17 CFR 240.17a-3.

⁴⁸ 17 CFR 240.1000 – 1007.

⁴⁹ The Exchange notes that any such unauthorized access would not provide any real time order and transaction information of the BSTX Participant because of the five minute delay in publishing information to the BSTX Market Data Blockchain.

upon request from a BSTX Participant (or non-BSTX Participant) that believes their credentials may have been compromised and implement additional security controls. In any case, however, unauthorized access to the API through which data on the BSTX Market Data Blockchain may be accessed would not allow for any intruder to modify, delete, or otherwise change any data on the BSTX Market Data Blockchain. As a result, the Exchange does not believe that the BSTX Market Data Blockchain presents information security risks and that the Exchange has appropriate safeguards in place to mitigate any such risks.

4. Periodic Audit of the BSTX Market Data Blockchain by the Exchange

To help ensure the proper functioning of the BSTX Market Data Blockchain and accuracy of information thereon, the Exchange proposes in Rule 17020(c)(3) to periodically audit the BSTX Market Data Blockchain. Specifically, the Exchange proposes to perform the audit at least bi-annually to ensure that that the BSTX Market Data Blockchain accurately captures order and transaction data on BSTX. The Exchange expects that it will initially audit the BSTX Market Data Blockchain more frequently (e.g., monthly) during the first year of operation to make sure the BSTX Market Data Blockchain operates as intended during the period of time when the Exchange expects BSTX Participants to be familiarizing themselves with the BSTX Market Data Blockchain. In particular, the Exchange plans to evaluate whether the information recorded to the BSTX Market Data Blockchain is accurate (i.e., that it corresponds to the Exchange's FIX trading logs of the relevant market data) and captures all of the elements of market data specified in proposed Rule 17020(c). To the extent any issues or discrepancies are identified in the course of the audit, the Exchange will promptly

remediate such issues and provide notice, as may be required, to impacted users of the BSTX Market Data Blockchain and the Commission.⁵⁰

5. Benefits of the BSTX Market Data Blockchain

The Exchange believes that there are two primary benefits related to the BSTX Market Data Blockchain. First, the Exchange believes that a BSTX Participant may find the information useful to them for a variety of purposes such as to review the BSTX Participant's trading activity on BSTX, determine what the market was at a particular point in time on BSTX for a given Security, evaluate execution quality on BSTX, help confirm the accuracy of their internal trading data,⁵¹ or download the data to back-test trading strategies. As proposed, the BSTX Market Data Blockchain requires no affirmative obligation on the part of the BSTX Participant. As a result, if a BSTX Participant does not find the BSTX Market Data Blockchain to be of use to it, it could simply ignore it without cost or penalty. In addition, and as noted above, non-BSTX Participants would also be permitted to access General Market Data provided that they are willing to subscribe and pay the related subscription fee. For example, the Exchange believes that it is possible that non-BSTX Participants may find the General Market Data useful for academic studies. In addition, the Exchange notes that the Commission could also be granted access by the Exchange, which would allow the Commission to examine how and when orders arrived at the Exchange, how and when they were modified, and

⁵⁰ See generally Rule 1002 of Regulation SCI (describing notification requirements related to "SCI events" and "de minimis SCI events" – i.e., those that would have no or a de minimis impact on the Exchange's operations or market participants). 17 CFR 242.1002.

⁵¹ As previously discussed, however, the BSTX Market Data Blockchain could not be used as a substitute for a BSTX Participant's recordkeeping obligations. See *supra* note 47 and proposed Rule 17020(c)(3).

how and when they were executed.⁵²

Second, the Exchange believes that the BSTX Market Data Blockchain will help familiarize BSTX Participants with the use and capabilities of blockchain technology in a manner that does not impose any burden on them or other market participants.⁵³ The Commission has stated that it is “mindful of the benefits of increasing use of new technologies for investors and the markets, and has encouraged experimentation and innovation . . .”⁵⁴ stating further that “[i]nformation and communications technologies are critical to healthy and efficient primary and secondary markets.”⁵⁵ Regarding the judgment of whether the benefits of certain technologies are meritorious, the Commission has explained its view that “[t]he market will ultimately prove the worth of technology – whether the benefits to the industry and its investors of developing and using new services are greater than the associated costs.”⁵⁶ Consistent with these statements, the Exchange believes that promoting use of blockchain technology through the BSTX Market Data Blockchain, accessed through an exchange-provided API, will allow BSTX Participants to observe and increase their familiarity with the capabilities and potential

⁵² The Exchange notes that it is initially proposing a relatively simple exchange model without hidden orders or the numerous other types of complex orders available on certain other exchanges (e.g., peg orders, hide-not-slide, discretionary peg orders etc.). Consequently, BSTX presents an opportunity to study, using the data available on the BSTX Market Data Blockchain, how a more simplified market structure operates as well as the evolution of this model over time as additional features might be added (or removed).

⁵³ The Exchange is proposing to use blockchain technology for purposes of the BSTX Market Data Blockchain as described in this filing. To the extent the Exchange proposes future applications of blockchain technology to the Exchange’s business, the Exchange will file such proposals with the Commission consistent with the Exchange’s obligations under Section 19 of the Exchange Act. 15 U.S.C. 78s.

⁵⁴ Securities and Exchange Commission, *The Impact of Recent Technological Advances on the Securities Markets* (Sep. 1997), <https://www.sec.gov/news/studies/techrp97.htm>.

⁵⁵ Id.

⁵⁶ Id.

benefits of blockchain technology in a context that operates within the current equity market infrastructure and that the proposal will thereby advance and protect the public's interest in the use and development of new data processing techniques that may create opportunities for more efficient, effective and safe securities markets.⁵⁷ Moreover, the Exchange believes that new technology, such as blockchain technology, may be able to help perfect the mechanism of a free and open market and a national market system, consistent with Section 6(b)(5) of the Exchange Act.⁵⁸ At a minimum, the Exchange believes that the use of blockchain technology to store historical market data, accessible through an API, may be a more efficient and effective mechanism for consuming historical market data. Rather than having to download a file of historical market data as

⁵⁷ Report of the Senate Committee on Banking, Housing & Urban Affairs, S. Rep. No. 94-75, at 8 (1975) (expressing Congress' finding that new data processing and communications systems create the opportunity for more efficient and effective markets). While the Exchange believes that its proposal represents an introductory step in pairing the benefits of blockchain technology with the current equity market infrastructure, other market participants and FINRA have recognized additional potential benefits to blockchain technology in various applications related to the securities markets. FINRA has stated "[o]ne of the proposed benefits of [blockchain technology] is the ability to offer a timestamped, sequential, audit trail of transaction records. This may provide regulators and other interested parties (e.g., internal audit, public auditors) with the opportunity to leverage the technology to view the complete history of a transaction where it may not be available today and enhance existing records related to securities transactions." Financial Industry Regulatory Authority, Distributed Ledger Technology: Implications of Blockchain for the Securities Industry (January 2017), available at: https://www.finra.org/sites/default/files/FINRA_Blockchain_Report.pdf. Further, Paxos Trust Company echoed similar themes in connection with its receipt of no-action relief from the Commission staff, and explained in its request letter certain benefits of blockchain technology including "greater data accuracy and transparency, advanced security, and increased levels of availability and operational efficiency" See Letter from Jeffrey S. Mooney, Division of Trading and Markets, Securities and Exchange Commission to Charles Cascarilla and Daniel Burstein, Paxos Trust Company, LLC re: Clearing Agency Registration Under Section 17A(b)(1) of the Securities Exchange Act of 1934 (October 28, 2019), <https://www.sec.gov/divisions/marketreg/mr-noaction/2019/paxos-trust-company-102819-17a.pdf>. The Exchange believes such benefits may be generally relevant to future potential applications of blockchain technology.

⁵⁸ 15 U.S.C. 78f(b)(5).

is typically the case today, users of the BSTX Market Data Blockchain would be able to query and search the blockchain for particular information of interest to them through the API. The Exchange notes that it is not proposing to offer a separate historical market data feed other than the BSTX Market Data Blockchain, so the BSTX Market Data Blockchain would be the Exchange's historical market data product offering.⁵⁹

Currently, the Exchange believes that market participants, such as prospective BSTX Participants, are able to obtain and review their own order and trade information as well as historical market data on one or more exchanges through a combination of using their own books and records and through acquiring historical market data products (e.g., TAQ data). Depending on how a market participant might organize these sources of data or use historical market data, they may be able to run searches or filters to examine the market data in a manner similar to what will be available using the BSTX Market Data Blockchain. The BSTX Market Data Blockchain is essentially an Exchange-offered tool accessible through an API that provides the features of searching and filtering of BSTX market data to a BSTX Participant (and non-BSTX Participants with respect to anonymized data only). In other words, market participants have available to them today through other resources (i.e., their books and records and historical data products where available) the same data elements that the Exchange proposes to make available through the BSTX Market Data Blockchain, but they may not have the information readily accessible or searchable in the same manner that it would be available using the BSTX Market Data Blockchain. In the event of any disruption to the BSTX Market Data Blockchain or a BSTX Participant's access to the BSTX Market Data

⁵⁹ See infra notes 159-164 and accompanying text, describing the Exchange's proposed market data offerings.

Blockchain, there would be no impact on the ability of market participants to trade Securities, which the Exchange believes furthers the protection of investors and the public interest, consistent with Section 6(b)(5) of the Exchange Act.⁶⁰ There would also no be disruption in the distribution of market data related to Securities because the BSTX Market Data Blockchain operates as a separate and distinct service of the Exchange independently of the Exchange's other market data products.

G. Trading Securities on Other National Securities Exchanges

Securities would be eligible for trading on other national securities exchanges that extend UTP to them. As described above in Part II.E, Securities would be held in "street name" at DTC, have a CUSIP number, and would clear and settle through the facilities of a clearing agency registered with the SEC (i.e., NSCC and DTC respectively). As a result, Securities would be able to trade on other exchanges and OTC in the same manner as other NMS stock. Accordingly, other exchanges would generally be able to extend UTP to Securities in accordance with Commission rules. The BSTX Market Data Blockchain would not impact the ability of Securities to trade on other exchanges or OTC.

H. Ability for BSTX Participants to Include a Parameter for a Preference for Settlement of Transactions in Securities Faster Than T+2

As described above in Section II.E.5., and based on discussions with representatives from DTCC, BSTX believes that NSCC already has authority under its rules, policies and procedures to clear certain trades on a T+1 or T+0 basis, which are shorter settlement cycles than the longest settlement cycle of T+2 that is generally

⁶⁰ Id.

permitted under SEC Rule 15c6-1 for a security trade that involves a broker-dealer.⁶¹

Furthermore, BSTX understands from representatives of DTCC that NSCC does already clear trades in accordance with this authority.

The Exchange proposes that BSTX Participants would be able to include in their orders in Securities that are submitted to BSTX certain parameters to indicate a preference for settlement on a same day (T+0) or next trading day (T+1) basis when certain conditions are met.⁶² Any such orders would at the time of order entry represent orders that would be regular-way and would be presumed to settle on a T+2 basis just like any other order submitted by a BSTX Participant that does not include a parameter indicating a preference for faster settlement. As described in greater detail below, however, orders in a Security that include a parameter indicating a preference for settlement on a T+0 basis (“Order with a T+0 Preference”) or on a T+1 basis (“Order with a T+1 Preference”) would only result in executions that would actually settle more quickly than on a T+2 basis if, and only if, all of the conditions in Rule 25060(h) are met and the execution that is transmitted by BSTX to NSCC is eligible for T+0 or T+1 settlement under the rules, policies and procedures of a registered clearing agency.⁶³ Any such preference included by a BSTX Participant would only become operative if the

⁶¹ See *supra* note 31. In using the order parameter indicating a preference for faster settlement, BSTX Participants must comply with all applicable Commission Rules, including without limitation Reg SHO.

⁶² See proposed Rule 25060(h).

⁶³ See proposed Rule 25100(d). For example, the Exchange understands that under its current rules, policies and procedures NSCC accepts trades for T+0 settlement through its continuous net settlement system provided that they are received by NSCC before a cut-off time of 11:30 am ET. DTCC provides on its website an overview of the cut-off times for participation in the continuous net settlement system process and other procedural considerations under its rules, policies and procedures that are associated with processing trades for accelerated settlement on a T+0 or T+1 basis. The overview can be accessed here: <https://www.dtcc.com/sds>.

order happens to execute against another order from a BSTX Participant that also includes a parameter indicating a preference for settlement on a T+0 or T+1 basis, as described in more detail below. This means that at the time of order entry all orders in Securities would be regular-way orders that would be presumed to settle on a T+2 basis. Faster settlement consistent with the rules, policies and procedures of a registered clearing agency would occur if and only if two orders execute against each other in a manner that meets the conditions in Rule 25060(h). BSTX Participants would be informed of a matched trade that will be transmitted to a registered clearing agency for faster settlement in the trade confirmation sent to the respective BSTX Participants by the Exchange.

As proposed, an Order with a T+0 Preference will execute against any order against which it is marketable and BSTX will transmit the matched order information to a registered clearing agency for settlement on a standard settlement cycle (T+2) except where: (i) the Order with a T+0 Preference executes against another Order with a T+0 Preference, in which case BSTX will transmit the matched order information to a registered clearing agency for settlement on the trade date as may be permitted by the rules, policies and procedures of the registered clearing agency and subject to the BSTX cut-off time for T+0 executions set forth in proposed Rule 25060(h)(3), or (ii) the Order with a T+0 Preference executes against an Order with a T+1 Preference, in which case BSTX will transmit the matched order information to a registered clearing agency for settlement on the next trading day after the trade date (i.e., T+1) as may be permitted by the rules, policies and procedures of the registered clearing agency. Proposed Rule 25060(h)(3) would describe the cut-off time for T+0 executions by providing that, in order to settle on the trade date, Orders with a T+0 Preference must be executed on the

BSTX System prior to the T+0 Cut-Off Time. Proposed Rule 25060(h)(3) would define the term “T+0 Cut-Off Time” to mean one minute before any applicable cut-off time established by the registered clearing agency for inclusion of a confirmed trade in its continuous net settlement process pursuant to the rules, policies and procedures of the registered clearing agency. As noted, the Exchange understands that NSCC’s current cut-off time for inclusion of same-day settling trades in its continuous net settlement system is 11:30 a.m. ET. So, the Exchange proposes to limit its T+0 settlement preference feature to align with this cut-off time by imposing a requirement that orders seeking T+0 settlement must execute against each other before one minute prior to NSCC’s cut-off time pursuant to its rules policies and procedures for BSTX to transmit the confirmed trade to NSCC with the requisite information to indicate that the confirmed trade is bound for T+0 settlement.⁶⁴ The Exchange believes that a one minute buffer between its own execution T+0 Cut-Off Time and NSCC’s cut-off time for inclusion of such same-day settling trades in NSCC’s continuous net settlement process would be sufficient time to allow the Exchange to transmit the relevant execution details to NSCC and for NSCC to include such same-day settling trades in its continuous net settlement system pursuant to the NSCC rules, policies and procedures.⁶⁵ The Exchange will monitor the application of the one minute buffer and whether it provides the Exchange and NSCC with sufficient time to prevent executed trades from being transmitted by the Exchange to NSCC after NSCC’s cut-off time for inclusion of same-day settling trades in NSCC’s continuous net

⁶⁴ See id.

⁶⁵ The Exchange notes that because NSCC may change its cut-off time for same day settlement of transactions through its continuous net settlement system pursuant to its rules, policies and procedures, the Exchange has not proposed to specify in the Rule the precise time of the BSTX T+0 Cut-Off Time (e.g., by specifying 11:29 a.m. ET). However, the Exchange will post the then applicable T+0 Cut-Off Time on the BSTX website to ensure BSTX Participants are adequately informed.

settlement system, and the Exchange will submit additional rule changes in the future as may be necessary to increase the buffer if appropriate. In addition, proposed Rule 25060(h)(3) would also provide that: (i) the BSTX System will not accept Orders with a T+0 Preference after the T+0 Cut-Off Time; and (ii) an Order with a T+0 Preference resting on the BSTX Book after the T+0 Cut-Off Time may still execute against orders against which it is marketable pursuant to the settlement logic described above (and set forth in proposed Rule 25060(h)(1)). Because an Order with a T+0 Preference would not be eligible to settle on the trade date pursuant to proposed Rule 25060(h) after the T+0 Cut-Off Time, the Exchange proposes to disable the T+0 preference functionality after the T+0 Cut-Off Time. However, the Exchange recognizes that some Orders with a T+0 Preference may remain on the BSTX Book after the T+0 Cut-Off Time. Rather than cancel these orders, the Exchange proposes that a resting Order with a T+0 Preference (i.e., a non-marketable order) could remain on the BSTX Book after the T+0 Cut-Off Time and eligible for execution. Accordingly, the resting Order with a T+0 Preference could execute against orders against which it is marketable with settlement occurring on a T+1 basis (if the contra-side order is an Order with a T+1 Preference) or T+2 (if the contra-side order does not indicate a preference for shorter settlement).⁶⁶ Thus, any Order with a T+0 Preference remaining on the BSTX Book after the T+0 Cut-Off Time would lose the opportunity to settle on trade date while remaining eligible for potential T+1 settlement to the extent it executes against an Order with a T+1 Preference.

Regarding potential T+1 settlement, as proposed, an Order with a T+1 Preference

⁶⁶ The Exchange notes that it would not permit modifications to existing orders (only cancel and replace functionality would be offered), so it would also not be possible to modify a resting order to become an Order with a T+0 Preference after the T+0 Cut-Off Time or otherwise.

will execute against any order against which it is marketable and BSTX will transmit the matched order information to a registered clearing agency for settlement on a standard settlement cycle (T+2) except where: (i) the Order with a T+1 Preference executes against another Order with a T+1 Preference or an Order with a T+0 Preference, in which case BSTX will transmit the matched order information to a registered clearing agency for settlement on the next trading day after the trade date (i.e., T+1) as may be permitted by the rules, policies and procedures of the registered clearing agency. In all cases, an order not marked with a preference for either T+0 or T+1 settlement would be assured under the settlement timing logic in proposed Rule 25060(h) of settlement on T+2. The possibility of a shortened settlement time would have no impact on the Exchange's proposed price/time priority structure for order matching.⁶⁷

As a result of this structure, all orders in Securities would be eligible to match and execute against any order against which they are marketable with settlement to occur at the later settlement date of any two matching orders. Only where an Order with a T+1 Preference or an Order with a T+0 Preference match with another Order with a T+1 Preference or Order with a T+0 Preference will those orders (or matching portions thereof) be eligible to settle more quickly than the standard settlement cycle of T+2.

As previously noted in Part II.E above, the Exchange expects at the commencement of its operations that it would transmit confirmed trade details to NSCC regarding trades in Securities that occur on BSTX and that NSCC would be the registered

⁶⁷ For example, assume Order A is marked as an Order with a T+0 Preference and it is sent to BSTX and is marketable against both resting Order B (standard T+2 settlement, with time priority over Order C) and resting Order C (marked as an Order with a T+0 Preference but with priority second to that of Order B). Order A will interact first with Order B, notwithstanding that Order C is also marketable against Order A and is also marked as an Order with a T+0 Preference.

clearing agency that clears trades in Securities and produces related settlement obligations for settlement at DTC. The Exchange believes that NSCC and DTC already have appropriate approvals from the SEC for authority in their rules, policies and procedures to be able to clear and settle settlement obligations using such shortened settlement times. Furthermore, the Exchange understands that NSCC and DTC in fact already are using this authority for shortened settlement times. For example, based on information provided by representatives of DTCC to outside counsel for BSTX, the Exchange understands that on average for each business day for the months of November and December 2019, NSCC cleared over 19,000 trades designated for T+1 settlement and over 2,000 trades designated for T+0 settlement.⁶⁸ In addition, the Exchange understands that DTCC makes data regarding T+0 and T+1 clearance and settlement through NSCC and DTC available on the DTCC website for review by the public.⁶⁹ As provided in proposed Rules 26136 and 26137, all trades in Securities occurring on BSTX that are cleared by NSCC, including those that BSTX transmits to NSCC for T+0 or T+1 settlement as may be permitted pursuant to NSCC's rules, policies and procedures, will be settled through book-entry settlement at DTC pursuant to its rules, policies and procedures. In addition, as noted, the Exchange has proposed to implement a BSTX T+0 Cut-Off Time for matching Orders with a T+0 Preference to be transmitted to NSCC for settlement on the trade date that is one minute prior to the time at which NSCC no longer accepts trades for same-day settlement for inclusion in its continuous net settlement

⁶⁸ Mike McClain, then-Managing Director and General Manager of Equity Clearing and DTC Settlement Services at DTCC provided this information to BSTX's outside counsel, Andrew Blake, Partner, Sidley Austin LLP during a telephone conference on February 13, 2020.

⁶⁹ See DTCC website, Settlement by the Numbers, <https://www.dtcc.com/ust1/by-the-numbers>.

system process, pursuant to its rules, policies and procedures. This T+0 Cut-Off Time is designed to align with the rules, policies, and procedures of NSCC and to make clear to BSTX Participants by when the proposed Rules contemplate that matched Orders with a T+O Preference must be executed to be eligible for transmission to NSCC with the relevant same-day settlement parameter.

The Exchange is also aware of the recent announcement by DTCC, the Securities Industry and Financial Markets Association (“SIFMA”) and the Investment Company Institute (“ICI”) that they plan to collaborate to help the industry reduce the standard settlement cycle from T+2 to T+1, identify a target timeframe for that transition,⁷⁰ and support market participants in their efforts to obtain requisite regulatory approvals for such a reduction in the standard settlement cycle, including from the SEC.⁷¹ The Exchange fully supports this collaboration by SIFMA, DTCC and ICI, as well as efforts by regulators to accelerate the standard settlement cycle. The Exchange strongly believes that this proposal to allow BSTX Participants for trades in Securities on BSTX to access the shorter settlement cycles of T+1 and T+0 that are already being used by NSCC and DTC today represents a change that is both entirely consistent with and in furtherance of broader industry efforts to move the standard settlement cycle to T+1 and that could also incrementally and immediately provide market participants with the benefit of shorter settlement cycles than T+2 where BSTX Participants seek those benefits as provided in

⁷⁰ DTCC White Paper, [Advancing Together: Leading the Industry to Accelerated Settlement](https://www.dtcc.com/-/media/Files/PDFs/White%20Paper/DTCC-Accelerated-Settle-WP-2021.pdf) (February 2021) (“DTCC Accelerated Settlement White Paper”), <https://www.dtcc.com/-/media/Files/PDFs/White%20Paper/DTCC-Accelerated-Settle-WP-2021.pdf>.

⁷¹ SIFMA Press Release, [Sifma, ICI and DTCC Leading Effort to Shorten U.S. Securities Settlement Cycle to T+1, Collaborating with the Industry on Next Steps](https://www.sifma.org/resources/news/sifma-ici-and-dtcc-leading-effort-to-shorten-u-s-securities-settlement-cycle-to-t1-collaborating-with-the-industry-on-next-steps/) (April 28, 2021), <https://www.sifma.org/resources/news/sifma-ici-and-dtcc-leading-effort-to-shorten-u-s-securities-settlement-cycle-to-t1-collaborating-with-the-industry-on-next-steps/>.

proposed Rule 25060(h). The Exchange agrees with DTCC representatives who have recently stated that “[t]he time to settlement equals counterparty risk which can become elevated during market shocks. It can also lead to the need for higher margin requirements, which are critical to protecting the financial system and investors against a firm default.”⁷² The Exchange believes that BSTX Participants should be permitted to manage these settlement and margin risks through the structure that is provided in proposed Rule 25060(h). The Exchange also believes, as described in more detail below, that the structure in proposed Rule 25060(h) would allow them to do so in a manner that is consistent with Section 6(b)(5) of the Exchange Act and the requirement for the rules of the Exchange to be designed to perfect the mechanism of a free and open market⁷³ because under proposed Rule 25060(h), any Order with a T+1 Preference or Order with a T+0 Preference will continue to interact with any other order in the Security against which it is marketable (including any order in the Security that does not include a parameter indicating a preference for settlement faster than T+2) and a resulting execution will always settle using the latest settlement timing associated with two matching orders.⁷⁴

The Exchange believes that facilitating shorter settlement cycles as permitted under the rules, policies, and procedures of a registered clearing agency is consistent with

⁷² DTCC Press Release, [DTCC Proposes Approach to Shortening U.S. Settlement Cycle to T+1 Within 2 Years](https://www.dtcc.com/news/2021/february/24/dtcc-proposes-approach-to-shortening-us-settlement-cycle-to-t1-within-two-years), (February 24, 2021) (quoting Murray Pozmanter, Head of Clearing Agency Services and Global Business Operations at DTCC), <https://www.dtcc.com/news/2021/february/24/dtcc-proposes-approach-to-shortening-us-settlement-cycle-to-t1-within-two-years>.

⁷³ 15 U.S.C. 78(f)(b)(5).

⁷⁴ The Exchange notes that details regarding T+1 and T+0 order marking preference (or matched trades bound for shortened settlement) would not be included in the information provided on the BSTX Market Data Blockchain.

Section 6(b)(5) of the Exchange Act⁷⁵ because it is in the public interest and furthers the protection of investors as well as helps perfect the mechanism of a free and open market and the national market system. Specifically, the Exchange believes that BSTX Participants have an interest in being able to access risk-reducing market functionality that is presently available and compatible with market structure, such as shorter settlement cycles, and that this can reduce costs for market participants settling trading obligations in that Security and reduce settlement risk. For example, market participants settling trades in a Security on a T+2 basis must post margin collateral to NSCC for two trading days. The margin collateral cannot otherwise be used until settlement on T+2. In addition, and as reflected in statements by DTCC described above, by shortening the timing of settlement from T+2 to T+1 or T+0, the risk horizon for a potential default in settling the trade is correspondingly shortened as well. This means that market participants engaged in settling transactions on shorter settlement cycles than T+2 receive the benefits of not having to encumber collateral assets for as long and facing a shorter period of settlement risk. The Exchange believes that these benefits in turn free up assets to be used elsewhere in financial markets, thereby helping to promote the efficient allocation of capital and perfecting the mechanism of a free and open market.⁷⁶ All else being equal, the Exchange believes that a BSTX Participant may find that between two otherwise identical stocks, one for which it may be able to settle the transaction more quickly is more attractive than one that settles over a longer duration and potentially requires collateral to be held for a longer period.

The Exchange notes that the proposed potential for shortened settlement timing

⁷⁵ Id.

⁷⁶ Id.

for an Order with a T+0 Preference or an Order with a T+1 Preference will in no way impact or prevent any market participant that desires to effect a trade in a Security on BSTX from doing so. This is because under proposed Rule 25060(h), any Order with a T+1 Preference or Order with a T+0 Preference will continue to interact with any other order in the Security against which it is marketable (including any order in the Security that does not include a parameter indicating a preference for settlement faster than T+2) and a resulting execution will always settle using the latest settlement timing associated with two matching orders. Accordingly, non-BSTX Participants seeing a quote in a Security on BSTX will remain able to execute against that quote posted on BSTX even if that quote includes a latent parameter for a preference for T+0 or T+1 settlement where consistent with the rules, policies and procedures of a registered clearing agency. In this way, the Exchange believes that the proposal is fully compatible with the current market structure and would help perfect the mechanism of a free and open market consistent with the requirement in Section 6(b)(5) of the Exchange Act⁷⁷ by allowing for shorter settlement times than T+2 where consistent with the rules, policies and procedures of a registered clearing agency and where both parties to a transaction in a Security indicate a preference for faster settlement than T+2.

Finally, because all orders in Securities submitted to BSTX would at the time of the order entry be presumed to settle on a regular way T+2 basis and would interact with any other order against which the order is marketable, the Exchange believes that Orders with a T+0 Preference and Orders with a T+1 Preference would be considered “protected” within the meaning of Rule 611 of the Exchange Act.⁷⁸ Orders with a T+0

⁷⁷ Id.

⁷⁸ 17 CFR 242.611.

Preference and Orders with a T+1 Preference would not fall within the exception for protected quotation status set forth in Rule 611(b)(2) of the Exchange Act because they will only settle more quickly than T+2 where all of the conditions in Rule 25060(h) are met, as described above, where settlement faster than T+2 is consistent with the rules, policies and procedures of a registered clearing agency.⁷⁹

In adopting amendments to SEC Rule 15c6-1 in 2017 to shorten the standard settlement cycle for most broker-dealer transactions in securities from T+3 to T+2, the Commission stated its belief that the shorter settlement cycle would have positive effects regarding the liquidity risks and costs faced by members in a clearing agency, like NSCC, that performs central counterparty⁸⁰ (“CCP”) services, and that it would also have positive effects for other market participants. Specifically, the Commission stated its belief that the resulting “reduction in the amount of unsettled trades and the period of time during which the CCP is exposed to risk would reduce the amount of financial resources that the CCP members may have to provide to support the CCP’s risk management process . . .” and that “[t]his reduction in the potential need for financial resources should, in turn, reduce the liquidity costs and capital demands clearing broker-dealers face . . . and allow for improved capital utilization.”⁸¹ The Commission went on to state its belief that shortening the settlement cycle “would also lead to benefits to other market participants, including introducing broker-dealers, institutional investors, and retail investors” such as “quicker access to funds and securities following trade

⁷⁹ 17 CFR 242.611(b)(2).

⁸⁰ See 17 CFR 240.17Ad-22(a)(2) (defining the term “central counterparty” to mean “a clearing agency that interposes itself between the counterparties to securities transactions, acting functionally as the buyer to every seller and the seller to every buyer”).

⁸¹ Exchange Act Release No. 80295 (March 22, 2017), 82 FR 15564, 15570-71 (March 29, 2017).

execution” and “reduced margin charges and other fees that clearing broker-dealers may pass down to other market participants[.]”⁸² The Commission also “noted that a move to a T+1 standard settlement cycle could have similar qualitative benefits of market, credit, and liquidity risk reduction for market participants[.]”⁸³ BSTX agrees with these statements by the Commission and has therefore proposed BSTX Rules 25060(h) and 25100(d) in a form that would promote the benefits of available, shorter settlement cycles.⁸⁴

III. Proposed BSTX Rules

The discussion in this Part III addresses the proposed BSTX Rules that would be adopted as Rule Series 17000 through 29000.

A. General Provisions of BSTX and Definitions (Rule 17000 Series)

The Exchange proposes to adopt as its Rule 17000 Series (General Provisions of BSTX) a set of general provisions relating to the trading of Securities and other rules governing participation on BSTX. Proposed Rule 17000 sets forth the defined terms used throughout the BSTX Rules. The majority of the proposed definitions are substantially similar to defined terms used in other equities exchange rulebooks, such as with respect to the term “customer.”⁸⁵ The Exchange proposes to set forth new definitions for certain

⁸² Id. at 15571.

⁸³ Id. at 15582.

⁸⁴ As described in this Part II.I, an order for a Security marked for T+0 or T+1 could still interact with any other order, including an order with the default T+2 settlement, with settlement to occur at the later of any two matched orders (e.g., if a T+1 order matches with a T+2 order, the orders would settle T+2). Only where an order marked for a shorter settlement time matches with another order similarly marked would a shorter settlement time occur. Consequently, the proposed use of shorter settlement times would not adversely impact any market participant seeking T+2 settlement in a transaction for a Security.

⁸⁵ Proposed Rule 17000(a)(17) defines the term “customer” to not include a broker or

terms to specifically identify systems, agreements, or persons as they relate to BSTX and as distinct from other Exchange systems, agreements, or persons that may be used in connection with the trading of other options on the Exchange.⁸⁶ The Exchange also proposes to define certain unique terms relating to the trading of Securities, including the term “Security” itself,⁸⁷ as well as for other features of BSTX such as the “BSTX Market Data Blockchain.”⁸⁸

In addition to setting forth proposed definitions used throughout the proposed Rules, the Exchange proposes to specify in proposed Rule 17010 (Applicability) that the Rules set forth in the Rule 17000 Series to Rule 29000 Series apply to the trading, listing, and related matters pertaining to the trading of Securities. Proposed Rule 17010(b) provides that, unless specific Rules relating to Securities govern or unless the context otherwise requires, the provisions of any Exchange Rule (i.e., including Exchange Rules

dealer, which parallels the same definition in other exchange rulebooks. See e.g., IEX Rule 1.160(j). Similarly, the Exchange proposes to define the term “Regular Trading Hours” as the time between 9:30 a.m. and 4:00 p.m. Eastern Time. See proposed Rule 17000(a)(29) cf. IEX Rule 1.160(gg) (defining “Regular Market Hours” in the same manner).

⁸⁶ For example, the Exchange proposes to define the term “BSTX” to mean the facility of the Exchange for executing transaction in Securities, the term “BSTX Participant” to mean a Participant or Options Participant (as those terms are defined in the Exchange’s Rule 100 Series) that is authorized to trade Securities, and the term “BSTX System” to mean the automated trading system used by BSTX for the trading of Securities. See proposed Rule 17000(a)(8), (11), and (15).

⁸⁷ Proposed Rule 17000(a)(31) provides that the term “Security” means a NMS stock, as defined in Rule 600(b)(47) of the Exchange Act, trading on the BSTX System. The proposed definition further specifies that references to a “security” or “securities” in the Rules may include Securities.

⁸⁸ Proposed Rule 17000(a)(9) provides that the term “BSTX Market Data Blockchain” means the private, permissioned blockchain network that records certain order and transaction data related to trading activity on BSTX. See Part II.F for further discussion of the BSTX Market Data Blockchain and proposed Rule 17020.

in the Rule 100 through 16000 Series) shall be applicable to BSTX Participants.⁸⁹ This is intended to make clear that BSTX Participants are subject to all of the Exchange's Rules that may be applicable to them, notwithstanding that their trading activity may be limited solely to trading Securities. The Exchange believes that the proposed definitions set forth in Rule 17000 are consistent with Section 6(b)(5) of the Exchange Act⁹⁰ because they protect investors and the public interest by setting forth clear definitions that help BSTX Participants understand and apply Exchange Rules. Without clearly defining terms used in the Exchange's Rules and providing clarity as to the Exchange Rules that may apply, market participants could be confused as to the application of certain rules, which could cause harm to investors.

B. Participation on BSTX (Rule 18000 Series)

The Exchange proposes to adopt as its Rule 18000 Series (Participation on BSTX), three rules setting forth certain requirements relating to participation on BSTX. Proposed Rule 18000 (BSTX Participation) establishes "BSTX Participants" as a new category of Exchange participation for effecting transactions on the BSTX System, provided they: (i) complete the BSTX Participant Application, Participation Agreement, and User Agreement;⁹¹ (ii) be an existing Participant or Options Participant or become a Participant or Options Participant of the Exchange pursuant to the Rule 2000 Series and continue to abide by all applicable provisions in the Rule 2000 Series; and (iii) provide

⁸⁹ Proposed Rule 17010 further specifies that to the extent the provisions of the Rules relating to the trading of Securities contained in Rule 17000 Series to Rule 29000 Series are inconsistent with any other provisions of the Exchange Rules, the Rules relating to Security trading shall control.

⁹⁰ 15 U.S.C. 78f(b)(5).

⁹¹ The BSTX Participant Application, Participation Agreement, and User Agreement have been submitted as Exhibits 3A, 3B, and 3C to the proposal respectively.

such other information as required by the Exchange.⁹² The Exchange Rule 2000 Series requires, among other things, that a Participant (including a BSTX Participant) must remain a member of another registered national securities exchange or national securities association.⁹³ Proposed Rule 18010 (Requirements for BSTX Participants) sets forth certain requirements for BSTX Participants including requirements that each BSTX Participant comply with Rule 15c3-1 under the Exchange Act, comply with applicable books and records requirements, and be a member of a registered clearing agency or clear Security transactions through another BSTX Participant that is a member/participant of a registered clearing agency.⁹⁴ Finally, proposed Rule 18020 (Associated Persons) provides that associated persons of a BSTX Participant are bound by the Rules of the Exchange to the same extent as each BSTX Participant.

The Exchange believes that the proposed Rule 18000 Series (Participation on BSTX) is consistent with Section 6(b)(5) of the Exchange Act⁹⁵ because these proposed rules are designed to promote just and equitable principles of trade, and protect investors and the public interest by setting forth the requirements to become a BSTX Participant and specifying that associated persons of a BSTX Participant are bound by Exchange

⁹² Proposed Rule 18000 also sets forth the Exchange's review process regarding BSTX Participation Agreements and certain limitations on the ability to transfer BSTX Participant status (e.g., in the case of a change of control). In addition proposed Rule 18000(b)(2) provides that a BSTX Participant shall continue to abide by all applicable requirements of the Rule 2000 Series, which would include, for example, IM-2040-5, which specifies continuing education requirements of Exchange Participants and their associated persons.

⁹³ See Exchange Rule 2020(a). The Exchange does not operate as a designated examining authority for its Participants for compliance with financial responsibilities rules pursuant to Rule 17d-1 of the Exchange Act.

⁹⁴ Proposed Rule 18010(b) is similar to the rules of existing exchanges. See e.g., IEX Rule 2.160(c). Proposed Rule 18010(a) is also similar to the rules of existing exchanges. See e.g., IEX Rule 1.160(s) and Cboe BZX Rule 17.2(a).

⁹⁵ 15 U.S.C. 78f(b)(5).

Rules. Under proposed Rule 18000, a BSTX Participant must first become an Exchange Participant pursuant to the Exchange Rule 2000 Series, and must continue to abide by all applicable provisions of the Rule 2000 Series, which the Exchange believes would help assure that BSTX Participants meet the appropriate standards for trading on BSTX in furtherance of the protection of investors.⁹⁶

C. Business Conduct for BSTX Participants (Rule 19000 Series)

The Exchange proposes to adopt as its Rule 19000 Series (Business Conduct for BSTX Participants), twenty two rules relating to business conduct requirements for BSTX Participants that are substantially similar to business conduct rules of other exchanges.⁹⁷ The proposed Rule 19000 Series would specify business conduct requirements with respect to: (i) just and equitable principles of trade;⁹⁸ (ii) adherence to law;⁹⁹ (iii) use of fraudulent devices;¹⁰⁰ (iv) false statements;¹⁰¹ (v) know your

⁹⁶ The Exchange notes that the approach of requiring members of a facility of an exchange to first become members of the exchange is consistent with the approach used by another national securities exchange. See Cboe BZX Rule 17.1(b)(3) (requiring that a Cboe BZX options member be an existing member or become a member of the Cboe BZX equities exchange pursuant to the Cboe BZX Chapter II Series).

⁹⁷ See Cboe BZX Chapter 3 rules and IEX Chapter 3 rules. See also IEX Rule 5.150 with respect to proposed Rule 21040 (Prevention of the Misuse of Material, Non-Public Information) and BOX Rule 4140 with respect to proposed Rule 19170.

⁹⁸ Proposed Rule 19000 (Just and Equitable Principles of Trade) provides that no BSTX Participant, including its associated persons, shall engage in acts or practices inconsistent with just and equitable principles of trade.

⁹⁹ Proposed Rule 19010 (Adherence to Law) generally requires BSTX Participants to adhere to applicable laws and regulatory requirements.

¹⁰⁰ Proposed Rule 19020 (Use of Fraudulent Devices) generally prohibits BSTX Participants from effecting a transaction in any security by means of a manipulative, deceptive or other fraudulent device or contrivance.

¹⁰¹ Proposed Rule 19030 (False Statements) generally prohibits BSTX Participants and their associated persons from making false statements or misrepresentations in communications with the Exchange.

customer;¹⁰² (vi) fair dealing with customers;¹⁰³ (vii) suitability;¹⁰⁴ (viii) the prompt receipt and delivery of securities;¹⁰⁵ (ix) charges for services performed;¹⁰⁶ (x) use of information obtained in a fiduciary capacity;¹⁰⁷ (xi) publication of transactions and quotations;¹⁰⁸ (xii) offers at stated prices;¹⁰⁹ (xiii) payments involving publications that

¹⁰² Proposed Rule 19040 (Know Your Customer) requires BSTX Participants to comply with FINRA Rule 2090 as if such rule were part of the Exchange Rules. In connection with the Exchange's proposal to incorporate certain FINRA rules by reference in proposed BSTX Rules (e.g., FINRA Rule 2090 and FINRA Rule 2111 and 4512 regarding suitability), the Exchange will request, pursuant to Rule 240.0-12 (17 CFR 240.0-12) an exemption under Section 36 of the Exchange Act from the rule filing requirements of Section 19(b) of the Act for changes to those Exchange Rules that are effected solely by virtue of a change to a cross-referenced FINRA rule. Until such time as this exemptive relief may be granted, the Exchange will update its Rules to reflect any changes to the FINRA rules incorporated by reference as appropriate.

¹⁰³ Proposed Rule 19050 (Fair Dealing with Customers) generally requires BSTX Participants to deal fairly with customers and specifies certain activities that would violate the duty of fair dealing (e.g., churning or overtrading in relation to the objectives and financial situation of a customer).

¹⁰⁴ Proposed Rule 19060 (Suitability) provides that BSTX Participants and their associated persons shall comply with FINRA Rule 2111 as if such rule were part of the Exchange Rules and further specifies how references to other rules in FINRA Rule 2111 should be read in the context of Rule 19060 (e.g., by specifying that ref references to FINRA rules 2111 and 4512 shall be construed as references to Exchange Rules 19060 and 20040, respectively).

¹⁰⁵ Proposed Rule 19070 (Prompt Receipt and Delivery of Securities) would generally prohibit a BSTX Participant from accepting a customer's purchase order for a security until it can determine that the customer agrees to receive the securities against payment.

¹⁰⁶ Proposed Rule 19080 (Charges for Services Performed) generally requires that charges imposed on customers by broker-dealers shall be reasonable and not unfairly discriminatory.

¹⁰⁷ Proposed Rule 19090 (Use of Information Obtained in a Fiduciary Capacity) generally restricts the use of information as to the ownership of securities when acting in certain capacities (e.g., as a trustee).

¹⁰⁸ Proposed Rule 19100 (Publication of Transactions and Quotations) generally prohibits a BSTX Participant from disseminating a transaction or quotation information unless the BSTX Participant believes it to be bona fide.

¹⁰⁹ Proposed Rule 19110 (Offers at Stated Prices) generally prohibits a BSTX Participant from offering to transact in a security at a stated price unless it is in fact prepared to do so.

influence the market price of a security;¹¹⁰ (xiv) customer confirmations;¹¹¹ (xv) disclosure of a control relationship with an issuer of Securities;¹¹² (xvi) discretionary accounts;¹¹³ (xvii) improper use of customers' securities or funds and a prohibition against guarantees and sharing in accounts;¹¹⁴ (xviii) the extent to which sharing in accounts is permissible;¹¹⁵ (xix) communications with the public;¹¹⁶ (xx) gratuities;¹¹⁷ (xxi) telemarketing;¹¹⁸ (xxii) mandatory systems testing;¹¹⁹ and (xxiii) short interest

¹¹⁰ Proposed Rule 19120 (Payments Involving Publications that Influence the Market Price of a Security) generally prohibits direct or indirect payments with the aim of disseminating information that is intended to effect the price of a security.

¹¹¹ Proposed Rule 19130 (Customer Confirmations) requires that BSTX Participants comply with Rule 10b-10 of the Exchange Act. 17 CFR 240.10b-10.

¹¹² Proposed Rule 19140 (Disclosure of Control Relationship with Issuer) generally requires BSTX Participants to disclose any control relationship with an issuer of a security before effecting a transaction in that security for the customer.

¹¹³ Proposed Rule 19150 (Discretionary Accounts) generally provides certain restrictions on BSTX Participants handling of discretionary accounts, such as by effecting excessive transactions or obtained authorization to exercise discretionary powers.

¹¹⁴ Proposed Rule 19160 (Improper Use of Customers' Securities or Funds and Prohibition against Guarantees and Sharing in Accounts) generally prohibits BSTX Participants from making improper use of customers securities or funds and prohibits guarantees to customers against losses.

¹¹⁵ Proposed Rule 19170 (Sharing in Accounts; Extent Permissible) generally prohibits BSTX Participants and their associated persons from sharing directly or indirectly in the profit or losses of the account of a customer unless certain exceptions apply such as where an associated person receives prior written authorization from the BSTX Participant with which he or she is associated.

¹¹⁶ Proposed Rule 19180 (Communications with the Public) generally provides that BSTX Participants and their associated persons shall comply with FINRA Rule 2210 as if such rule were part of the Exchange Rules.

¹¹⁷ Proposed Rule 19190 (Influencing or Rewarding Employees of Others; Gratuities) requires BSTX Participants to comply with certain requirements related to the receipt of gratuities that are substantially similar to those of other national securities exchanges. See e.g., IEX Rule 3.291..

¹¹⁸ Proposed Rule 19200 (Telemarketing) requires that BSTX Participants and their associated persons comply with FINRA Rule 3230 as if such rule were part of the Exchange's Rules.

¹¹⁹ Proposed Rule 19210 (Mandatory Systems Testing) requires that BSTX Participants

reporting.¹²⁰ The Exchange notes that the proposed business conduct rules are virtually identical to those of other national securities exchanges other than changes to defined terms and certain other provisions that would not apply to the trading of Securities on the BSTX System.¹²¹

The Exchange believes that the proposed Rule 19000 Series (Business Conduct) is consistent with Section 6(b)(5) of the Exchange Act¹²² because these proposed rules are designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and protect investors and the public interest by setting forth appropriate standards of conduct applicable to BSTX Participants in carrying out their business activities. For example, proposed Rule 19000 (Just and Equitable Principles of Trade) and 19010 (Adherence to Law) would prohibit BSTX Participants from engaging in acts or practices inconsistent with just and equitable principles of trade or that would violate applicable laws and regulations. Similarly, proposed Rule 19050 (Fair Dealing with Customers) would require that BSTX Participants deal fairly with their customers and proposed Rule 19030 (False Statements) would generally prohibit BSTX

comply with Exchange Rule 3180 (Mandatory Systems Testing).

¹²⁰ Proposed Rule 19220 (Short Interest Reporting), would require that, to the extent short interest reporting information is not otherwise reported to FINRA in conformance with FINRA Rule 4560, BSTX Participants shall comply with FINRA Rule 4560, with respect to securities listed on BSTX, as if such rule were part of BSTX's Rules and would further specify that information reported to BSTX pursuant to this Rule would be provided in the form and manner specified by the Exchange. This proposed rule is substantially similar to IEX Rule 3.293.

¹²¹ For example, the Exchange is not proposing to adopt a rule contained in other exchanges' business conduct rules relating to disclosures that broker-dealers give to their customers regarding the risks of effecting securities transactions during times other than during regular trading hours (e.g., higher volatility, possibly lower liquidity) because executions may only occur during regular trading hours on the BSTX System. See e.g., IEX Rule 3.290, Cboe BZX Rule 3.21.

¹²² 15 U.S.C. 78f(b)(5).

Participants, or their associated persons from making false statements or misrepresentations to the Exchange. The Exchange believes that requiring that BSTX Participants comply with the proposed business conduct rules in the Rule 19000 Series would further the protection of investors and the public interest by promoting high standards of commercial honor and integrity. In addition, each of the rules in the proposed Rule 19000 Series (Business Conduct) is substantially similar to supervisory rules of other exchanges.¹²³

D. Financial and Operational Rules for BSTX Participants (Rule 20000 Series)

The Exchange proposes to adopt as its Rule 20000 Series (Financial and Operational Rules), ten rules relating to financial and operational requirements for BSTX Participants that are substantially similar to financial and operational rules of other exchanges.¹²⁴ The proposed Rule 20000 Series would specify financial and operational requirements with respect to: (i) maintenance and furnishing of books and records;¹²⁵ (ii) financial reports;¹²⁶ (iii) net capital compliance;¹²⁷ (iv) early warning notifications

¹²³ See supra note 97.

¹²⁴ See e.g., Cboe BZX Chapter 6 rules and IEX Chapter 5 rules.

¹²⁵ Proposed Rule 20000 (Maintenance, Retention and Furnishing of Books, Records and Other Information) requires that BSTX Participants comply with current Exchange Rule 10000 (Maintenance, Retention and Furnishing of Books, Records and Other Information) and that BSTX Participants shall submit to the Exchange order, market and transaction data as the Exchange may specify by Information Circular. Other national securities exchanges have similar such rules regarding providing records to the exchange. See e.g., Cboe BZX Rule 4.2.

¹²⁶ Proposed Rule 20010 (Financial Reports) provides that BSTX Participants shall comply with the requirements of current Exchange Rule 10020 (Financial Reports).

¹²⁷ Proposed Rule 20020 (Capital Compliance) provides that each BSTX Participant subject to Rule 15c3-1 under the Exchange Act (17 CFR 240.15c3-1) shall comply with such rule and other financial and operational rules contained in the proposed Rule 20000 series. Other national securities exchanges have similar such rules regarding capital

pursuant to Rule 17a-11 under the Exchange Act;¹²⁸ (v) authority of the Chief Regulatory Officer to impose certain restrictions;¹²⁹ (vi) margin;¹³⁰ (vii) day-trading margin;¹³¹ (viii) customer account information;¹³² (ix) maintaining records of customer complaints;¹³³ and (x) disclosure of financial condition.¹³⁴ With respect to proposed Rule 20000 and

compliance which reflect the process by which those exchanges may monitor for capital compliance under their rules. See e.g., IEX Rule 4.100, which incorporates by reference certain FINRA rules. The Exchange notes that IEX's Rule 4.100 appears to contemplate that IEX may act as the designated examining authority for its members pursuant to Rule 17d-1. The Exchange does not act as the designated examining authority for its Participants compliance with financial responsibility rules pursuant to Rule 17d-1.

¹²⁸ 17 CFR 240.17a-11. Proposed Rule 20030 ("Early Warning" Notification) provides that BSTX Participants subject to the reporting or notifications requirements of Rule 17a-11 under the Exchange Act (17 CFR 240.17a-11) or similar "early warning" requirements imposed by other regulators shall provide the Exchange with certain reports and financial statements. Other national securities exchanges have similar such rules regarding providing early warning notifications to the exchange that reflect those exchange's processes. See e.g., IEX Rule 4.120.

¹²⁹ Proposed Rule 20040 (Power of CRO to Impose Restrictions) generally provides that the Exchange's Chief Regulatory Officer may impose restrictions and conditions on a BSTX Participant subject to the early warning notification requirements under certain circumstances.

¹³⁰ Proposed Rule 20050 (Margin) sets forth the required margin amounts for certain securities held in a customer's margin account, and is substantially similar to the rules of other national securities exchanges. See e.g., IEX Rule 4.210.

¹³¹ Proposed Rule 20060 (Day Trading Margin) sets forth additional requirements with respect to customers that engage in day trading, and is substantially similar to the rules of other national securities exchanges. See e.g., IEX Rule 4.220.

¹³² Proposed Rule 20070 (Customer Account Information) requires that BSTX Participants comply with FINRA Rule 4512 as if such rule were part of the Exchange Rules and further clarifies certain cross-references within FINRA Rule 4512. Other exchanges have similarly incorporated the requirements of FINRA Rule 4512 by reference. See e.g., IEX Rule 4.512.

¹³³ Proposed Rule 20080 (Record of Written Customer Complaints) requires that BSTX Participants comply with FINRA Rule 4513 as if such rule were part of the Exchange Rules. Other exchanges have similarly incorporated the requirements of FINRA Rule 4512 by reference. See e.g., IEX Rule 4.513.

¹³⁴ Proposed Rule 20090 (Disclosure of Financial Condition) generally requires that BSTX Participants make available certain information regarding the BSTX Participant's financial condition upon request of a customer, and is substantially similar to the rules of other national securities exchanges. See e.g., IEX Rule 4.550.

maintaining books and records, the Exchange proposes to adopt Rule 20000(c) which would provide that BSTX Participants and persons associated with a BSTX Participant shall comply with FINRA Rule 4511 as if such rule were part of the Exchange's Rules.¹³⁵

The Exchange believes that the proposed Rule 20000 (Financial and Operational Rules) Series is consistent with Section 6(b)(5) of the Exchange Act¹³⁶ because these proposed rules are designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and protect investors and the public interest by subjecting BSTX Participants to certain recordkeeping, disclosure, and related requirements designed to ensure that BSTX Participants conduct themselves in a financially responsible manner. For example, proposed Rule 20000 would require BSTX Participants to comply with existing Exchange Rule 1000, which sets forth certain recordkeeping responsibilities and the obligation to furnish these to the Exchange upon request so that the Exchange can appropriately monitor the financial condition of a BSTX Participant and its compliance with applicable regulatory requirements. Similarly, proposed Rule 20050 would set forth the margin requirements that BSTX Participants must retain with respect to customers trading in a margin account to ensure that BSTX Participants are not extending credit to customers in a manner that might put the financial condition of the BSTX Participant in jeopardy. Each of the proposed rules in the Rule 20000 Series (Financial and Operational Rules) is substantially similar to existing rules of other exchanges or incorporates an existing rule of the Exchange or another self-regulatory organization ("SRO") by reference, including certain existing rules of the Exchange.

¹³⁵ Other exchanges have similarly incorporated the requirements of FINRA Rule 4511 by reference. See e.g., IEX Rule 4.511.

¹³⁶ 15 U.S.C. 78f(b)(5).

E. Supervision (Rule 21000 Series)

The Exchange proposes to adopt as its Rule 21000 Series (Supervision), six rules relating to certain supervisory requirements for BSTX Participants that are substantially similar to supervisory rules of other exchanges.¹³⁷ The Proposed Rule 21000 Series would specify supervisory requirements with respect to: (i) enforcing written procedures to appropriately supervise the BSTX Participant's conduct and compliance with applicable regulatory requirements;¹³⁸ (ii) designation of an individual to carry out written supervisory procedures;¹³⁹ (iii) maintenance and keeping of records carrying out the BSTX Participant's written supervisory procedures;¹⁴⁰ (iv) review of activities of each of a BSTX Participant's offices, including periodic examination of customer accounts to detect and prevent irregularities or abuses;¹⁴¹ (v) the prevention of the misuse of material non-public information;¹⁴² and (vi) implementation of an anti-money laundering ("AML") compliance program.¹⁴³ These rules are designed to ensure that BSTX Participants are able to appropriately supervise their business activities, review

¹³⁷ See Cboe BZX Chapter 5 rules. See also IEX Rule 5.150 with respect to proposed Rule 21040 (Prevention of the Misuse of Material, Non-Public Information).

¹³⁸ Proposed Rule 21000 (Written Procedures).

¹³⁹ Proposed Rule 21010 (Responsibility of BSTX Participants) would also require that a copy of a BSTX's written supervisory procedures be kept in each office and makes clear that final responsibility for proper supervision rests with the BSTX Participant.

¹⁴⁰ Proposed Rule 21020 (Records).

¹⁴¹ Proposed Rule 21030 (Review of Activities).

¹⁴² Proposed Rule 21040 (Prevention of the Misuse of Material, Non-Public Information) generally requires BSTX Participants to enforce written procedures designed to prevent misuse of material non-public information and sets forth examples of conduct that would constitute a misuse of material, non-public information.

¹⁴³ Proposed Rule 21050 (Anti-Money Laundering Compliance Program). The Exchange already has rules with respect to Exchange Participants enforcing an AML compliance program set forth in Exchange Rule 10070 (Anti-Money Laundering Compliance Program), so proposed Rule 21050 specifies that BSTX Participants shall comply with the requirements of that pre-existing rule.

and maintain records with respect to such supervision, and enforce specific procedures relating insider-trading and AML.

The Exchange believes that the proposed Rule 21000 (Supervision) Series is consistent with Section 6(b)(5) of the Exchange Act¹⁴⁴ because these proposed rules are designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and protect investors and the public interest by ensuring that BSTX Participants have appropriate supervisory controls in place to carry out their business activities in compliance with applicable regulatory requirements. For example, proposed Rule 21000 (Written Procedures) would require BSTX Participants to enforce written procedures which enable them to supervise the activities of their associated persons and proposed Rule 21010 (Responsibility of BSTX Participants) would require a BSTX Participant to designate a person in each office to carry out written supervisory procedures. Requiring appropriate supervision of a BSTX Participant's business activities and associated persons would promote compliance with the federal securities laws and other applicable regulatory requirements in furtherance of the protection of investors and the public interest.¹⁴⁵ In addition, each of the rules in the proposed Rule 21000 Series (Supervision) is substantially similar to supervisory rules of other exchanges.¹⁴⁶

F. Miscellaneous Provisions (Rule 22000 Series)

The Exchange proposes to adopt as its Rule 22000 Series (Miscellaneous Provisions), six rules relating to a variety of miscellaneous requirements applicable to

¹⁴⁴ 15 U.S.C. 78f(b)(5).

¹⁴⁵ Id.

¹⁴⁶ See supra note 137.

BSTX Participants that are substantially similar to rules of other exchanges.¹⁴⁷ These miscellaneous provisions relate to: (i) comparison and settlement requirements;¹⁴⁸ (ii) failures to deliver and failures to receive;¹⁴⁹ (iii) forwarding of proxy and other issuer-related materials;¹⁵⁰ (iv) commissions;¹⁵¹ (v) regulatory services agreements;¹⁵² and (vi) transactions involving Exchange employees.¹⁵³ These rules are designed to capture additional regulatory requirements applicable to BSTX Participants, such as setting forth their obligation to deliver proxy materials at the request of an issuer and to incorporate by

¹⁴⁷ See Cboe BZX Chapter 13 rules. See also IEX Rule 6.180 with respect to proposed Rule 22050 (Transactions Involving BOX Employees).

¹⁴⁸ Proposed Rule 22000 (Comparison and Settlement Requirements) provides that a BSTX Participant that is a member of a registered clearing agency shall implement comparison and settlement procedures as may be required under the rules of such entity. The proposed rule would further provide that, notwithstanding this general provision, the Board may extend or postpone the time of delivery of a BSTX transaction whenever the Board determines that it is called for by the public interest, just and equitable principles of trade or to address unusual conditions. In such a case, delivery will occur as directed by the Board.

¹⁴⁹ Proposed Rule 22010 (Failure to Deliver and Failure to Receive) provides that borrowing and deliveries must be effected in accordance with Rule 203 of Regulation SHO (17 CFR 242.203) and incorporates Rules 200 – 203 of Regulation SHO by reference into the rule (17 CFR §§ 242.200 – 203).

¹⁵⁰ Proposed Rule 22020 (Forwarding of Proxy and Other Information; Proxy Voting) generally provides that BSTX Participants shall forward proxy materials when requested by an issuer and sets forth certain conditions and limitations for BSTX Participants to give a proxy to vote stock that is registered in its name.

¹⁵¹ Proposed Rule 22030 (Commissions) provides that the Exchange Rules or practices shall not be construed to allow a BSTX Participant or its associated persons to agree or arrange for the charging of fixed rates commissions for transactions on the Exchange.

¹⁵² Proposed Rule 22040 (Regulatory Service Agreement) provides that the Exchange may enter into regulatory services agreements with other SROs to assist in carrying out regulatory functions, but the Exchange shall retain ultimate legal responsibility for, and control of, its SRO responsibilities.

¹⁵³ Proposed Rule 22040 (Transactions Involving Exchange Employees) sets forth conditions and limitations on a BSTX Participant providing loans or supporting the account of an Exchange employee (e.g., promptly obtaining and implementing an instruction from the employee to provide duplicate account statement to the Exchange) in order to mitigate any potential conflicts of interest that might arise from such a relationship.

reference Rule 200 – 203 of Regulation SHO.¹⁵⁴ The Exchange believes that the proposed Rule 22000 (Miscellaneous Provisions) Series is consistent with Section 6(b)(5) of the Exchange Act¹⁵⁵ because these proposed rules are designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and protect investors and the public interest by ensuring that BSTX Participants comply with additional regulatory requirements, such as Rule 203 of Regulation SHO¹⁵⁶ as provided in proposed Rule 22010 (Failure to Deliver and Failure to Receive), in connection with their participation on BSTX. For example, proposed Rule 22030 (Commissions) prohibits BSTX Participants from charging fixed rates of commissions for transactions on the Exchange consistent with Section 6(e)(1) of the Exchange Act.¹⁵⁷ Similarly, proposed Rule 22050 (Transactions involving Exchange Employees) sets forth certain requirements and prohibitions relating to a BSTX Participant providing certain financial services to an Exchange employee, which the Exchange believes helps prevent potentially fraudulent and manipulative acts and practices and furthers the protection of investors and the public interest. Finally, the Exchange proposes to adopt Rule 22070 (Off-Exchange Transactions), which is adopted consistent with the requirements of Rule 19c-1 and 19c-3 under the Exchange Act, and generally provide that the Rules of the Exchange shall not prohibit or condition the trading of securities trading on the Exchange otherwise than on the Exchange.¹⁵⁸

In addition, the Exchange proposes to adopt Rule 22060 to provide a high-level

¹⁵⁴ 17 CFR §§ 242.200 – 203.

¹⁵⁵ 15 U.S.C. 78f(b)(5).

¹⁵⁶ 17 CFR 242.203.

¹⁵⁷ 15 U.S.C. 78f(e)(1).

¹⁵⁸ 17 CFR 240.19c-1, 17 CFR 240.19c-3. Proposed Rule 22070 is substantially similar to similar rules of other exchanges. See e.g., Cboe BZX Rule 13.6.

description of the market data products that the Exchange will offer. Specifically, proposed Rule 22060 sets forth a brief description of: (i) BSTX Depth-of Book data,¹⁵⁹ (ii) BSTX Top-of-Book,¹⁶⁰ (iii) BSTX Last Sale,¹⁶¹ and (iv) the BSTX Market Data Blockchain.¹⁶² The Exchange notes that it is not proposing to sell or distribute market data from any other exchange at this time. The Exchange believes that providing a brief description of the market data product offerings by the Exchange in the rulebook promotes clarity to market participants with respect to the Exchange's different market data product offerings, which the Exchange believes helps may serve to remove impediments to and perfect the mechanism of a free and open market and a national market system, consistent with Section 6(b)(5) of the Exchange Act,¹⁶³ by ensuring market participants are adequately informed of the Exchange's offerings. The Exchange notes that proposed Rule 22060 is substantially similar to a rule of another national securities exchange.¹⁶⁴

G. Trading Practice Rules (Rule 23000 Series)

The Exchange proposes to adopt as its Rule 23000 Series (Trading Practice

¹⁵⁹ BSTX Depth-of-Book would be a data feed that contains all displayed orders for Securities trading on the Exchange, order executions, order cancellations, order modifications, administrative messages, and auction information disseminated pursuant to Rule 25040 (Auctions).

¹⁶⁰ BSTX Top-of-Book would be an uncompressed data feed that offers top of book quotations and execution information based on orders entered into the BSTX System as well as auction information disseminated pursuant to Rule 25040 (Auctions).

¹⁶¹ BSTX Last Sale would be an uncompressed data feed that offers only execution information based on orders entered into the BSTX System.

¹⁶² The BSTX Market Data Blockchain is described in proposed Rule 22060(d) as historical market data with respect to trading on the BSTX System, as set forth in Rule 17020.

¹⁶³ 15 U.S.C. 78f(b)(5).

¹⁶⁴ See MEMX LLC Rule 13.8.

Rules), 14 rules relating to trading practice requirements for BSTX Participants that are substantially similar to trading practice rules of other exchanges.¹⁶⁵ The proposed Rule 23000 Series would specify trading practice requirements related to: (i) market manipulation; (ii) fictitious transactions; (iii) excessive sales by a BSTX Participant; (iv) manipulative transactions; (v) dissemination of false information; (vi) prohibition against trading ahead of customer orders; (vii) joint activity; (viii) influencing data feeds; (ix) trade shredding; (x) best execution; (xi) publication of transactions and changes; (xii) trading ahead of research reports; (xiii) front running of block transactions; and (xiv) a prohibition against disruptive quoting and trading activity. The purpose of the trading practice rules is to set forth standards and rules relating to the trading conduct of BSTX Participants, primarily with respect to prohibiting forms of market manipulation and specifying certain obligations broker-dealers have to their customers, such as the duty of best execution. For example, proposed Rule 23000 (Market Manipulation) sets forth a general prohibition against a BSTX Participant purchasing a security at successively higher prices or sales of a security at successively lower prices, or to otherwise engage in activity for the purpose of creating or inducing a false, misleading or artificial appearance of activity in such security.¹⁶⁶ Proposed Rule 23010 (Fictitious Transactions) similarly prohibits BSTX Participants from fictitious transaction activity, such as executing a transaction which involves no beneficial change in ownership, and proposed Rule 23020 (Excessive Sales by a BSTX Participant) prohibits a BSTX Participant from executing purchases or sales in any security trading on the Exchange for any account in which it has

¹⁶⁵ See Cboe BZX Chapter 12 rules.

¹⁶⁶ Proposed Rule 23030 (Manipulative Transactions) specifies further prohibitions relating to potential manipulation by prohibiting BSTX Participants from, among other things, participating or having any direct or indirect interest in the profits of a manipulative operation or knowingly managing or financing a manipulative operation.

an interest, which are excessive in view of the BSTX Participant's financial resources or in view of the market for such security.¹⁶⁷ Proposed Rule 23060 (Joint Activity) prohibits a BSTX Participant from directly or indirectly holding any interest or participation in any joint account for buying or selling a security traded on the Exchange unless reported to the Exchange with certain information provided and proposed Rule 23090 (Best Execution) reaffirms BSTX Participants best execution obligations to their customers.¹⁶⁸

Proposed Rule 23050 (Prohibition against Trading Ahead of Customer Orders) is substantially similar to FINRA 5320 and rules adopted by other exchanges,¹⁶⁹ and generally prohibits BSTX Participants from trading ahead of customer orders unless certain enumerated exceptions are available and requires BSTX Participants to have a written methodology in place governing execution priority to ensure compliance with the

¹⁶⁷ Other proposed rules relating to potential manipulation include: (i) Rule 23040 (Dissemination of False Information), which generally prohibits, consistent with Exchange Rule 3080, BSTX Participants from spreading information that is false or misleading; (ii) Rule 23070 (Influencing Data Feeds), which generally prohibits transactions to influence data feeds; (iii) Rule 23080 (Trade Shredding), which generally prohibits conduct that has the intent or effect of splitting any order into multiple smaller orders for the primary purpose of maximizing remuneration to the BSTX Participant; (iv) Rule 23110 (Trading Ahead of Research Reports), which generally prohibits BSTX Participants from trading based on non-public advance knowledge of a research report and requires BSTX Participants to enforce policies and procedures to limit information flow from research personnel to trading personnel that might trade on such information; (v) Rule 23120 (Front Running Block Transactions), which incorporates FINRA Rule 5270 as though it were part of the Exchange's Rules; and (vi) Rule 23130 (Disruptive Quoting and Trading Activity Prohibited), which incorporates Exchange Rule 3220 by reference.

¹⁶⁸ In addition, proposed Rule 23100 (Publication of Transactions and Changes) provides that the Exchange will disseminate transaction information to appropriate data feeds, BSTX Participants must provide information necessary to facilitate the dissemination of such information, and that an Exchange official shall be responsible for approving corrections to any reports transmitted over data feeds.

¹⁶⁹ See e.g., Cboe BZX Rule 12.6.

Rule. The Exchange proposes to adopt each of the exceptions to the prohibition against trading ahead of customer orders as provided in FINRA Rule 5320 other than the exception related to trading outside of normal market hours, since trading on the Exchange would be limited to regular trading hours.

The Exchange proposes to adopt the order handling procedures requirement in proposed Rule 23050(i) consistent with the rules of other exchanges.¹⁷⁰ Specifically, proposed Rule 23050(i) would provide that a BSTX Participant must make every effort to execute a marketable customer order that it receives fully and promptly and must cross customer orders when they are marketable against each other consistent with the proposed Rule. Additionally, the Exchange proposes to adopt minimum price improvement standards in proposed in Rule 23050(h) consistent with those established by other exchanges and FINRA.¹⁷¹

In addition, the Exchange proposes to adopt an exception for odd lot and bona fide error transactions as proposed in Rule 23050(g) which would allow a BSTX Participant to trade ahead of a customer order if the trade is to (i) offset a customer order that is in an amount less than a normal unit of trading or (ii) correct a bona fide error, as defined in the rule. This proposed exception is nearly identical to similar exceptions of other exchanges.¹⁷²

The Exchange believes that the proposed Rule 23000 Series relating to trading practice rules is consistent with Section 6(b)(5) of the Exchange Act¹⁷³ because these proposed rules are designed to prevent fraudulent and manipulative acts and practices that

¹⁷⁰ See e.g., Cboe BZX Rule 12.6.07.

¹⁷¹ See e.g., Cboe BZX Rule 12.6.06.

¹⁷² See e.g., Cboe BZX Rule 12.5.05.

¹⁷³ 15 U.S.C. 78f(b)(5).

could harm investors and to promote just and equitable principles of trade. The proposed rules in the Rule 23000 Series are substantially similar to the rules of other exchanges and generally include a variety of prohibitions against types of trading activity or other conduct that could potentially be manipulative, such as prohibitions against market manipulation, fictitious transactions, and the dissemination of false information. The Exchange has proposed to exclude certain provisions from, or make certain modifications to, comparable rules of other SROs, as detailed above, in order to account for certain unique aspects related to the proposed trading of Securities. The Exchange believes that it is consistent with applicable requirements under the Exchange Act to exclude these provisions and exceptions because they set forth requirements that would not apply to BSTX Participants trading in Securities and are not necessary for the Exchange to carry out its functions of facilitating Security transactions and regulating BSTX Participants.

H. Disciplinary Rules (Rule 24000 Series)

With respect to disciplinary matters, the Exchange proposes to adopt Rule 24000 (Discipline and Summary Suspension), which provides that the provisions of the Exchange Rule 11000 Series (Summary Suspension), 12000 Series (Discipline), 13000 Series (Review of Certain Exchange Actions), and 14000 Series (Arbitration) of the Exchange Rules shall be applicable to BSTX Participants and trading on the BSTX System. The Exchange already has Rules pertaining to discipline and suspension of Exchange Participants that it proposes to extend to BSTX Participants and trading on the BSTX System. The Exchange also proposes to adopt Rule 24010 to add certain rules pertaining to BSTX to the list of rules that are eligible for minor rule violation plan treatment.¹⁷⁴

¹⁷⁴ The proposed additions to the Exchange's minor rule violation plan pursuant to

Proposed Rule 24000 incorporates by reference existing rules that have already been approved by the Commission.

I. Trading Rules and the BSTX System (Rule 25000 Series)

Rule 25000 – Access to and Conduct on the BSTX Marketplace

The Exchange proposes to adopt Rule 25000 (Access to and Conduct on the BSTX Marketplace) to set forth rules relating to access to the BSTX System and certain conduct requirements applicable to BSTX Participants. Specifically, proposed Rule 25000 provides that only BSTX Participants, including their associated persons, that are approved for trading on the BSTX System shall effect any transaction on the BSTX System. Proposed Rule 25000(b) generally requires that a BSTX Participant maintain a list of authorized traders that may obtain access to the BSTX System on behalf of the BSTX Participant, have procedures in place reasonably designed to ensure that all authorized traders comply with Exchange Rules and to prevent unauthorized access to the BSTX System, and to provide the list of authorized traders to the Exchange upon request. Proposed Rule 25000(c) and (d) restate provisions that are already set forth in Exchange Rule 7000, generally providing that BSTX Participants shall not engage in conduct that is inconsistent with the maintenance of a fair and orderly market or the ordinary and efficient conduct of business, as well as conduct that is likely to impair public confidence in the operations of the Exchange. Examples of such prohibited conduct include failure to abide by a determination of the Exchange, refusal to provide information requested by the Exchange, and failure to adequately supervise employees. Proposed Rule 25000(e) would state that the Exchange will provide access to the BSTX System to Participants in good standing that wish to conduct business on BSTX, and proposed Rule 25000(f)

proposed Rule 24010 are discussed below in Part IV.

provides the Exchange with authority to suspend or terminate access to the BSTX System under certain circumstances.

The Exchange believes that proposed Rule 25000 is consistent with Section 6(b)(5) of the Exchange Act¹⁷⁵ because it is designed to protect investors and the public interest and promote just and equitable principles of trade by ensuring that BSTX Participants would not allow for unauthorized access to the BSTX System and would not engage in conduct detrimental to the maintenance of fair and orderly markets.¹⁷⁶

2. Rule 25010 – Days/Hours

Proposed Rule 25010 sets forth the days and hours during which BSTX would be open for business and during which transactions may be effected on the BSTX System. Under the proposed rule, transactions may be executed on the BSTX System between 9:30 a.m. and 4:00 p.m. Eastern Time. The proposed rule also specifies certain holidays BSTX would be not be open (e.g., New Year's Day) and provides that the Chief Executive Officer, President, or Chief Regulatory Officer of the Exchange, or such person's designee who is a senior officer of the Exchange, shall have the power to halt or suspend trading in any Securities, close some or all of BSTX's facilities, and determine the duration of any such halt, suspension, or closing, when such person deems the action necessary for the maintenance of fair and orderly markets, the protection of investors, or otherwise in the public interest.¹⁷⁷

¹⁷⁵ 15 U.S.C. 78f(b)(5).

¹⁷⁶ Proposed Rule 25000 is also substantially similar to IEX Rule 11.140.

¹⁷⁷ Proposed Rule 25010 is substantially similar to comparable rules of other national securities exchanges (see e.g., IEX Rule 11.110(c)) and existing BOX Rule 7020. Unlike those rules, the proposed Rule would allow for the Chief Regulatory Officer, or such person's designee provided the designee is a senior officer, to halt or suspend trading in securities. While these other comparable rules may not currently specify that the Chief Regulatory Officer has this authority, both of these comparable rules contemplate the

The Exchange believes that proposed Rule 25010 is designed to protect investors and the public interest, consistent with Section 6(b)(5) of the Exchange Act,¹⁷⁸ by setting forth the days and hours that trades may be effected on the BSTX System and by providing officers of the Exchange with the authority to halt or suspend trading when such officers believe that such action is necessary or appropriate to maintain fair and orderly markets or to protect investors or in the public interest.

3. Rule 25020 – Securities Eligible for Trading and Units of Trading

Proposed Rule 25020(a) would also describe the securities eligible for trading by providing that any class of securities listed on the Exchange shall be eligible to become designated for trading on the Exchange in accordance with the Rules 26000 and 28000 Rule Series and that all securities designated for trading are eligible for odd-lot, round-lot (i.e., 100 shares) and mixed-lot executions, unless otherwise indicated by the Exchange or limited pursuant to the Rules.¹⁷⁹ Similar to the defined terms in other exchange rulebooks, proposed Rule 25020(b) would define the terms “round lot” or “normal unit of trade” to mean 100 shares, “odd lot” to mean any amount less than 100 shares, and “mixed lot” as any amount greater than 100 shares that is not a multiple of a round.¹⁸⁰

Proposed Rule 25020(c) would set forth the minimum unit of trading on the BSTX

CEO or President delegating the task to a senior officer, which could be the Chief Regulatory Officer and which must be, in all cases, a senior officer of the exchange. Accordingly, the Exchange does not believe that the addition of the Chief Regulatory Officer expands the authority of who can declare a trading halt or suspend trading relative to the rules of other exchanges.

¹⁷⁸ 15 U.S.C. 78f(b)(5).

¹⁷⁹ Proposed Rule 25020 is substantially similar to IEX Rule 11.120, with the exception that references to unlisted trading privileges have been removed as such trading is not currently contemplated by the Exchange.

¹⁸⁰ See e.g., IEX Rule 11.180.

System, which shall be one share. Other exchanges similarly provide that the minimum unit of trading is one share for their market and/or for certain securities.¹⁸¹

The Exchange believes that proposed Rule 25020 is consistent with Section 6(b)(5) of the Exchange Act¹⁸² because it fosters cooperation and coordination of persons engaged in facilitating transactions in securities by specifying the minimum unit of trading of securities on the BSTX System, defines relevant terms, and provides a general overview of the securities eligible for trading on the Exchange.

4. Rule 25030 – Minimum Price Variant

Proposed Rule 25030 provides the minimum price variant for Securities shall depend on the price of bids, offers or indications of interest, consistent with the rules of other national securities exchanges.¹⁸³ Specifically, the minimum price variant may not be made in an increment smaller than \$0.01, if those bids, offers or indications of interests are priced equal to or greater than \$1.00 per share; \$0.0001 for bids, offers or indications of interests are less than \$1.00 per share and the security is an NMS stock trading on the Exchange; and any other increment established by the Commission for any security which has been granted an exemption from the minimum price increment requirements under Rule 612 of Regulation NMS. The Exchange believes that proposed Rule 25030 is consistent with Section 6(b)(5) of the Exchange Act because it fosters cooperation and coordination of persons engaged in facilitating transactions in securities by specifying the minimum price variant for Securities and promotes compliance with Rule 612 of Regulation NMS and is substantially similar to the approved rules of other

¹⁸¹ See e.g., IEX Rule 11.180.

¹⁸² 15 U.S.C. 78f(b)(5).

¹⁸³ See e.g., IEX Rule 11.210.

national securities exchanges.¹⁸⁴

5. Rule 25040 – Auctions

Proposed Rule 25040 sets forth the opening and reopening process for the BSTX System for BSTX-listed Securities and non-BSTX-listed securities, including the Opening Auction, Initial Security Offering Auctions, and Halt Auctions. For BSTX-listed Securities, the Exchange proposes to allow for order entry to commence at 8:30 a.m. ET during the Pre-Opening Phase. Under proposed Rule 25040(a)(1), orders may not be canceled or modified from 9:28 a.m. to 9:30 a.m. and orders received during the 10 seconds prior to the Opening Auction¹⁸⁵ are rejected.¹⁸⁶ Proposed Rule 25040(a) provides that orders will not execute during the Pre-Opening Phase, which lasts until regular trading hours begin at 9:30 a.m. ET.¹⁸⁷ Similar to how the Exchange’s opening process works for options trading, BSTX would disseminate a theoretical opening price (“TOP”) to BSTX Participants, which is the price at which the Opening Auction would occur at a given moment in time.¹⁸⁸ Under the proposed rule, the Exchange will also

¹⁸⁴ 17 CFR 242.611.

¹⁸⁵ The Exchange proposes to define the “Opening Auction” as the process of crossing orders in BSTX-listed securities to open the market, as set forth in Rule 25040(a)(6).

¹⁸⁶ Preventing the cancellation or modification of orders during the final two minutes before the Opening Auction and rejecting orders during the 10 seconds prior to the Opening Auction are designed to help ensure that the BSTX System is able to effectively cross matching orders received during the Pre-Opening Phase and perform the Opening Auction. These provisions are also consistent with the rules of other equities exchanges. See e.g., IEX Rule 11.350(c)(1)(B)(preventing cancellation or modification of orders between the IEX Opening Auction Lock-in Time and the Opening Auction match, which is the two minutes prior to the Opening Auction match or 9:28 am) and IEX Rule 11.350(c)(1)(C) (rejecting orders during the “Lock-Out Time” which is the 10 seconds prior to the running of the IEX Opening Auction).

¹⁸⁷ As a result, orders marked IOC submitted during the Pre-Opening Phase would be rejected by the BSTX System. See proposed Rule 25040(a)(8).

¹⁸⁸ The TOP can only be calculated where the BSTX Book is crossed during the Pre-Opening Phase. See proposed Rule 25040(a)(2).

broadcast other information during the Pre-Opening Phase. Specifically, in addition to the TOP, the Exchange would disseminate pursuant to proposed Rule 25040(a)(3): (i) “Paired Orders,” which is the quantity of shares that would execute at the TOP; (ii) the “Imbalance Quantity,” which is the number of shares that may not be matched with other orders at the TOP at the time of dissemination; and (iii) the “Imbalance Side,” which is the buy/sell direction of any imbalance at the time of dissemination (collectively, with the TOP, “Broadcast Information”).¹⁸⁹ Broadcast Information would be recalculated and disseminated via electronic means (i.e., market data feeds) every five seconds.¹⁹⁰ With respect to priority during the Opening Auction for all Securities, consistent with proposed Rule 25080 (Execution and Price/Time Priority), among multiple orders at the same price, execution priority during the Opening Auction is determined based on the time the order was received by the BSTX System.¹⁹¹

Consistent with the manner in which the Exchange opens options trading, the BSTX System would determine a single price at which a BSTX-listed Security would be opened by calculating the optimum number of shares that could be matched at a price, taking into consideration all the orders on the BSTX Book.¹⁹² This single price resulting from the Opening Auction would be the “BSTX Official Opening Price.” Proposed Rule 25040(a)(6) provides that the BSTX Official Opening Price is the price which results in

¹⁸⁹ Pursuant to proposed Rule 25040(a)(3), any orders which are at a better price (i.e., bid higher or offer lower) than the TOP would be shown only as a total quantity on the BSTX Book at a price equal to the TOP (i.e., shown as Paired Orders).

¹⁹⁰ Cboe BZX similarly broadcasts opening auction information every five seconds. See Cboe BZX Rule 11.23(b)(2)(A).

¹⁹¹ In determining the priority of orders to be filled during the Opening Auction, orders priced at or more aggressively than the BSTX Official Opening Price will be executed on the basis of price priority. See proposed Rule 25040(a)(6)(i).

¹⁹² See proposed Rule 25040(a)(6)(ii).

the matching of the highest number of shares. If two or more prices would satisfy this maximum quantity criteria, the price leaving the fewest resting shares in the BSTX Book will be selected at the BSTX Official Opening Price and where two or more prices would satisfy the maximum quantity criteria and leave the fewest shares in the BSTX Book, the “BSTX Official Closing Price” will be used, which is the final round lot trade for the Security reported to the consolidated tape.¹⁹³ The BSTX Official Opening Price must also be within the “Collar Price Range” as set forth in proposed Rule 25040(a)(5), which is designed to ensure that a Security opens in an fair and orderly manner and under market conditions where there is sufficient quotation interest (e.g., a national best bid and offer), the market is not crossed, and where the opening price will not drastically depart from the market at the time of the auction or the preceding day’s closing price.¹⁹⁴ Unexecuted trading interest during the Opening Auction will move to the BSTX Book and will preserve price time priority.¹⁹⁵ When the BSTX System cannot determine an opening price of a BSTX-listed Security from the Opening Auction, BSTX would nevertheless open the Security for trading and move all trading interest received during the Pre-Opening Phase to the BSTX Book.¹⁹⁶ In such case, the BSTX Official Opening Price shall be the “Final Last Sale Eligible Trade.”¹⁹⁷

¹⁹³ With respect to an initial public offering of a Security where there is no previous day’s closing price, the opening price in this circumstance would be the price assigned to the Security by the underwriter for the offering, referred to as the “Initial Security Offering Reference Price.” See proposed Rule 25040(a)(5)(ii)(3).

¹⁹⁴ See proposed Rule 25040(a)(5). The Exchange notes that the auction collars proposed in Rule 25040(a)(5) are substantially similar to those of Cboe BZX. See Cboe BZX Rule 11.23.

¹⁹⁵ See proposed Rule 25040(a)(7).

¹⁹⁶ Id.

¹⁹⁷ The term “Final Last Sale Eligible Trade” would be defined as the last round lot trade (i.e., 100 shares) occurring during Regular Trading Hours on the Exchange, which price

For initial public offerings of Securities (“Initial Security Offerings”), the process would be generally the same as regular market openings. However, in advance of an Initial Security Offering auction (“Initial Security Offering Auction”), the Exchange shall announce a “Quote-Only Period” that shall be between fifteen (15) and thirty (30) minutes plus a short random period prior to the Initial Security Offering Auction.¹⁹⁸ All orders associated with Initial Security Offering Auction must be received prior to the end of the Quote-Only Period in order to participate in the auction.¹⁹⁹ The Quote-Only Period may be extended in certain cases.²⁰⁰ As with regular market openings the Exchange would disseminate Broadcast Information via electronic means at the commencement of the Quote Only Period, and Broadcast Information would be recalculated and disseminated every five seconds.²⁰¹ In the event of any extension to the Quote-Only Period, the Exchange will notify market participants regarding the circumstances and length of the extension.²⁰² Orders will be matched and executed at the

shall also be the “BSTX Official Closing Price.” For Halt Auctions, the Final Last Sale Eligible Trade would be defined as the last round lot trade prior to trading in the security being halted. If there is no such qualifying trade for the current day, the BSTX Official Closing Price from the previous trading day would be used as the Final Last Sale Eligible Trade. See proposed BSTX Rule 25040(a)(5)(ii). This proposed definition is similar to the same definition in Cboe BZX Rule 11.23(a)(9) except that it has been adjusted to reflect the absence of a closing auction on BSTX. See *infra* note 223 and accompanying text for additional detail regarding the absence of a closing auction.

¹⁹⁸ See proposed Rule 25040(b)(1).

¹⁹⁹ See proposed Rule 25040(b)(1).

²⁰⁰ Such cases are when: (i) there is no TOP; (ii) the underwriter requests an extension; (iii) the TOP moves the greater of 10% or fifty (50) cents in the fifteen (15) seconds prior to the initial cross; or (iv) in the event of a technical or systems issue at the Exchange that may impair the ability of BSTX Participants to participate in the Initial Security Offering Auction or of the Exchange to complete the Initial Security Offering Auction. See proposed Rule 25040(b)(2).

²⁰¹ See proposed Rule 25040(b)(3).

²⁰² See proposed Rule 25040(b)(4).

conclusion of the Quote-Only Period, rather than at 9:30 a.m. Eastern Time.²⁰³

Following the initial cross at the end of the Quote-Only Period wherein orders will execute based on price/time priority in a manner consistent with proposed Rule 25040(a)(6) (*i.e.*, similar to the crossing of orders during the Opening Auction), the Exchange will transition to normal trading pursuant to proposed Rule 25040(a)(7).²⁰⁴

The Initial Security Offering Auction price will be BSTX Official IPO Opening Price.²⁰⁵

The Exchange also proposes a process for reopening trading following a trading halt or a Limit Up-Limit Down “Trading Pause” (“Halt Auctions”).²⁰⁶ For Halt Auctions, the Exchange proposes that in advance of reopening, the Exchange shall announce a Quote-Only Period that shall be five (5) minutes prior to the Halt Auction.²⁰⁷ This Quote-Only Period may be extended in certain circumstances.²⁰⁸ All orders

²⁰³ See proposed Rule 25040(b)(5).

²⁰⁴ As with the regular opening process, orders marked IOC submitted during the Pre-Opening Phase of an Initial Security Offering Auction would be rejected. See proposed Rule 25040(b)(6).

²⁰⁵ See proposed Rule 25040(b)(5).

²⁰⁶ By “trading halt” the Exchange refers to a halt or pause in trading initiated by the Exchange, while references to a “Trading Pause” or “LULD Trading Pause” refer to a “Trading Pause” as such term is defined in the NMS Plan to Address Extraordinary Market Volatility.

²⁰⁷ See proposed Rule 25040(c)(1). Orders marked IOC submitted during the Quote-Only Period would be rejected. In addition, Halt Auctions would be subject to the proposed Halt Auction Collar, as set forth in proposed Rule 25040(c)(2)(i) and (ii). These proposed collars for Halt Auctions are substantially similar to those provided by Cboe BZX, and are designed to make sure that the Exchange is able to reopen trading in a Security in a fair and orderly manner. See Cboe BZX Rule 11.23(d). To the extent an Halt Auction would occur at an “Impermissible Price” (*i.e.*, a price outside of the proposed Halt Auction collars), the Exchange would extend the period of Halt Auction and gradually expand the parameters of the collar price range over time until it is able to re-open trading in the Security in a manner consistent with proposed Rule 25040(c)(2).

²⁰⁸ See proposed Rule 25040(c)(2). The Quote-Only Period shall be extended for an additional five (5) minutes should a Halt Auction be unable to be performed due to the absence of a TOP or where the TOP is outside the applicable Halt Auction Collars (before any adjustments to the Halt Auction Collars through additional extensions of the

associated with the Halt Auction must be received prior to the end of the Quote-Only Period in order to participate in the auction.²⁰⁹ The Exchange proposes to disseminate the same Broadcast Information as it does for an Initial Security Offering Auction, except that it would also disseminate to market participants the applicable Halt Auction Reference Price and the Halt Auction Collars, and would similarly provide notification of any extension to the quote-only period as with an Initial Security Offering Auction.²¹⁰ The transition to normal trading would also occur in the same manner as Initial Security Offering Auctions, as described above.²¹¹

The Exchange also proposes to adopt certain contingency procedures in proposed Rule 25040(d) that would provide that when a disruption occurs that prevents the execution of an Initial Security Offering Auction the Exchange will publicly announce the Quote-Only Period for the Initial Security Offering Auction, and the Exchange will then cancel all orders on the BSTX Book and disseminate a new scheduled time for the

Quote-Only Period) (an “Impermissible Price”) (and this period known as the “Initial Extension Period”). After the Initial Extension Period, the Exchange proposes that the Quote-Only Period shall be extended for additional five (5) minute periods should a Halt Auction be unable to be performed due to a Impermissible Price (“Additional Extension Period”) until a Halt Auction occurs. As noted, the parameters of the Halt Auction Collar would be gradually expanded in the direction of the Impermissible Price. Under the proposed Rule, the Exchange shall attempt to conduct a Halt Auction during the course of each Additional Extension Period. Id.

²⁰⁹ See proposed Rule 25040(c)(1).

²¹⁰ See proposed Rule 25040(c)(3)-(5). Additionally, if a trading halt is triggered by the Exchange or if the Exchange is unable to reopen trading at the end of the trading halt due to a systems or technology issue, the Exchange will immediately notify the single plan processor responsible for consolidation of information for the security pursuant to Rule 603 of Regulation NMS under the Securities Exchange Act of 1934. See proposed Rule 25040(c)(4).

²¹¹ Id. For the avoidance of doubt, the Exchange proposes to specify in proposed Rule 25040(c)(5) that orders may only be matched and executed at a price that is within the Halt Auction collars pursuant to the Halt Auction process.

Quote-Only Period and opening match.²¹² Similarly, when a disruption occurs that prevents the execution of a Halt Auction, the Exchange will publicly announce that no Halt Auction will occur, and all orders in the halted Security on the BSTX Book will be canceled after which the Exchange will open the Security for trading without an auction.²¹³

The opening process with respect to non-BSTX-listed securities is set forth in proposed Rule 25040(e). Although BSTX initially plans to only support trading in securities listed on BSTX, it may in the future determine to trade securities listed on other national securities exchanges, subject to any necessary changes to its Rules to support such trading pursuant to Section 19 of the Exchange Act.²¹⁴ Accordingly, BSTX proposes to adopt an opening process for non-BSTX-listed securities as a placeholder for potential trading of securities listed on other exchanges in the future. Pursuant to that Rule, BSTX Participants who wish to participate in the opening process may submit orders and quotes for inclusion in the BSTX Book, but such orders and quotes cannot execute until the termination of the Pre-Opening Phase (“Opening Process”). Orders that are canceled before the Opening Process will not participate in the Opening Process. The Exchange will attempt to perform the Opening Process and will match buy and sell orders that are executable at the midpoint of the NBBO.²¹⁵ The price of the Opening Process

²¹² See proposed Rule 25040(d)(1).

²¹³ See proposed Rule 25040(d)(2). The Exchange notes that these contingency procedures are substantially similar to those of another exchange (see e.g., IEX Rule 11.350(e)(4)) and are designed to ensure that the Exchange has appropriate mechanisms in place to address possible disruptions that may arise in an Initial Security Offering Auction or Halt Auction, consistent with the protection of investors and the public interest pursuant to Section 6(b)(5) of the Exchange Act. 15 U.S.C. 78f(b)(5).

²¹⁴ 15 U.S.C. 78s.

²¹⁵ See proposed Rule 25040(e)(2).

will be at the midpoint of the first NBBO subsequent to the first two-sided quotation published by the listing exchange after 9:30:00 a.m. Eastern Time.²¹⁶ Pursuant to proposed Rule 25040(e)(4), if the conditions to establish the price of the Opening Process set forth above do not occur by 9:45:00 a.m. Eastern Time, orders will be handled in time sequence, beginning with the order with the oldest time stamp, and will be placed on the BSTX Book cancelled, or executed in accordance with the terms of the order. With respect to re-opening a non-BSTX-listed security subject to a halt, suspension, or pause, BSTX proposes to reject orders in the non-BSTX-listed security until after the halt, suspension or pause has been lifted.²¹⁷ Once the trading halt, suspension, or pause is lifted and the Exchange has received the price bands for the security from the plan processor, BSTX Participants may resume submitting orders to BSTX. The proposed process for opening securities listed on another exchange is similar to existing exchange

²¹⁶ See proposed Rule 25040(e)(3). This methodology is similar to that used by Cboe BZX with respect to listing exchanges other than NYSE and NYSE American. See Cboe BZX Rule 11.24(c). Cboe BZX Rule 11.24 has a special provision for opening securities whereby the opening price may be either (i) first NBBO subsequent to the first reported trade and first two-sided quotation on the listing exchange after 9:30:00 a.m. Eastern Time; or (ii) then prevailing NBBO when the first two-sided quotation is published by the listing exchange after 9:30:00 a.m. Eastern Time, but before 9:45:00 a.m. Eastern Time if no first trade is reported by the listing exchange within one second of publication of the first two-sided quotation by the listing exchange. The Exchange believes that a uniform standard for determining the opening price for non-BSTX listed securities without differentiating between NYSE and NYSE American versus all other listing exchanges would simplify BSTX's opening process and reduce potential discrimination among different exchanges by treating all listing exchanges the same.

²¹⁷ See proposed Rule 25040(e)(5). This Rule provision differs from Cboe BZX Rule 11.24(e), which Cboe BZX Rule provides for a reopening process that crosses orders received and queued during the halt and the determination of the price at which the reopening process would occur (e.g., the midpoint of the NBBO subsequent to the first reported trade and first two-sided quotation on the listing exchange following the resumption of trading after a halt). Because BSTX proposes to reject orders during the full duration of the halt, suspension or pause and only accept orders after the halt, suspension or pause has been lifted, it is not necessary for the BSTX Rule to specify the process by which the Exchange would cross queued orders received during the halt and price at which the Exchange would reopen trading in the non-BSTX listed security.

rules governing the opening of trading of a security listed on another exchange.²¹⁸

The Exchange proposes to provide in proposed Rule 25040(f) that, whenever in the judgment of the Exchange, the interests of a fair and orderly market so require, the Exchange may adjust the timing of or suspend the auctions set forth in this Rule with prior notice to BSTX Participants. Additionally, proposed Rule 25040(g) would provide that, for purposes of Rule 611(b)(3) of Regulation NMS, orders executed pursuant to the Opening Match, Initial Security Offering Auction, and Halt Auction may trade through any other trading center's manual or protected quotations if the transaction that constituted the trade-through was a single-priced opening, reopening, or closing transaction by the trading center. Both provisions are based on similar provisions of another national securities exchange and have been included to provide the Exchange with flexibility to ensure that it is able to maintain fair and orderly markets through its auctions and to promote consistency with Rule 611 of Regulation NMS.²¹⁹

Consistent with Section 6(b)(5) of the Exchange Act,²²⁰ the Exchange believes that the proposed process for opening trading in BSTX-listed Securities and securities listed on other exchanges will promote just and equitable principles of trade and will help perfect the mechanism of a free and open market by establishing a uniform process to determine the opening price of Securities. Proposed Rule 25040 provides a mechanism by which BSTX Participants may submit orders in advance of the start of regular trading hours, perform an opening cross, and commence regular hours trading in Securities listed on BSTX or securities listed on other markets. Where an opening cross is not possible in

²¹⁸ See e.g., Cboe BZX Rule 11.24.

²¹⁹ See Cboe BZX Rule 11.23(f) and (g).

²²⁰ 15 U.S.C. 78f(b)(5).

a BSTX-listed Security, the Exchange will proceed by opening regular hours trading in the security anyway, which is consistent with the manner in which other exchanges open trading in securities.²²¹ With respect to initial public offerings of Securities and openings after a Limit Up-Limit Down Trading Pause or a trading halt, BSTX proposes to use a process with features similar to its normal opening process. There are a variety of different ways in which an exchange can open trading in securities, including with respect to an initial public offering of a Security, and the Exchange believes that proposed Rule 25040 provides a simple and clear method for opening transactions that is consistent with the protection of investors and the public interest.²²² Additionally, proposed Rule 25040 applies to all BSTX Participants in the same manner and is therefore not designed to permit unfair discrimination among BSTX Participants.

The Exchange will not operate a closing auction because the Exchange does not propose to offer order types designed to only trade at the close of Regular Trading Houses such as Limit-on-Close (“LOC”) or Market-on-Close (“MOC”) orders. Without these order types or similar functionality, a closing auction cannot occur. This is because auctions are designed to accumulate crossing or matching order interest in advance of the auction that will execute at the time of the auction. It is therefore necessary to have order types like LOC and MOC orders in order to allow crossing/matching order interest to accumulate in advance of a closing auction but which are ineligible to trade other than at the close of trading. If, for example, a MOC order was able to execute prior to the close

²²¹ See e.g., BOX Rule 7070.

²²² The Exchange notes that its proposed opening, Initial Security Offering Auction, and Halt Auction processes are substantially similar to those of another exchange. See Cboe BZX Rule 11.23. The key differences between the Exchange’s proposed processes and those of the Cboe BZX exchange are that the Exchange has substantially fewer order types, which make its opening process less complex.

of trading, it would necessarily execute as a market order immediately against the book. Correspondingly, without MOC or LOC orders types (or similar functionality) making possible the queuing of order interest to execute at the close (and only at the close of trading), there is no auction information to disseminate (e.g., imbalance side and quantity) regarding order interest that will execute at the close of trading. At least one other equities exchange does not provide for a closing auction presumably because such exchange, like BSTX, does not support order types that are only available for execution at the close of trading such as LOC and MOC orders.²²³ As a result, the BSTX Official Closing Price is the last round lot trade (i.e., 100 shares) occurring during Regular Trading Hours on the Exchange,²²⁴ which the Exchange believes is a simple and fair way to establish the closing price of a Security that does not permit unfair discrimination among customers, issuers, or broker-dealers consistent with Section 6(b)(5) of the Exchange Act.²²⁵ This proposed process is consistent with the overall proposed simplified market structure for BSTX, which does not include a variety of order types offered by certain other exchanges such as MOC and LOC orders, and, as noted, is similar to the closing process of another equities exchange that also does not offer these order types. The Exchange believes that a simplified market structure, including the proposed manner in which a closing price would be determined, promotes the public interest and the protection of investors consistent with Section 6(b)(5) of the Exchange Act through reduced complexity.²²⁶

6. Rule 25050 – Limit Up-Limit Down Plan and Trading Halts

²²³ See MIAX Pearl Rule 516 (Order Types).

²²⁴ See proposed Rule 25040(a)(5)(ii).

²²⁵ 15 U.S.C. 78f(b)(5).

²²⁶ Id.

BSTX proposes to adopt rules relating to trading halts²²⁷ that are substantially similar to other exchange rules adopted in connection with the NMS Plan to Address Extraordinary Market Volatility (“LULD Plan”), with certain exceptions that reflect Exchange functionality.²²⁸ BSTX intends to join the LULD Plan prior to the commencement of trading Securities. Below is an explanation of BSTX’s approach to certain categories of orders during a trading halt:

- Short Sales – BSTX cancels all orders on the book during a halt and rejects any new orders, so rules relating to the repricing of short sale orders during a trading halt that certain other exchanges have adopted have been omitted.
- Pegged Orders – BSTX would not support pegged orders, at least initially, so rules relating to pegged orders during a trading halt have been omitted.
- Routable Orders – Pursuant to proposed Rule 25130, the BSTX System will reject any order or quotation that would lock or cross a protected quotation of another exchange (rather than routing such order or quotation), and therefore rules relating to handling of routable orders during a trading halt have been omitted.
- Limit Orders – Because BSTX would cancel resting order interest and reject incoming orders during a trading halt, specific rules relating to the repricing of limit-priced interest that certain other exchanges have adopted have been omitted.²²⁹
- Auction Orders, Market Orders, and FOK Orders – BSTX would not

²²⁷ The Exchange notes that rules on opening trading for non-BSTX-listed security are set forth in proposed Rule 25040(e).

²²⁸ See e.g., IEX Rule 11.280.

²²⁹ See e.g., Cboe BZX 11.18(e)(5)(B).

support these order types, at least initially, so rules relating to these order types during a trading halt have been omitted.²³⁰

Pursuant to proposed Rule 25050(d), the Exchange would cancel all resting orders in a non-BSTX listed security subject to a trading halt, reject any incoming orders in that security, and will only resume accepting orders following a broadcast message to BSTX Participants indicating a forthcoming re-opening of trading.²³¹

BSTX believes that it is in the public interest and furthers the protection of investors, consistent with Section 6(b)(5) of the Exchange Act²³² to provide for a mechanism to halt trading in securities during periods of extraordinary market volatility consistent with the LULD Plan. However, the Exchange has excluded rules relating to order types and other aspects of the LULD Plan that would not be supported by the Exchange, such as market orders and auction orders. The Exchange has also reserved the right in proposed Rule 25050(f) to halt or suspend trading in other circumstances where the Exchange deems it necessary to do so for the protection of investors and in the furtherance of the public interest.

The Exchange believes that canceling resting order interest during a trading halt and rejecting incoming orders received during the trading halt is consistent with Section 6(b)(5) of the Exchange Act²³³ because it is not designed to permit unfair discrimination among BSTX Participants. The orders and trading interest of all BSTX Participants would be canceled in the event of a trading halt and each BSTX Participant would be

²³⁰ IOC orders would be handled pursuant to proposed Rule 25050(g)(5).

²³¹ Trading would resume pursuant to proposed Rule 25040(e)(5). See proposed Rule 25050(g)(7).

²³² 15 U.S.C. 78f(b)(5).

²³³ Id.

required to resubmit any orders they had resting on the order book.

7. Rule 25060 – Order Entry

Proposed Rule 25060 sets forth the manner in which BSTX Participants may enter orders to the BSTX System. The BSTX System would initially only support limit orders.²³⁴ Orders that do not designate a limit price would be rejected.²³⁵ The BSTX System would also only support two time-in-force (“TIF”) designations initially: (i) DAY; and (ii) immediate or cancel (“IOC”). DAY orders will queue during the Pre-Opening Phase, may trade during regular market hours, and, if unexecuted at the close of the trading day (4:00 p.m. ET), are canceled by the BSTX System.²³⁶ All orders are given a default TIF of DAY. BSTX Participants may also designate orders as IOC, which designation overrides the default TIF of DAY. IOC orders are not accepted by the BSTX System during the Pre-Opening Phase. During regular trading hours, IOC orders will execute in whole or in part immediately upon receipt by the BSTX System. The BSTX System will not support modification of resting orders. To change the price or quantity of an order resting on the BSTX Book, a BSTX Participant must cancel the resting order and submit a new order, which will result in a new time stamp for purposes of BSTX Book priority. In addition, all orders on BSTX will be displayed, and the BSTX System will not support hidden orders or undisplayed liquidity, as set forth in proposed Rule 25100. The Exchange has also proposed an additional order parameter for BSTX Participants to indicate a preference for T+0 or T+1 settlement, as previously described in Item 3, Part

²³⁴ The BSTX System will also accept incoming Intermarket Sweep Orders (“ISO”) pursuant to proposed Rule 25060(c)(2). ISOs must be limit orders, are ineligible for routing, may be submitted with a limit price during Regular Trading Hours, and must have a time-in-force of IOC. Proposed Rule 25060(c)(2) is substantially similar to rules of other national securities exchanges. See e.g., Cboe BZX Rule 11.9(d).

²³⁵ Proposed Rule 25060(c)(1).

²³⁶ Proposed Rule 25060(d)(1).

II.I.

Consistent with Section 6(b)(5) of the Exchange Act,²³⁷ the Exchange believes that the proposed order entry rules will promote just and equitable principles of trade and help perfect the mechanism of a free and open market by establishing the types of orders and modifiers that all BSTX Participants may use in entering orders to the BSTX System. Because these order types and TIFs are available to all BSTX Participants, the proposed rule does not unfairly discriminate among market participants, consistent with Section 6(b)(5) of the Exchange Act. The proposed rule sets forth a very simple exchange model whereby there is only one order type—limit orders—and two TIFs. Upon the initial launch of BSTX, there will be no hidden orders, price sliding, pegged orders, or other order type features that add complexity. The Exchange believes that creating a simplified exchange model is designed to protect investors and is in the public interest because it reduces complexity, thereby helping market participants better understand how orders would operate on the BSTX System.

8. Rule 25070 – Consolidated Audit Trail

Proposed Rule 25070 (Consolidated Audit Trail) is designed to ensure that BSTX Participants are subject to the requirements related to the Consolidated Audit Trail, which Rules are set forth in the Rule 16000 Series. The Exchange believes that proposed Rule 25070 is designed to protect investors and the public interest, consistent with Section 6(b)(5) of the Exchange Act,²³⁸ because it will promote clarity in the Rules to ensure that BSTX Participants are aware of their obligation to comply with the CAT requirements set forth in the Rule 16000 Series.

²³⁷ 15 U.S.C. 78f(b)(5).

²³⁸ 15 U.S.C. 78f(b)(5).

9. Rule 25080 – Execution and Price Time Priority

Proposed Rule 25080 governs the execution of orders on the BSTX System, providing a price-time priority model. The proposed rule provides that orders of BSTX Participants shall be ranked and maintained in the BSTX Book according to price-time priority, such that within each price level, all orders shall be organized by the time of entry. The proposed rule further provides that sell orders may not execute a price below the best bid in the marketplace and buy orders cannot execute at a price above the best offer in the marketplace. Further, the proposed rule ensures compliance with Regulation SHO, Regulation NMS, and the LULD Plan, in a manner consistent with the rulebooks of other national securities exchanges.²³⁹ For example, in order to promote compliance with Rule 201 of Regulation SHO, proposed Rule 25080(b)(1) provides that when a short sale price test restriction is in effect, the execution price of the short sale order must be higher than (i.e., above) the best bid, unless the sell order is marked “short exempt” pursuant to Regulation SHO.

The Exchange believes that proposed Rule 25080 is consistent with Section 6(b)(5) of the Exchange Act²⁴⁰ because it is designed to promote just and equitable principles of trade and foster cooperation and coordination with persons facilitating transactions in securities by setting forth the order execution priority scheme for security transactions. Numerous other exchanges similarly operate a price-time priority structure for effecting transactions. The proposed rule also does not permit unfair discrimination among BSTX Participants because all BSTX Participants are subject to the same price-

²³⁹ See e.g., Cboe BZX Rule 11.13(a)(2)-(3) governing regular trading hours.

²⁴⁰ 15 U.S.C. 78f(b)(5).

time priority structure. In addition, the Exchange believes that specifying in proposed Rule 25080(b)(3) that execution of short sale orders when a short sale price test restriction is in effect must occur at a price above the best bid unless the order is market “short exempt,” is consistent with the Exchange Act because it is intended promote compliance with Regulation SHO in furtherance of the protection of investors and the public interest.

10. Rule 25090 – BSTX Risk Controls

Proposed Rule 25090 sets forth certain risk settings applicable to a BSTX Participant’s activities on the Exchange offered by the Exchange. Similar to other equities exchanges with respect to their risk controls, BSTX Participants are not required to use these risk controls. The proposed risk controls are designed to, among other things, prevent the submission and execution of potentially erroneous orders, cancel orders upon a BSTX Participant being disconnected from the Exchange, and limit the rate at which orders may be sent. The proposed risk control offerings are substantially similar to those offered by, and set forth in the rules of, another existing national securities exchanges with certain exceptions to reflect differences in the risk controls offered by BSTX.²⁴¹ Specifically, similar to MEMX Rule 11.10.01(c), BSTX proposes to offer a control related to the types of orders that may be utilized by a BSTX Participant except that BSTX will not offer a number of order types that are offered by MEMX, such as pre-market orders and post-market orders.²⁴² In addition, while MEMX Rule 11.10.01(h) offers credit controls that measure both gross and net exposure of a BSTX Participant that warn of, and when breached, prevent submission of new orders, BSTX offers a credit

²⁴¹ See Members Exchange (“MEMX”) Rule 11.10.01 and .02.

²⁴² Accordingly, BSTX Rule 25090(a)(3) does not enumerate the different types of orders for which the controls may be used.

control for net exposure but not gross exposure at this time. MEMX Rule 11.10.02(b) also offers a batch cancel functionality that permits its users to cancel all or a subset of orders simultaneously as well as to request that MEMX block all or a subset of its new inbound orders in one or more symbols. In contrast, proposed BSTX Rule 25090(c) describes similar functionality to batch cancel all or a subset of orders simultaneously, but the BSTX control is not currently configured to allow for the prevention of new orders in one or more symbols.²⁴³ The Exchange notes that the risk control offerings of other equities exchange vary substantially and not every exchange has the same control as other exchanges.²⁴⁴ Accordingly, the Exchange believes that BSTX's voluntary risk control offerings are comparable to those of other national securities exchanges.²⁴⁵

The Exchange also proposes to add as BSTX Rule 25090(d) a provision specifying that the risk controls described in Rule 25090 are meant to supplement, and not replace, a BSTX Participant's own internal systems, monitoring, and procedures related to risk management and are not designed for compliance with Rule 15c3-5 under the Exchange Act as well as noting that responsibility for compliance with all Exchange and SEC rules remains with the BSTX Participant. This provision is substantially similar to a parallel provision in NYSE American Rule 7.19E.01. The Exchange believes that this provision is helpful to clarify that BSTX Participants are not relieved of their

²⁴³ The BSTX risk control can block all new orders for a BSTX Participant, but not for a select symbol(s).

²⁴⁴ For example, unlike MEMX and other exchanges, neither NYSE American Rule 7.19E nor IEX Rule 11.380 appear to offer the ability to limit the use of certain types of orders. Similarly, NYSE American Rule 7.19E offers a gross credit control but not a net credit control, and IEX Rule 11.380 does not appear to offer a batch cancel functionality or controls on the overall rate of orders.

²⁴⁵ The Exchange notes that until May 14, 2020, NYSE American did not have any pre-trade risk control offering. See Exchange Act Release No. 88878 (May 14, 2020), 85 FR 30770 (May 20, 2020) (SR-NYSEAMER-2020-38).

obligations under Rule 15c3-5 to the extent they use the Exchange's risk control features. The Exchange believes the proposed risk controls in Rule 25090 are consistent with Section 6(b)(5) of the Exchange Act²⁴⁶ because they are designed to help prevent the execution of potentially erroneous orders, which furthers the protection of investors and the public interest. Among other things, erroneous orders can be disruptive to the operation of an exchange marketplace, can lead to temporary price dislocations, and can hinder price formation. The Exchange believes that offering configurable risk controls to BSTX Participants may help protect investors by reducing the number of erroneous executions on the BSTX System and thereby remove impediments to and perfect the mechanism of a free and open market system.

11. Rule 25100 – Trade Execution, Reporting, and Dissemination of Quotations

Proposed Rule 25100(a) provides that executions occurring as a result of orders matched against the BSTX Book, pursuant to proposed Rule 25080, shall be collected and made available to last sale vendors for dissemination and shall be reported by the Exchange to an appropriate consolidated transaction reporting system to the extent required by the Exchange Act and the rules and regulations thereunder.²⁴⁷ Proposed Rule 25100 additionally provides that the aggregate of the best-ranked non-marketable Limit Order(s), pursuant to Rule 25080, to buy and the best-ranked non-marketable Limit Order(s) to sell in the BSTX Book shall be collected and made available to quotation vendors for dissemination. Proposed Rule 25100 further provides that the BSTX System

²⁴⁶ 15 U.S.C. 78f(b)(5).

²⁴⁷ Proposed Rule 25100(a) is substantially similar to IEX Rule 11.240(a) and (d), but modified to reflect certain differences between BSTX and IEX such as the fact that BSTX will not route orders.

will operate as an “automated trading center” within the meaning of Regulation NMS and will display “automated quotations” at all times except in the event of a system malfunction.²⁴⁸ In addition, the proposed Rule specifies that the Exchange shall identify all trades executed pursuant to an exception or an exemption of Regulation NMS. The Exchange will disseminate last sale and quotation information pursuant to Rule 602 of Regulation NMS and will maintain connectivity to the securities information processors for dissemination of quotation information.²⁴⁹ BSTX Participants may obtain access to this information through the securities information processors.

Proposed Rule 25100(d) provides that executions that occur as a result of orders matched against the BSTX Book, pursuant to Rule 25080, shall clear and settle pursuant to the rules, policies, and procedures of a registered clearing agency. Rule 25100(e) obliges BSTX Participants, or a clearing member/participant clearing on behalf of a BSTX Participant to honor trades effected on the BSTX System on the scheduled settlement date, and the Exchange shall not be liable for the failure of BSTX Participants to satisfy these obligations.²⁵⁰

The Exchange believes that proposed Rule 25100 is consistent with Section

²⁴⁸ 17 CFR 242.600(b)(4) and (5). The general purpose of an exchange being deemed an “automated trading center” displaying “automated quotations” relates to whether or not an exchange’s quotations may be considered protected under Regulation NMS. See Exchange Act Release No. 51808, 70 FR 37495, 37520 (June 29, 2005). Other trading centers may not effect transactions that would trade through a protected quotation of another trading center. The Exchange believes that it is useful to specify that it will operate as an automated trading center at this time to make clear to market participants that it is not operating a manual market with respect to Securities.

²⁴⁹ 17 CFR 242.602.

²⁵⁰ These proposed provisions are substantially similar to those of exchanges. See e.g., Nasdaq Rule 4627 and IEX Rule 10.250.

6(b)(5) of the Exchange Act²⁵¹ because it will foster cooperation and coordination with persons processing information with respect to, and facilitating transactions in securities by requiring the Exchange to collect and disseminate quotation and last sale transaction information to market participants. BSTX Participants will need last sale and quotation information to effectively trade on the BSTX System, and proposed Rule 25100 sets forth the requirement for the Exchange to provide this information as well as the information to be provided. The proposed rule is similar to rules of other exchanges relating to the dissemination of last sale and quotation information. The Exchange believes that requiring BSTX Participants (or firms clearing trades on behalf of other BSTX Participants) to honor their trade obligations on the settlement date is consistent with the Exchange Act because it will foster cooperation with persons engaged in clearing and settling transactions in Securities, consistent with Section 6(b)(5) of the Exchange Act.²⁵²

12. Rule 25110 – Clearly Erroneous

Proposed Rule 25110 sets forth the manner in which BSTX will resolve clearly erroneous executions that might occur on the BSTX System and is substantially similar to comparable clearly erroneous rules on other exchanges. Under proposed Rule 25100, transactions that involve an obvious error such as price or quantity, may be canceled after review and a determination by an officer of the Exchange or such other employee designee of the Exchange (“Official”).²⁵³ BSTX Participants that believe they submitted

²⁵¹ 15 U.S.C. 78f(b)(5).

²⁵² Id.

²⁵³ A transaction made in clearly erroneous error and canceled by both parties or determined by the Exchange to be clearly erroneous would be removed from the Consolidated Tape. Proposed Rule 25110(a). In addition, similar to parallel rules of other exchanges, proposed Rule 25110(a) would provide that executions as a result of a Halt Auction under Rule 25040(c) are not eligible for a request to review as clearly erroneous under paragraph (b) of proposed Rule 25110. See e.g., Cboe BZX Rule

an order erroneously to the Exchange may request a review of the transaction, and must do so within thirty (30) minutes of execution and provide certain information, including the factual basis for believing that the trade is clearly erroneous, to the Official.²⁵⁴ Under proposed Rule 25100(c), an Official may determine that a transaction is clearly erroneous if the price of the transaction to buy (sell) that is the subject of the complaint is greater than (less than) the “Reference Price”²⁵⁵ by an amount that equals or exceeds specified “Numerical Guidelines.”²⁵⁶ The Official may consider additional factors in determining whether a transaction is clearly erroneous, such as whether trading in the security had recently halted or overall market conditions.²⁵⁷ Similar to other exchanges’ clearly erroneous rules, the Exchange may determine that trades are clearly erroneous in certain circumstances such as during a system disruption or malfunction, on a BSTX Officer’s (or senior employee designee) own motion, during a trading halt, or with respect to a

11.17(a).

²⁵⁴ Proposed Rule 25110(b). The Official may also consider certain “outlier” transactions on a case by case basis where the request for review is submitted after 30 minutes but no longer than sixty (60) minutes after the transaction. Proposed Rule 2511(d). Proposed Rule 25110(b)(2) would provide, similar to parallel rules of other exchanges, that other market centers will generally have an additional thirty (30) minutes from receipt of their participant’s timely filing, but no longer than sixty (60) minutes from the time of the execution at issue, to file with the Exchange for review of transactions routed to the Exchange from that away market center and executed on the Exchange.

²⁵⁵ The Reference Price would be equal to the consolidated last sale immediately prior to the execution(s) under review except for in circumstances, such as, for example, relevant news impacting a security or securities, periods of extreme market volatility, sustained illiquidity, or widespread system issues, where use of a different Reference Price is necessary for the maintenance of a fair and orderly market and the protection of investors and the public interest. Proposed Rule 25110(c)(1).

²⁵⁶ The proposed Numerical Guidelines are 10% where the Reference Price ranges from \$0.00 to \$25.00, 5% where the Reference Price is greater than \$25.00 up to and including \$50.00, and 3% where the Reference Price ranges is greater than \$50. Proposed Rule 25110(c)(1).

²⁵⁷ Proposed Rule 25110(c)(1).

series of transactions over multiple days.²⁵⁸ Under proposed Rule 25110(e)(2), BSTX Participants affected by a determination by an Official may appeal this decision to a Clearly Erroneous Execution Panel (“CEE Panel”), provided such appeal is made within thirty (30) minutes after the party making the appeal is given notice of the initial determination being appealed.²⁵⁹ Proposed Rule 25110(d)(2) would further provide that CEE Panel will be comprised of the Exchange’s Chief Regulatory Officer (“CRO”), or a designee of the CRO, and representatives from two (2) BSTX Participants.²⁶⁰ The CEE Panel may overturn the decision of the Official and all determinations made by the CEE Panel shall constitute final action by the Exchange on the matter at issue pursuant to proposed Rule 25110(e)(2)(ii).²⁶¹

²⁵⁸ See proposed Rule 25110(f) – (j). These provisions are virtually identical to similar provisions of other exchanges’ clearly erroneous rules other than by making certain administrative edits (e.g., replacing the term “security” with “Security”).

²⁵⁹ Determinations by an Official pursuant to proposed Rule 25110(f) relating to system disruptions or malfunctions may not be appealed if the Official made a determination that the nullification of transactions was necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest and further provided that with respect to rulings made by the Exchange in conjunction with one or more additional market centers, the number of affected transactions is similarly such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest and, hence, are also non-appealable. Proposed Rule 25110(e)(2).

²⁶⁰ Similar to parallel rules of other exchanges, the Exchange shall designate at least ten (10) representatives of BSTX Participants to be called upon to serve on the CEE Panel as needed. In no case shall a CEE Panel include a person affiliated with a party to the trade in question. To the extent reasonably possible, the Exchange shall call upon the designated representatives to participate on a CEE Panel on an equally frequent basis. See Proposed Rule 25110(e)(2)(ii).

²⁶¹ In addition, similar to parallel provisions of other equities exchanges, proposed Rule (e)(2)(v) would provide that if the CEE Panel votes to uphold the decision made pursuant to paragraph (e)(1) above, the Exchange will assess a \$500.00 fee against the BSTX Participant(s) who initiated the request for appeal, and, in addition, in instances where the Exchange, on behalf of a BSTX Participant, requests a determination by another market center that a transaction is clearly erroneous, the Exchange will pass any resulting charges through to the relevant BSTX Participant. See e.g., Cboe BZX Rule 11.17 (e)(2)(E).

The Exchange believes that proposed Rule 25110 is consistent with Section 6(b)(5) of the Exchange Act,²⁶² because it would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system by setting forth the process by which clearly erroneous trades on the BSTX System may be identified and remedied. Proposed Rule 25110 would apply equally to all BSTX Participants and is therefore not designed to permit unfair discrimination among BSTX Participants, consistent with Section 6(b)(5) of the Exchange Act.²⁶³ The proposed rule is substantially similar to the clearly erroneous rules of other exchanges.²⁶⁴ For example, proposed Rule 25110 does not include provisions related to clearly erroneous transactions for routed orders because orders for Securities will not route to other exchanges. Securities would also only trade during regular trading hours (i.e., 9:30 a.m. ET to 4:00 p.m. ET), so provisions from comparable exchange rules relating to clearly erroneous executions occurring outside of regular trading hours have been excluded. Proposed Rule 25110 also excludes provisions from comparable clearly erroneous rules of certain other exchanges relating to clearly erroneous executions in unlisted trading privileges securities that are subject to an initial public offering.²⁶⁵

²⁶² 15 U.S.C. 78f(b)(5).

²⁶³ Id.

²⁶⁴ See e.g., Cboe BZX Rule 11.17. Similar to other exchanges' comparable rules, proposed Rule 25110 provides BSTX with the ability to determine clearly erroneous trades that result from a system disruption or malfunction, a BSTX Official acting on his or her own motion, trading halts, multi-day trading events, multi-stock events involving five or more (but less than twenty) securities whose executions occurred within a period of five minutes or less, multi-stock events involving twenty or more securities whose executions occurred within a period of five minutes or less, securities subject to the LULD Plan, and for leveraged ETP Securities.

²⁶⁵ The Exchange notes that not all equities exchanges have a provision with respect to trade nullification for UTP securities that are the subject of an initial public offering. See IEX Rule 11.270.

The Exchange believes that its proposed process, which mirrors that of other exchanges, for BSTX Participants to appeal clearly erroneous execution determinations made by an Exchange Official pursuant to proposed Rule 25110 to a CEE Panel is consistent with Section 6(b)(5) of the Exchange Act²⁶⁶ because it promotes just and equitable principles of trade and fosters cooperation and coordination with persons regulating, settling, and facilitating transactions in securities by providing a clear and fair process to appeal determinations made by an Official that involves both representatives of other BSTX Participants and the CRO of the Exchange. In addition, proposed Rule 25110(e)(2)(vi) provides that any determination made by an Official or the CEE Panel under proposed Rule 25110 shall be rendered without prejudice as to the rights of the parties to the transaction to submit their dispute to arbitration. Accordingly, there is an additional safeguard in place for BSTX Participants to seek further review of the Exchange's clearly erroneous determination.

13. Rule 25120 – Short Sales

Proposed Rule 25120 sets forth certain requirements with respect to short sale orders submitted to the BSTX System that is virtually identical to similar rules on other exchanges.²⁶⁷ Specifically, proposed Rule 25120 requires BSTX Participants to appropriately mark orders as long, short, or short exempt and provides that the BSTX System will not execute or display a short sale order not marked short exempt with respect to a “covered security”²⁶⁸ at a price that is less than or equal to the current

²⁶⁶ 15 U.S.C. 78f(b)(5).

²⁶⁷ See e.g., IEX Rule 11.290.

²⁶⁸ Proposed Rule 25120(b) provides that the terms “covered security,” “listing market,” and “national best bid” shall have the same meaning as in Rule 201 of Regulation SHO. 17 CFR 242.201(a).

national best bid if the price of that security decreases by 10% or more, as determined by the listing market for the covered security, from the covered security's closing price on the listing market as of the end of Regular Trading Hours on the prior day (the "Trigger Price"). The proposed rule further specifies the duration of the "Short Sale Price Test" and that the BSTX System shall determine whether a transaction in a covered security has occurred at a Trigger Price and shall immediately notify the responsible single plan processor.²⁶⁹

The Exchange believes that proposed Rule 25120 is consistent with Section 6(b)(5) of the Exchange Act,²⁷⁰ because it would promote just and equitable principles of trade and further the protection of investors and the public interest by enforcing rules consistent with Regulation SHO. Pursuant to Regulation SHO, broker-dealers are required to appropriately mark orders as long, short, or short exempt,²⁷¹ and trading centers are required to establish, maintain, and enforce written policies and procedures reasonably designed to, among other things, prevent the execution or display of a short sale order of a covered security at a price that is less than or equal to the current national best bid if the price of that covered security decreases by 10% or more from its closing price on the primary listing market on the prior day.²⁷² Proposed Rule 25120 is designed to promote compliance with Regulation SHO, is nearly identical to similar rules of other exchanges, and would apply equally to all BSTX Participants.

²⁶⁹ Proposed Rule 25120(d). The proposed rule further provides in paragraph (d)(1) that if a covered security did not trade on BSTX on the prior trading day, BSTX's determination of the Trigger Price shall be based on the last sale price on the BSTX System for that security on the most recent day on which the security traded.

²⁷⁰ 15 U.S.C. 78f(b)(5).

²⁷¹ 17 CFR 242.200(g).

²⁷² 17 CFR 242.201(b)(1).

14. Rule 25130 – Locking or Crossing Quotations in NMS Stocks

Proposed Rule 25130 sets forth provisions related to locking or crossing quotations. The proposed rule is substantially similar to the rules of other national securities exchanges.²⁷³ Proposed Rule 25130 is designed to promote compliance with Regulation NMS and prohibits BSTX Participants from engaging in a pattern or practice of displaying quotations that lock or cross a protected quotation unless an exception applies. The Exchange proposes in Rule 25130(d) that the BSTX System will reject any order or quotation that would lock or cross a protected quotation of another exchange at the time of entry.

The Exchange believes proposed Rule 25130 is consistent with Section 6(b)(5) of the Exchange Act²⁷⁴ because it is designed to promote just and equitable principles of trade and foster cooperation and coordination with persons facilitating transactions in securities by ensuring that the Exchange prevents display of quotations that lock or cross any protected quotation in an NMS stock, in compliance with applicable provisions of Regulation NMS.

15. Rule 25140 – Clearance and Settlement: Anonymity

Proposed Rule 25140 provides that each BSTX Participant must either (1) be a member of a registered clearing agency that uses a CNS system, or (2) clear transactions executed on the Exchange through another BSTX Participant that is a member of such a registered clearing agency. The Exchange would maintain connectivity and access to the UTC of NSCC for transmission of executed transactions. The proposed Rule requires a BSTX Participant that clears through another BSTX Participant to obtain a written

²⁷³ See IEX Rule 11.310 and BZX Rule 11.20.

²⁷⁴ 15 U.S.C. 78f(b)(5).

agreement, in a form acceptable to the Exchange, that sets out the terms of such arrangement. The proposed Rule also provides that BSTX transaction reports shall not reveal contra party identities and that transactions would be settled and cleared anonymously. In certain circumstances, such as for regulatory purposes, the Exchange may reveal the identity of a BSTX Participant or its clearing firm such as to comply with a court order.

The Exchange believes that proposed Rule 25140 is consistent with Section 6(b)(5) of the Exchange Act²⁷⁵ because it would foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities. Proposed Rule 25140 is similar to rules of other exchanges relating to clearance and settlement.²⁷⁶

J. Market Making on BSTX (Rule 25200 Series)

The BSTX Market Making Rules (Rules 25200 – 25240) provide for registration and describe the obligations of Market Makers on the Exchange. The proposed Market Making Rules also provide for registration and obligations of Designated Market Makers (“DMMs”) in a given Security, allocation of a DMM to a particular Security, and parameters for business combinations of DMMs.

Proposed Rule 25200 closely parallels NYSE American Rule 7.20E and sets forth general requirements applicable to BSTX Market Makers such as the requirement to register as a Market Maker, the fact that Market Makers and DMMs are considered to be dealers for purposes of the Exchange Act and rules and regulations thereunder, and providing general authority for the Exchange to suspend or terminate a Market Maker or

²⁷⁵ 15 U.S.C. 78f(b)(5).

²⁷⁶ See e.g., IEX Rule 11.250.

DMM's registration in the event that they fail to meet their obligations required under proposed Rule 25220 or 25240.²⁷⁷ Proposed Rule 25210 sets forth the basic registration requirement for a non-DMM BSTX Market Maker by noting that a Market Maker must enter a registration request to BSTX and that such registration shall become effective on the next trading day after the registration is entered, or, in the Exchange's discretion, the registration may become effective the day that it is entered (and the Exchange will provide notice to the Market Maker in such cases). The proposed Rule further provides that a BSTX Market Maker's registration shall be terminated by the Exchange if the Market Maker fails to enter quotations within five business days after the registration becomes effective.²⁷⁸ BSTX Rules 25210(c)-(f) are substantially similar to NYSE American Rule 7.22E, and set forth certain criteria that the Exchange may consider when evaluating the application of a BSTX Market Maker, voluntary termination authority for a Market Maker, certain authority for the Exchange to suspend or termination the registration of a BSTX Participant as a Market Maker, and the ability for the Market Maker to appeal such suspension or termination.

Proposed Rule 25220 sets forth the obligations of Market Makers, including DMMs. Under the proposed Rule, a BSTX Participant that is a Market Maker, including

²⁷⁷ BSTX added language to proposed Rule 25200 to make clear that the provisions apply to both Market Makers and DMMs, while NYSE American Rule 7.20E does not clearly apply to both DMMs and non-DMM market makers in each provision. BSTX did not include a parallel to NYSE American Rule 7.20E(e) regarding voluntary termination of registration as a Market Maker in proposed Rule 25200 as that provision is provided for in proposed Rule 25210(d).

²⁷⁸ Proposed Rule 25210(a) and (b) are substantially similar to IEX Rule 11.150. BSTX Rule 25200 differs from IEX Rule 11.150 in certain respects, such as that IEX Rule 11.150 provides that registration of a market maker becomes effective on the day the registration request is entered while BSTX Rule 25210 provides that shall become effective on the next trading day after the registration is entered, but that the Exchange has discretion to make the registration effective the day entered with notice provided to the prospective BSTX Market Maker.

a DMM, is generally required to post two-sided quotes during the regular market session for each Security in which it is registered as a Market Maker.²⁷⁹ The Exchange proposes that such quotes must be entered within a certain percentage, called the “Designated Percentage,” of the National Best Bid (Offer) price in such Security (or last sale price, in the event there is no National Best Bid (Offer)) on the Exchange.²⁸⁰ The Exchange proposes that the Designated Percentage would be the same as the Designated Percentage required of market makers on other national securities exchanges.²⁸¹ The Exchange notes that pursuant to proposed Rule 25220(a)(1)(iii), there is nothing to preclude a Market Maker from entering trading interest at price levels that are closer to the NBBO, so Market Makers have the ability to quote must closer to the NBBO than required by the Designated Percentage requirement if they so choose.

The Exchange proposes in Rule 25220(a)(1)(ii)(A) that, in the event that price movements cause a Market Maker or DMM’s quotations to fall outside of the National Best Bid (Offer) (or last sale price in the event there is no National Best Bid (Offer)) by a given percentage, with such percentage called the “Defined Limit,” in a Security for which they are a Market Maker, the Market Maker or DMM must enter a new bid or offer at not more than the Designated Percentage away from the National Best Bid (Offer) in that Security. The Exchange proposes a tiered structure for the Defined Limit that

²⁷⁹ See proposed Rule 25220(a)(1).

²⁸⁰ See proposed Rule 25220(a)(1)(ii)(A).

²⁸¹ Cf proposed Rule 25220(a)(1)(ii)(C) and IEX Rule 11.151(a)(6). Similarly, proposed Rule 25210(a)(1)(ii)(B) would specify similar to IEX Rule 11.151(a)(5) that the national best bid and national best offer shall be determined by the Exchange in accordance with its procedures for determining protected quotations under Rule 600 under Regulation NMS.

parallels the rules of other national securities exchanges.²⁸² Under the proposed Rules, a Market Maker's quotations must be firm and automatically executable for their size, and, to the extent the Exchange finds that a Market Maker has a substantial or continued failure to meet its quotation obligations, such Market Maker may face disciplinary action from the Exchange.²⁸³ Under the proposed Market Maker and DMM Rules, Market Makers and DMMs' two-sided quotation obligations must be maintained for a quantity of a "normal unit of trading" which is defined as one hundred shares.²⁸⁴ Proposed Rule 25220(a)(1)(ii)(E) would, similar to comparable rules of other national securities exchanges, provide that the minimum quotation increment for quotations of \$1.00 or above in all BSTX System Securities shall be \$0.01, and the minimum quotation increment in the System for quotations below \$1.00 in System Securities shall be \$0.0001.²⁸⁵

The Exchange notes that proposed Rule 25220 is substantially similar to NYSE American Rule 7.23E, with the exceptions of: (i) specifying the minimum quotation increment for securities priced above \$1.00 per share and below \$1.00 per share, as noted above; (ii) specifying that Market Maker quotations must be firm for their displayed size and automatically executable; and (iii) specifying the applicable Designated Percentage

²⁸² Cf. proposed Rule 25220(a)(1)(ii)(D) and IEX Rule 11.151(a)(7).

²⁸³ See proposed Rule 25220(b) and (c). Pursuant to proposed Rule 25220(d), a BSTX Market Maker, other than a DMM, may apply for a temporary withdrawal from its Market Maker status provided it meets certain conditions such as demonstrating legal or regulatory requirements that necessitate its temporary withdrawal.

²⁸⁴ See proposed Rule 25220(a)(1)(i). The Exchange notes that one hundred shares corresponds to the current definition of a "round lot" under Rule 600(b)(82) of Regulation NMS. 17 CFR 242.600(b)(82).

²⁸⁵ See e.g., IEX Rule 11.151(a)(11). Proposed Rule 25220(a)(ii)(B) would also specify that the NBB and NBO shall be determined by the Exchange in accordance with its procedures for determining protected quotations under Rule 600 under Regulation NMS.

and Defined Limit with reference to securities that are part of the S&P500 Index, Russel 1000 Index or a pilot list of exchange traded products. The Exchange notes that these differences do not propose any novel requirements applicable to market makers and have been incorporated into the market maker rules of other national securities exchanges and the Exchange believes will add additional clarity to the expectations of Market Makers on the Exchange.²⁸⁶

Proposed Rule 25230 sets forth certain requirements for Market Maker Authorized Traders (“MMATs”), which are individuals permitted to enter orders only for the account of the Market Maker or DMM for which they are registered. The proposed provisions related to MMATs are substantially similar to those of other exchanges.²⁸⁷ Proposed Rule 25230(b) would set forth, among other things, who is eligible to act as a MMAT (e.g., officers, employees, and associated persons of a BSTX Market Maker), the requirements to act as a MMAT (e.g., completing the Series 57 examination and completing any training or certification required by the Exchange) and provide the Exchange with authority to require additional information for a MMAT’s registration or to grant a conditional registration of a MMAT. Proposed Rule 25230(c) provides that the Exchange may suspend an individual’s registration as a MMAT if it makes certain determinations (e.g., failure to comply with applicable laws or regulatory requirements, including the Rules of the exchange, or if the Exchange believes it is in the interest of maintaining fair and orderly markets) and the process for voluntary withdrawal of a MMAT via written request of the BSTX Participant for which the MMAT is registered.

Proposed Rule 25240 sets forth the registration requirements for a DMM. Under

²⁸⁶ See IEX Rule 11.151(a)(6), (7), and (11) and IEX Rule 11.151(b)(1).

²⁸⁷ See e.g., NYSE American Rule 7.21E and Cboe BZX Rule 11.6.

proposed Rule 25240, a DMM must be a registered Market Maker and be approved as a DMM in order to receive an allocation of Securities pursuant to proposed Rule 25230, which is described below.²⁸⁸ For Securities in which a Participant serves as a DMM, it must meet the same obligations as if it were a Market Maker and must also maintain a bid or offer at the National Best Bid and Offer at least 25% of the day measured across all Securities in which such Participant serves as DMM.²⁸⁹ The proposed Rule provides, among other things, that there will be no more than one DMM per Security and that a DMM must maintain information barriers between the trading unit operating as a DMM and the trading unit operating as a BSTX Market Maker in the same Security (to the extent applicable).²⁹⁰ The Rule further provides a process by which a DMM may temporarily withdraw from its DMM status, which is similar to the same process for a BSTX Market Maker²⁹¹ and similar to the same process for DMMs on other exchanges.²⁹² The Exchange notes that proposed Rule 25240 is substantially similar to NYSE American Rule 7.24E with the exception that the Exchange proposes to add a provision stating that the Exchange is not required to assign a DMM if the Security has an adequate number of BSTX Market Makers assigned to such Security. The purpose of this requirement is to acknowledge the possibility that a Security need not necessarily have a DMM provided that each Security has been assigned at least four active non-DMM Market Makers.

²⁸⁸ See proposed Rule 25240(b). DMMs would be approved by the Exchange pursuant to an application process in the form as required by the Exchange and the proposed Rule notes that the Exchange may consider an applicant's market making ability, capital available for market making, and such other factors as the Exchange deems appropriate.

²⁸⁹ See proposed Rule 25240(c).

²⁹⁰ See proposed Rule 25240(b).

²⁹¹ See proposed Rule 25220(d).

²⁹² See e.g., NYSE American Rule 7.24E(b)(4).

In proposed Rule 25250, the Exchange proposes to set forth the process by which a DMMs are allocated and reallocated responsibility for a particular Security. Proposed Rule 25250(a) sets forth the basic eligibility criteria for a when a Security may be allocated to a DMM, providing that this may occur when the Security is initially listed on BSTX, when it is reassigned pursuant to Rule 25250, or when it is currently listed without a DMM assigned to the Security.²⁹³ Proposed Rule 25250(a) also specifies that a DMM's eligibility to participate in the allocation process is determined at the time the interview is scheduled by the Exchange and specifies that a DMM must meet with the quotation requirements set forth in proposed Rule 25240(c) (DMM obligations). The proposed Rule further specifies how the Exchange will handle several situations in which the DMM does not meet its obligations, such as, for example, by issuing an initial warning advising of poor performance if the DMM fails to meet its obligations for a one-month period.²⁹⁴

Proposed Rule 25250(b) sets forth the manner in which a DMM may be selected and allocated a Security. Under proposed Rule 25250(b), an issuer may select its DMM directly, delegate the authority to the Exchange to selects its DMM, or may opt to proceed with listing without a DMM, in which case a minimum of four non-DMM Market Makers must be assigned to its Security consistent with proposed Rule 26106. Proposed Rule 25250(b) further sets forth provisions relating to the interview between the issuer and DMMs, the Exchange selection by delegation, and a requirement that a DMM

²⁹³ As previously noted, pursuant to proposed Rule 26106, a Security may, in lieu of having a DMM assigned to it, have a minimum of four non-DMM Market Makers. Consequently, a Security might not have a DMM when it initially begins trading on BSTX, but may acquire a DMM later.

²⁹⁴ See proposed Rule 25250(a)(4). The proposed handling of these scenarios where a DMM does not meet its obligations is substantially similar to parallel requirements in NYSE American Rule 7.25E(a)(4).

serve as a DMM for a Security for at least one year. Each of these provisions is substantially similar to corresponding provisions in NYSE American Rule 7.25E(b)(1)-(3). Proposed Rule 25250(b) further sets forth specific provisions related to a variety of different issuances and types of securities, including spin-offs or related companies, warrants, rights, relistings, equity Security listing after preferred Security, listed company mergers, target Securities, and closed-end management investment companies.²⁹⁵ Each of these provisions is substantially similar to corresponding provisions in NYSE American Rule 7.25E(b)(4)-(11).

Proposed Rule 25250(c) sets forth the reallocation process for a DMM in a manner that is substantially similar to corresponding provisions in NYSE American Rule 7.25E(c). Generally, under the proposed Rule, an issuer may request a reallocation to a new DMM and Exchange staff will review this request, along with any DMM response letter, and eventually make a determination.²⁹⁶ Proposed Rule 25250(d), (e), and (f), set forth provisions governing an allocation freeze, allocation sunset, and criteria for applicants that are not currently DMMs to be eligible to be allocated a Security as a DMM respectively. Each of these provisions are likewise substantially similar to corresponding provisions in NYSE American Rule 7.25E(d)-(f).

Finally, proposed Rule 25260 sets forth the DMM combination review policy. The proposed Rule, among other things, defines a proposed combination among DMMs, requires that DMMs provide a written submission to the Office of the Corporate

²⁹⁵ See proposed Rule 25250(b)(4)-(11).

²⁹⁶ In addition, proposed Rule 25250(c)(2) sets forth provisions that allow for the Exchange's CEO to immediately initiate a reallocation proceeding upon written notice to the DMM and the issuer when the DMM's performance in a particular market situation was, in the judgment of the Exchange, so egregiously deficient as to call into question the Exchange's integrity or impair the Exchange's reputation for maintaining an efficient, fair, and orderly market.

Secretary of the Exchange and specifies, among other things, the items to be disclosed in the written submission, the criteria that the Exchange will use to evaluate a proposed combination, and the timing for a decision by the Exchange, subject to the Exchange's right to extend such time period. The Exchange notes that proposed Rule 25260 is substantially similar to NYSE American Rule 7.26E.

The Exchange believes that the proposed Market Making Rules set forth in the Rule 25200 Series are consistent with Section 6(b)(5) of the Exchange Act²⁹⁷ because they are designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. The Exchange notes that the proposed Rules are substantially similar to the market making rules of other exchanges, as detailed above,²⁹⁸ and that all BSTX Participants are eligible to become a Market Maker or DMM provided they comply with the proposed requirements.²⁹⁹ The proposed Market Maker Rules set forth the quotation and related expectations of BSTX Market Makers which the Exchange believes will help ensure that there is sufficient liquidity in Securities. The Exchange has also proposed that the minimum quotation increment for quotations of \$1.00 or above in all securities shall be \$0.01 and \$0.0001 for quotations below \$1.00, consistent with the rules of other equities exchanges.³⁰⁰

K. BSTX Listing Rules Other than for Exchange Traded Products and

²⁹⁷ 15 U.S.C. 78f(b)(5).

²⁹⁸ See NYSE American Rule 7, Section 2.

²⁹⁹ In this regard, the Exchange believes the proposed Market Making Rules are not designed to permit unfair discrimination between BSTX Participants, consistent with Section 6(b)(5) of the Exchange Act. 15 U.S.C. 78f(b)(5).

³⁰⁰ See e.g., Cboe BZX Rule 11.8(d)(2)(G).

Suspension and Delisting Rules (Rule 26000 and 27000 Series)

The BSTX Listing Rules Other than for Exchange Traded Products (the “Non-ETP Listing Rules”) in the Rule Series 26000 and the Suspension and Delisting Rules in the Rule 27000 Series have been adapted from, and are substantially similar to, Parts 1 – 12 of the NYSE American LLC Company Guide.³⁰¹ Except as described below, each proposed Rule in the BSTX 26000 and 27000 Series is substantially similar to a Section of the NYSE American Company Guide.³⁰² Below is further detail.

- The BSTX Rule 26100 Series are based on the NYSE American Original Listing Requirements (Sections 101-146).³⁰³

³⁰¹ All references to various “Sections” in the discussion of these Listing Rules refer to the various Sections of the NYSE American Company Guide.

³⁰² The Exchange notes that while the numbering of BSTX’s Listing Rules generally corresponds to a Section of the NYSE American LLC Company Guide, BSTX did not integrate certain Sections of the NYSE American Company Guide that the Exchange deemed inapplicable to its operations. Regarding types of securities that the Exchange is not proposing to make eligible for listing this applies to the sections of the NYSE American LLC Company Guide that address bonds and debentures, currency and index warrants, other securities not otherwise covered by the NYSE American listing criteria, transfers from unlisted to listed trading, and investment trusts (See NYSE American Sections 104, 106, 107, 113 and 118). In addition, the Exchange is proposing to adopt proposed BSTX Rules 26019 and 26110 that correspond to NYSE American sections 109 (regarding Canadian companies) and 110 (regarding securities of foreign issuers), however, the application of the provisions regarding securities of foreign issuers would be limited to Canadian issuers because those are the only foreign issuers that would be permitted to list. The Exchange also proposes to modify cross-references in the proposed Non-ETP Listing Rules to accord with its Rules.

³⁰³ Pursuant to proposed Rule 26136, all securities initially listing on BSTX, except securities which are book-entry only, must be eligible for a Direct Registration Program operated by a clearing agency registered under Section 17A of the Exchange Act. 15 U.S.C. 78q-1. The Exchange also proposes to modify Rule 26210 from NYSE American Section 210 regarding Exchange Act registration requirements for issuers seeking to list on the Exchange to provide that issuers must have their securities registered under Section 12(b) of the Exchange Act or alternatively that issuers may list pursuant to an exemption from registration issued by the Commission that permits the listing notwithstanding that the security has not been registered under Section 12(b). IEX Rule 14.203 similarly allows for securities subject to an exemption from registration to be listed on IEX.

- The BSTX Original Listing Procedures (26200 Series) are based on the NYSE American Original Listing Procedures (Sections 201 – 222).
- The BSTX Additional Listings Rules (26300 Series) are based on the NYSE American Additional Listings Sections (Sections 301- 350).
- The BSTX Disclosure Policies (26400 Series) are based on the NYSE American Disclosure Policies (Sections 401-404).
- The BSTX Dividends and Splits Rules (26500 Series) are based on the NYSE American Dividends and Stock Splits Sections (Sections 501-522).
- The BSTX Accounting; Annual and Quarterly Reports Rules (26600 Series) are based on the NYSE American Accounting; Annual and Quarterly Reports Sections (Sections 603-624).
- The BSTX Shareholders’ Meetings, Approval and Voting of Proxies Rules (26700 Series) are based on the NYSE American Shareholders’ Meetings, Approval and Voting of Proxies Sections (Sections 701-726).³⁰⁴
- The BSTX Corporate Governance Rules (26800 Series) are based on the NYSE American Corporate Governance Sections (Sections 801-809).
- The BSTX Additional Matters Rules (26900 Series) are based on the NYSE American Additional Matters Sections (Sections 920-994).
- The BSTX Suspension and Delisting Rules (27000 Series) are based on the NYSE American Suspension and Delisting Sections (Sections 1001-1011).
- The BSTX Guide to Filing Requirements (27100 Series) are based on the

³⁰⁴ The Exchange notes that the proposed fees for certain items in the proposed Listing Rules (e.g., proxy follow-up mailings) are the same as those charged by NYSE American. See e.g., proposed IM-26722-8 cf. NYSE American Section 722.80.

NYSE American Guide to Filing Requirements (Section 1101).

- The BSTX Procedures for Review of Exchange Listing Determinations (27200 Series) are based on the NYSE American Procedures for Review of Exchange Listing Determinations (Sections 1201-1211).

Notwithstanding that the proposed Rule 26000 and 27000 Series are substantially similar to those of other exchanges, BSTX proposes certain additions or modifications to these rules specific to its market. For example, the Exchange proposes to add definitions that apply to the proposed BSTX Rule 26000 and 27000 Series. Specifically, the Exchange proposes in BSTX Rule 26000(a) to add the following defined terms: “BSTX Listing Standards”, “Covered Security”, “Initial Security Offering”, “public distribution”, “public shareholders”, “Primary Equity Security”, “Round Lot” and “shareholder”, “holder” or “security holder”. Many of these definitions are based on defined terms used in the NYSE American LLC Company Guide and listing rules of the Nasdaq Stock Market,³⁰⁵ and all of the defined terms are designed to facilitate understanding by market participants of the proposed Rule 26000 and 27000 Series. Increased clarity may serve to remove impediments to and perfect the mechanism of a free and open market and a national market system and may also foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, consistent with Section 6(b)(5) of the Exchange Act.³⁰⁶

With respect to initial listing standards for non-ETP Securities, which begin at

³⁰⁵ See NYSE American Section 102 (defining public distribution and public shareholders); NASDAQ Rules 5005(a)(9) (defining Covered Security), (33) (defining Primary Equity Security) and (40) (defining Round Lot).

³⁰⁶ 15 U.S.C. 78f(b)(5).

proposed Rule 26101, the Exchange proposes to adopt listing standards that are substantially similar to the NYSE American listing rules for initial listings.³⁰⁷ The Exchange understands that the Commission has extended relief to NYSE American with respect to certain quantitative listing standards that do not meet the thresholds of SEC Rule 3a51-1.³⁰⁸ Initial listings of securities that do not meet such thresholds and are not subject to the relief provided to NYSE American would qualify as “penny stocks” and would be subject to additional regulation. The Exchange notes that it is not seeking relief related to SEC Rule 3a51-1. Therefore, it has made several conforming changes to the proposed listing standards in proposed Rule 26101 to bring them in line with SEC Rule 3a51-1. These changes are as follows: in Rule 26101(a)(2) issuers would be required to have at least one year of operating history; in Rule 26101(a)(4) the aggregate market value of publicly held shares would be at least \$5 million; in Rule 26101(c)(2) the required total value of market capitalization would be \$50 million for the prior 90 consecutive days; in Rule 26101(d)(1) the total market value of capitalization would be \$50 million for the prior 90 consecutive days; in Rule 26101(g)(1) the required market value of publicly held shares for closed-end investment management companies would be at least \$50 million; and in Rule 26101(g)(2) for a closed-end investment management company that is part of a group and meets certain other conditions the required total market value of publicly held shares would be at least \$50 million.. BSTX will also require new listings pursuant to proposed Rule 26102 to meet the following standards:

³⁰⁷ See NYSE American Sections 101 through 119. The Sample Underwriter’s Letter that has been submitted as Exhibit 3L to this proposal states that representatives of the underwriters in an Initial Security Offering would represent to the Exchange that they have reviewed and understand the BSTX listing criteria and that the distrution will meet or exceed the applicable requirements.

³⁰⁸ 17 CFR 240.3a51-1.

have a public distribution of either a minimum of 500 shares together with a minimum of 800 public shareholders or a minimum public distribution of 1 million shares together with a minimum of 400 public shareholders; a minimum market price of \$4 per security; and at least 300 round lot holders. These provisions meet the requirements in SEC Rule 3a51-1 and are consistent with the rules of other national securities exchanges.³⁰⁹ In addition, the Exchange notes that proposed Rule 26140, which governs the additional listing requirements of a company that is affiliated with the Exchange, is based on similar provisions in NYSE American Rule 497 and IEX 14.205.

The Exchange believes that adopting listing rules similar to those in place on other national securities exchanges will facilitate more uniform standards across exchanges, which helps foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, consistent with Section 6(b)(5) of the Exchange Act.³¹⁰ Market participants that are already familiar with NYSE American's listing standards will already be familiar with most of the substance of the proposed listing rules. The Exchange also believes that adopting proposed listing standards that closely resemble those of NYSE American may also foster competition among listing exchanges for companies seeking to publicly list their securities.

The Exchange is also proposing certain additional provisions relative to the NYSE American listing rules regarding initial listing standards for secondary classes of common stock and listing standards for preferred stock.³¹¹ Specifically, relative to the

³⁰⁹ See e.g., NASDAQ Rules 5505 and 5510.

³¹⁰ 15 U.S.C. 78f(b)(5).

³¹¹ See proposed Rules 26101(i) and 26103(b)(2).

NYSE American listing rules the Exchange is proposing additional listing standards in these areas that are based on NASDAQ Rule 5510.³¹² Under the standards pertaining to a company's secondary class of common stock, in circumstances where the "primary equity security" of the issuer is already listed on BSTX or meets the Exchange's definition of a "covered security", as those terms are proposed to be defined by the Exchange, the company's secondary class of common stock would be required to meet the following listing conditions: (i) minimum bid price of at least \$4 per share; (ii) at least 100 round lot holders and at least 50% of such round lot holders must each hold shares that are not subject to resale restrictions for any reason and that have a market value of at least \$2,500; (iii) at least 200,000 publicly held shares that are not subject to resale restrictions for any reason; (iv) a market value of publicly held shares that are not subject to resale restrictions for any reason of at least \$3.5 million; and, (v) if the security is trading in the U.S. over-the-counter market as of the date of the application, such security must have a minimum average daily trading volume of 2,000 shares over the 30 trading day period prior to listing, with trading occurring on more than half of those 30 days, unless such security is listed on BSTX in connection with a firm commitment underwritten public offering of at least \$4 million. These same conditions would apply to preferred stock under the Exchange's proposed additional Preferred Stock Distribution Standard 2 in Rule 26103(b)(2). The Exchange believes these proposed rules providing additional initial listing standards for secondary classes of common stock and preferred stock that are consistent with existing NASDAQ Rule 5510 would expand the possible universe of issuances that would be eligible to list on the Exchange regarding secondary

³¹² See NASDAQ Rule 5510 (Initial Listing Requirements for Preferred Stock and Secondary Classes of Common Stock).

classes of common stock and preferred stock. The Exchange believes that such rules would help remove impediments to and perfect the mechanism of a free and open market and a national market system, consistent with Section 6(b)(5) of the Exchange Act by giving issuers additional means by which to list these types of securities (i.e., secondary classes of common stock and preferred stock) and investors the opportunity to trade in such securities.³¹³ Further, consistent with the public interest, rules that provide more opportunity for listings may promote competition among listing exchanges and capital formation for issuers.

With respect to the definitions in proposed Rule 26000, these are designed to facilitate understanding of the BSTX Non-ETP Listing Rules by market participants. The Exchange believes that allowing market participants to better understand and interpret the BSTX Non-ETP Listing Rules removes impediments to and perfects the mechanism of a free and open market and a national market system, and may also foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, consistent with Section 6(b)(5) of the Exchange Act.³¹⁴

The Exchange's proposed Rules provide additional flexibility for listed companies in choosing how liquidity would be provided in their listings by allowing listed companies to meet either the DMM Requirement or Active Market Maker Requirement for initial listing and continued trading.³¹⁵ Pursuant to proposed Rule

³¹³ 15 U.S.C. 78f(b)(5).

³¹⁴ Id.

³¹⁵ See proposed Rule 26205. BSTX-listed Securities must meet the criteria specified in proposed Rule 26106, which provides that unless otherwise provided, all Securities listed pursuant to the BSTX Listing Standards must meet one of the following requirements: (1) the DMM Requirement whereby a DMM must be assigned to a given Security; or (2) the

26205, a company may choose to be assigned a DMM by the Exchange or to select its own DMM.³¹⁶ Alternatively, a company may elect that in lieu of a DMM a minimum of four (4) market makers would be assigned to the Security. The Exchange believes that such additional flexibility would promote the removal of impediments to and perfection of the mechanism of a free and open market and a national market system, consistent with Section 6(b)(5) of the Exchange Act.³¹⁷ The Commission has previously approved exchange rules providing for four market makers to be assigned to a particular security upon initial listing.³¹⁸ In accordance with these previously approved rules, the Exchange believes proposed Rule 26205 would ensure fair and orderly markets and would facilitate the provision of sufficient liquidity for Securities.

The Exchange also proposes a number of other non-substantive changes from the baseline NYSE American listing rules, such as to eliminate references to the concept of a

Active Market Maker Requirement which states that the Security must have at least four registered and active Market Makers.

³¹⁶ Exchange personnel responsible for managing the listing and onboarding process would be responsible for determining to which DMM a Security would be assigned. As provided in proposed Rule 26205, the Exchange makes every effort to see that each Security is allocated in the best interests of the company and its shareholders, as well as that of the public and the Exchange. Similarly, the Exchange anticipates that these same personnel would be responsible for answering questions relating to the Exchange's listing rules pursuant to proposed Rule 26994 (New Policies). The Exchange notes that certain provisions in the NYSE American Listing Manual contemplate a "Listing Qualifications Analyst" that would perform a number of these functions. The Exchange is not proposing to adopt provisions that specifically contemplate a "Listing Qualifications Analyst," but expects to have personnel that will perform the same basic functions, such as advising issuers and prospective issuers with respect to relevant rules related to listing.

³¹⁷ 15 U.S.C. 78f(b)(5).

³¹⁸ See e.g., IEX Rule 14.310(c). While the Exchange proposal is consistent with IEX Rule 14.310(c) the Exchange is not proposing to adopt exceptions in the IEX provisions that permit three market makers if the issuer meets certain criteria. The Exchange is also not proposing any different continued listing requirement.

“specialist,” since BSTX will not have a specialist,³¹⁹ or references to certificated equities, since Securities will be uncertificated equities.³²⁰ As another example, NYSE American Section 623 requires that three copies of certain press releases be sent to the exchange, while the Exchange proposes only that a single copy of such press release be shared with the Exchange.³²¹ The Exchange proposes to modify proposed Rule 26510 (Two Day Delivery Plan), which is based on NYSE American Section 510 and specifies that all trades on NYSE American will be settled in two days, to contemplate potential accelerated settlement of transactions pursuant to proposed Rule 25060(h). In addition, the Exchange proposes to adopt Rule 26720 in a manner that is substantially similar to NYSE American Section 720, but proposes to modify the internal citations to ensure consistency with its proposed Rulebook.³²² In its proposed Rules, the Exchange has

³¹⁹ See e.g., NYSE American Section 513(f), noting that open orders to buy and open orders to sell on the books of a specialist on an ex rights date are reduced by the cash value of the rights. Proposed Rule 26340(f) deletes this provision because BSTX will not have specialists. Similarly, because BSTX will not have specialists, the Exchange is not proposing to adopt a parallel rule to NYSE American Section 516, which specifies that certain types of orders are to be reduced by a specialist when a security is quoted ex-dividend, ex-distribution or ex-rights are set forth in NYSE American Rule 132.

³²⁰ See e.g., NYSE American Section 117 including a clause relating to paired securities for which “the stock certificates of which are printed back-to-back on a single certificate”). Similarly, the Exchange has proposed to replace certain references to the “Office of General Counsel” contained in certain NYSE American Listing Rule (see e.g., Section 1205) with references to the Exchange’s “Legal Department” to accommodate differences in BSTX’s organizational structure. See proposed Rule 27204. As another example, proposed Rule 27205 refers to the Exchange’s “Hearing Committee” as defined in Section 6.08 of the Exchange’s By-Laws to similarly accommodate organizational differences between the Exchange and NYSE American.

³²¹ See proposed Rule 26623.

³²² Specifically, proposed Rule 26720 would provide that participants must comply with Rules 26720 through 26725 and BSTX’s Rule 22020 (Forwarding of Proxy and Other Issuer-Related Materials; Proxy Voting). NYSE American Section 726, upon which proposed Rule 26720 is based, includes cross-references to NYSE American’s corresponding rules to proposed Rules 26720 through 26725, and also includes cross-references to NYSE American Rules 578 through 585, for which the Exchange is not

included certain form letters related to proxy rules that are included in the NYSE American rules.³²³ The Exchange also proposes to include certain materials as part of the BSTX Listing Supplement, which would contain certain forms/applications applicable to companies listed on BSTX.³²⁴ The Exchange is not proposing to adopt provisions

proposing corresponding rules. These NYSE American rules for which the Exchange is not proposing to adopt a parallel rule relate to certain requirements specific to proxy voting (e.g., requiring that a member state the actual number of shares for which a proxy is given – NYSE American Rule 578) or, in some cases, relate to certificated securities (e.g., NYSE American Rule 579), which would be inapplicable to the Exchange since it proposes to only list uncertificated securities. The Exchange believes that it does not need to propose to adopt parallel rules corresponding to NYSE American Rules 578-585 at this time and notes that other listing exchanges do not appear have corresponding versions of these NYSE American Rules. See e.g., Cboe BZX Rules. The Exchange believes that proposed Rule 26720 and the Exchange’s other proposed Rules governing proxies, including those referenced in proposed Rule 26720, are sufficient to govern BSTX Participants’ obligations with respect to proxies. Nevertheless, the Exchange proposes to adopt Rule 26729 (Representations to Management) to require that before a BSTX Participant states to management that he/she represents stockholders in making demands for changes in management or company policies, he/she must have received permission of such stockholders to make such demands. This proposed Rule is similar to NYSE American Rule 581, except that BSTX proposes in its version to remove references to “Schedule B” or “Schedule 14-B” and “Regulation §240.14a-11” as these references are obsolete (i.e., there is no longer a Rule 14a-11 or Schedule 14B). The Exchange believes that it is still important that a BSTX Participant have the requisite authority from stockholders it purports to represent when making demand on behalf of those stockholders.

³²³ Proposed Rules IM-26722-2 and IM-26722-4 contain samples of letters containing the information and instructions required pursuant to the proxy rules to be given to clients in the circumstances indicated in the appropriate heading. These are intended to serve as examples and not as prescribed forms. Participants would be permitted to adapt the form of these letters for their own purposes provided all of the required information and instructions are clearly enumerated in letters to clients.

³²⁴ Pursuant to proposed Rule 26212, the BSTX Listing Supplement would include a sample application for original listing, which the Exchange has submitted as Exhibit 3G. Other examples of items that would appear in the BSTX Listing Supplement include certain certifications to be completed by the CEO of listed companies pursuant to proposed Rule 26810(a) (submitted as Exhibit 3M) and corporate governance affirmations for the different types of entities that might list on BSTX pursuant to proposed Rule 26810(c) (submitted as Exhibits 3K, 3N, and 3O). The Exchange notes that these proposed materials in the BSTX Listing Supplement are substantially similar to the corresponding versions of such documents used by NYSE American.

relating to future priced securities at this time.³²⁵ In addition, the Exchange is not proposing to allow for listing of foreign companies, other than Canadian companies,³²⁶ or to allow for issuers to transfer their existing securities to BSTX.³²⁷ Listing of securities of Canadian companies is generally addressed in proposed BSTX Rule 26109. The financial criteria for listing securities of Canadian companies are proposed to be the same as for U.S. companies,³²⁸ and with respect to public distribution requirements consideration would be given to the total number of shareholders and publicly held shares in Canada and the U.S.³²⁹ U.S. market interest would also be considered in evaluating the suitability of the Canadian issue for listing on BSTX.³³⁰ These provisions regarding the listing requirements for Canadian companies are the same as the current provisions of NYSE American Section 109.³³¹ Other provisions in the NYSE American listing rules also address requirements related to listing securities of foreign issuers, and the Exchange is also proposing provisions that are the same in these respects, but limited only to Canadian companies, as set forth in proposed BSTX Rules 26110 (Securities of Canadian Companies), 26220 (Original Listing Applications of Canadian Issuers), 26221 (Content

³²⁵ See e.g., NYSE American Section 101, Commentary .02. The Exchange is also not proposing to adopt a parallel provision to NYSE American Section 950 (Explanation of Difference between Listed and Unlisted Trading Privileges) because the Exchange believes that such provision is not necessary and contains extraneous historical details that are not particularly relevant to the trading of Securities. The Exchange notes that numerous other listing exchanges do not have a similar provision to NYSE American Section 950. See e.g., IEX Listing Rules.

³²⁶ See proposed Rule 26109.

³²⁷ Consequently, the Exchange does not propose to adopt a parallel provision to NYSE American Section 113 at this time.

³²⁸ See proposed Rule 26109.

³²⁹ Id.

³³⁰ Id.

³³¹ See NYSE American Section 109.

of Original Listing Application – Canadian Issuers), and 26222 (Exhibits to Be Filed With Original Listing Application – Canadian Issuers). These proposed BSTX Rules are based on NYSE American Sections 110, 220, 221 and 222 and would be the same as those provisions, including that under proposed BSTX Rule 26221 the content of the original listing application would be substantially the same as that for a similar domestic issue and that under under proposed BSTX Rule 26222 the exhibits filed in support of an original listing application would be substantially the same as those pertaining to an equivalent domestic issue. However, the Exchange has further provided in both rules that it would file a proposed rule change to specify the more detailed requirements for the original listing application and exhibits prior to the first listing application of a Canadian issuer. Similarly, the Exchange is not proposing at this time to support debt securities, so the Exchange has not proposed to adopt certain provisions from the NYSE American Listing Manual related to bonds/debt securities³³² or the trading of units.³³³ The Exchange believes that the departures from the NYSE American rules upon which the proposed Rules are based, as described above, are non-substantive (e.g., by not including provisions relating to instruments that will not trade on the Exchange), would apply to all issuers in the same manner and are therefore not designed to permit unfair discrimination, consistent with Section 6(b)(5) of the Exchange Act.³³⁴

The Exchange proposes in Rule 26507 to prohibit the issuance of fractional shares and to provide that cash must be paid in lieu of any distribution or part of a distribution

³³² See e.g., NYSE American Sections 1003(b)(iv) and (e).

³³³ See e.g., NYSE American Sections 101(f), 401(i), and 1003(g). For the avoidance of doubt, this reference to the Exchange not adopting provisions from the NYSE American Listing Manual that relate to “units” is different from and does not refer to the investment company units that the the Exchange is proposing to list under proposed Rule 28000.

³³⁴ 15 U.S.C. 78f(b)(5).

that might result in fractional shares.³³⁵ The Exchange believes that disallowing fractional shares reduces complexity. By extension, the requirement to provide cash in lieu of fractional shares simplifies the process related to share transfer and tracking of share ownership. The Exchange believes that this simplification promotes just and equitable principles of trade, fosters cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, removes impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest, consistent with Section 6(b)(5) of the Exchange Act.³³⁶

The Exchange proposes to adopt corporate governance listing standards as its Rule 26800 Series that are substantially similar to the corporate governance listing standards set forth in Part 8 of the NYSE American Listing Manual. However, Rule 26801(i) in the Series also includes a requirement that is based on IEX Rule 14.414 (Internal Audit Function). Specifically, it would require each listed company to establish and maintain an internal audit function to provide management and the audit committee with ongoing assessments of the company's risk management process and system of internal control.³³⁷ The Exchange also notes that, unlike the current NYSE American rules upon which the proposed Rules are based, the proposed Rules on corporate governance do not include provisions on asset-backed securities and foreign issues (other than those from Canada), since the Exchange does not proposed to allow for such foreign

³³⁵ The Exchange also proposes certain conforming changes in Rule 26503 (Form of Notice) to reiterate that fractional interests in Securities are not permitted by the Exchange.

³³⁶ 15 U.S.C. 78f(b)(5).

³³⁷ See proposed Rule 26801(i); IEX Rule 14.414.

issuers to list on BSTX at this time.

The Exchange proposes to adopt additional listing rules as its Rule 26900 Series that are substantially similar to the corporate governance listing standards set forth in Part 9 of the NYSE American Listing Manual. The only significant difference from the baseline NYSE American rules is that the proposed BSTX Rules do not include provisions related to certificated securities, since Securities listed on BSTX will be uncertificated.

The Exchange proposes to adopt suspension and delisting rules as its Rule 27000 Series that are substantially similar to the corporate governance listing standards set forth in Parts 10, 11, and 12 of the NYSE American Listing Manual. The proposed rules do not include concepts from the baseline NYSE American rules regarding foreign securities (other than securities of Canadian issuers), fixed income securities, or other non-equity securities because the Exchange is not proposing to allow for listing of such securities at this time.³³⁸ References to unlisted trading privileges are also deleted because the Exchange is not proposing at this time that BSTX would extend unlisted trading privileges.

The Exchange believes that the proposals in the Rule 26800 to Rule 27000 Series, which are based on the rules of NYSE American with the differences explained above, are designed to foster cooperation and coordination with persons engaged in facilitating transactions in securities, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and

³³⁸ As with all sections of the proposed rules, references to “securities” have been changed to “Securities” where appropriate and, in the Rule 27000 Series, certain references have been conformed from the baseline NYSE American provisions to account for the differences in naming conventions of BSTX.

the public interest. Further, the differences in the proposals compared to the analogous NYSE American provisions appropriately reflect the differences between the two exchanges. The Exchange believes that ensuring that its systems are appropriately described in the BSTX Rules facilitates market participants' review of such Rules, which serves to remove impediments to and perfect the mechanism of a free and open market and a national market system by ensuring that market participants can easily navigate, understand and comply with the Exchange's rulebook. Therefore, the Exchange believes its proposals are consistent with Section 6(b)(5) of the Exchange Act.³³⁹

L. Trading and Listing Rules for Exchange-Trade Products (Rule 28000 Series)

The Exchange proposes as the Rule 28000 Series rules related to trading and listing ETPs. These proposed Rules allow for an array of different types of ETPs to be traded and listed on the Exchange and would provide individuals and institutions with diverse range of products in which to invest. The proposed Rules would set forth requirements and initial as well as continued listing standards for a variety of ETPs noted in the bulleted list below. The proposed Rules have been adapted from, and are substantially similar to, rules found in the NYSE Arca Inc. ("NYSE Arca") rulebook. Below is a list of the proposed Rules in the 28000 Series and the NYSE Arca rules on which it is based:

- Proposed Rule 28000 (Investment Company Units) is based on NYSE Arca Rule 5.2-E(j)(3)
- Proposed Rule 28001 (Equity Index-Linked Securities, Commodity-Linked Securities, Currency-Linked Securities, Fixed Income Index-Linked Securities, Futures-Linked Securities and Multifactor Index-Linked Securities) is based on NYSE Arca Rule 5.2-E(j)(6)

³³⁹ 15 U.S.C. 78f(b)(5).

- Proposed Rule 28002 (Exchange-Traded Fund Shares) is based on NYSE Arca Rule 5.2-E(j)(8)
- Proposed Rule 28003 (Trust Issued Receipts) is based on NYSE Arca Rule 8.200-E
- Proposed Rule 28004 (Commodity-Based Trust Shares) is based on NYSE Arca Rule 8.201-E
- Proposed Rule 28005 (Managed Fund Shares) is based on NYSE Arca Rule 8.600-E
- Proposed Rule 28006 (Active Proxy Portfolio Shares) is based on NYSE Arca Rule 8.601-E
- Proposed Rule 28007 (Managed Portfolio Shares) is based on NYSE Arca Rule 8.900-E

For each Rule in the 28000 Series, the Exchange proposes provisions that are substantially similar to provisions in the NYSE Arca rulebook, with adjustments made to ensure appropriate reference to concepts in other parts of the BSTX Rulebook. For example, in cases where the precedent NYSE Arca rule referred to a specific provision regarding delisting procedures, the Exchange has modified the proposed Rules to reference to the proposed Rule 27000 Series, which set forth the Exchange's proposed Rules governing suspension and delisting.³⁴⁰ As another example, the proposed definition of "ETP Holder," which closely parallels the same definition in the NYSE Arca Rulebook, but is located in a different place in the proposed BSTX Rulebook as compared to the NYSE Arca rulebook.³⁴¹ In addition, certain products or concepts that are supported by NYSE Arca but are not supported by the Exchange have not been

³⁴⁰ As another example, the concept of "Core Trading Hours" in the NYSE Arca Rulebook (as defined therein) has no analog in the BSTX Rulebook. The BSTX Rulebook only allows for Regular Trading Hours and thus the proposal references the concept of Regular Trading Hours.

³⁴¹ See proposed IM-28000-1g. In the NYSE Arca rule book, the comparable definition is set forth in NYSE Arca Rulebook Rule 1.

included in the proposal. For example, the Exchange notes that the NYSE Arca rulebook provides for trading of a Nasdaq-100 Index product, Currency Trust Shares, and Commodity Index Trust Shares,³⁴² whereas the Exchange will not support trading in these specific ETPs and therefore has not included provisions relating to the listing and trading of such products in its proposal. References to unlisted trading privileges are also deleted because the Exchange is not proposing at this time that BSTX would extend unlisted trading privileges.

The Exchange believes that the proposals in the Rule 28000 Series help remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general promote the protecting of investors and the public interest because they will facilitate an additional exchange on which ETPs can be listed and traded. This adds competition to the marketplace for the listing of ETPs, providing greater choice for issuers of ETPs and an additional trading venue on which market participants can trade such products. As noted, the proposed Rule 28000 Series is substantially similar to the rules of NYSE Arca relating to ETPs, with only non-substantive differences, which differences appropriately reflect the differences between the two exchanges (e.g., internal cross-references within each rule book or excluding provisions related to products that the Exchange will not support).

M. Fees (Rule 29000 Series)

The Exchange proposes to set forth as its Rule 29000 Series (Fees) the Exchange's authority to prescribe reasonable dues, fees, assessments or other charges as it may deem appropriate. As provided in proposed Rule 29000 (Authority to Prescribe

³⁴² Specifically, Section 2 of Rule 8-E in the NYSE Arca rulebook allows for trading of a Nasdaq-100 Index product, Currency Trust Shares, and Commodity Index Trust Shares.

Dues, Fees, Assessments and Other Charges), these fees may include membership dues, transaction fees, communication and technology fees, regulatory fees, and other fees, which will be equitably allocated among BSTX Participants, issuers, and other persons using the Exchange's facilities.³⁴³ The Exchange proposes to state in Rule 29000(b) to describe the computation related to fees collected pursuant to Section 31 of the Exchange Act. The Exchange also proposes to add additional detail regarding how the computation is performed, noting that the Exchange will round a sum ending in .xx5 or above to the next higher cent, and round a sum ending in .xx4 or below to the next lower cent and that the Exchange's goal is to collect from all members Regulatory Transaction Fees that exactly equal the amount that the Exchange pays the Commission in Section 31 fees during the relevant computational period. Rule 29000(b) would further provide, however, that to the extent there may be any excess monies collected under Rule 29000(b), the Exchange may retain those monies to help fund its general operating expense. Proposed Rule 29010 (Regulatory Revenues) generally provides that any revenues received by the Exchange from fees derived from its regulatory function or regulatory fines will not be used for non-regulatory purposes or distributed to the stockholder, but rather, shall be applied to fund the legal and regulatory operations of the Exchange (including surveillance and enforcement activities).

The Exchange believes that the proposed Rule 29000 Series (Fees) is consistent with Sections 6(b)(5) of the Exchange Act because these proposed rules are designed to protect investors and the public interest by setting forth the Exchange's authority to

³⁴³ Proposed Rule 29000 further provides authority for the Exchange to charge BSTX Participants a regulatory transaction fee pursuant to Section 31 of the Exchange Act (15 U.S.C. 78ee) and that the Exchange will set forth fees pursuant to publicly available schedule of fees.

assess fees on BSTX Participants, which would be used to operate the BSTX System and surveil BSTX for compliance with applicable laws and rules. The Exchange believes that the proposed Rule 29000 Series (Fees) is also consistent with Sections 6(b)(3) of the Exchange Act³⁴⁴ because the proposed Rules specify that all fees assessed by the Exchange shall be equitably allocated among BSTX Participants, issuers and other persons using the Exchange's facilities. The Exchange notes that the proposed Rule 29000 Series is substantially similar to the existing rules of another exchange.³⁴⁵ The Exchange intends to submit a proposed rule change to the Commission setting forth the proposed fees relating to trading on BSTX and market data products in advance of the launch of BSTX.

IV. Minor Rule Violation Plan

The Exchange's disciplinary rules, including Exchange Rules applicable to "minor rule violations," are set forth in the Rule 12000 Series of the Exchange's current Rules. Such disciplinary rules would apply to BSTX Participants and their associated persons pursuant to proposed Rule 24000. The Exchange's Minor Rule Violation Plan ("MRVP") specifies those uncontested minor rule violations with sanctions not exceeding \$2,500 that would not be subject to the provisions of Rule 19d-1(c)(1) under the Exchange Act³⁴⁶ requiring that an SRO promptly file notice with the Commission of any final disciplinary action taken with respect to any person or organization.³⁴⁷ The

³⁴⁴ 15 U.S.C. 78f(b)(5).

³⁴⁵ See Cboe BZX Rules 15.1 and 15.2.

³⁴⁶ 17 CFR 240.19d-1(c)(1).

³⁴⁷ The Commission adopted amendments to paragraph (c) of Rule 19d-1 to allow SROs to submit for Commission approval plans for the abbreviated reporting of minor disciplinary infractions. See Exchange Act Release No. 21013 (June 1, 1984), 49 FR 23828 (June 8, 1984). Any disciplinary action taken by an SRO against any person for

Exchange's MRVP includes the policies and procedures set forth in Exchange Rule 12140 (Imposition of Fines for Minor Violations).

The Exchange proposes to amend its MRVP to add certain rules relating to BSTX to the list of rules eligible for minor rule violation plan treatment by amending Rule 12140 and adopting proposed Rule 24010 (Penalty for Minor Rule Violations). In addition, going forward, to the extent that there are any changes to the Rules applicable to the Exchange's MRVP, the Exchange requests that the Commission deem such changes to be modifications to the Exchange's MRVP. The Rules included in proposed Rule 24010 as appropriate for disposition under the Exchange's MRVP are: (a) Rule 19180 (Communications with the Public), (b) Rule 20000 (Maintenance, Retention and Furnishing of Records); (c) Rule 25070 (Consolidated Audit Trail); (d) Rule 25130 (Locking or Crossing Quotations in NMS Stocks); (e) Rule 25210(a)(1) (Two-Sided Quotation Obligations of BSTX Market Makers); and (f) Rule 25120 (Short Sales). The rules included in proposed Rule 12140 are the same as the rules included in the MRVPs of other exchanges and would be calculated on a rolling 12 month period.³⁴⁸ Upon implementation of this proposal, the Exchange will include the enumerated trading rule violations in the Exchange's standard quarterly report of actions taken on minor rule

violation of a rule of the SRO which has been designated as a minor rule violation pursuant to such a plan filed with and declared effective by the Commission will not be considered "final" for purposes of Section 19(d)(1) of the Exchange Act if the sanction imposed consists of a fine not exceeding \$2,500 and the sanctioned person has not sought an adjudication, including a hearing, or otherwise exhausted his administrative remedies.

³⁴⁸ See e.g., IEX Rule 9.218, Cboe BZX Rule 8.15.01, and MIAX Pearl Rule 1014(d)(15). Consistent with each of these exchanges, the Exchange also proposes to add text providing that failures to comply with the Consolidated Audit Trail Compliance Rule requirements of Rules 25070 (which in turn incorporates by reference the Rule 16000 Series), the Exchange may impose a minor rule violation fine of up to \$2,500. The Exchange would further specify that for more serious violations, other disciplinary action may be sought.

violations under the MRVP. The quarterly report includes: the Exchange's internal file number for the case, the name of the individual and/or organization, the nature of the violation, the specific rule provision violated, the sanction imposed, the number of times the rule violation has occurred, and the date of disposition. The Exchange's MRVP, as proposed to be amended, is consistent with Sections 6(b)(1), 6(b)(5) and 6(b)(6) of the Exchange Act,³⁴⁹ which require, in part, that an exchange have the capacity to enforce compliance with, and provide appropriate discipline for, violations of the rules of the Commission and of the exchange. In addition, because amended Rule 12140 will offer procedural rights to a person sanctioned for a violation listed in proposed Rule 24010, the Exchange will provide a fair procedure for the disciplining of members and associated persons, consistent with Section 6(b)(7) of the Exchange Act.³⁵⁰

This proposal to include the rules listed in Rule 24010 in the Exchange's MRVP is consistent with the public interest, the protection of investors, or otherwise in furtherance of the purposes of the Exchange Act, as required by Rule 19d-1(c)(2) under the Exchange Act,³⁵¹ because it should strengthen the Exchange's ability to carry out its oversight and enforcement responsibilities as an SRO in cases where full disciplinary proceedings are unsuitable in view of the minor nature of the particular violation. In requesting the proposed change to the MRVP, the Exchange in no way minimizes the importance of compliance with Exchange Rules and all other rules subject to the imposition of fines under the MRVP. However, the MRVP provides a reasonable means of addressing rule violations that do not rise to the level of requiring formal disciplinary

³⁴⁹ 15 U.S.C. 78f(b)(1), 78f(b)(5) and 78f(b)(6).

³⁵⁰ 15 U.S.C. 78f(b)(7).

³⁵¹ 17 CFR 240.19d-1(c)(2).

proceedings, while providing greater flexibility in handling certain violations. The Exchange will continue to conduct surveillance with due diligence and make a determination based on its findings, on a case-by-case basis, whether a fine of more or less than the recommended amount is appropriate for a violation under the MRVP or whether a violation requires a formal disciplinary action.

V. Amendments to Existing BOX Rules

Due to the new BSTX trading facility and the introduction of trading in Securities= on the Exchange, the Exchange proposes to amend those Exchange Rules that would apply to BSTX Participants, but that currently only contemplate trading in options. Therefore, the Exchange is seeking to amend the following Exchange Rules, each of which is set forth in Exhibit 5B submitted with the proposal:

- Rule 100(a) (Definitions) “Options Participant” or “Participant”: The Exchange proposes to change the definition of “Options Participant or Participant” to “Participant” to reflect Options Participants and BSTX Participants and to amend the definition as follows: “The term ‘Participant’ means a firm, or organization that is registered with the Exchange pursuant to the Rule 2000 Series for purposes of participating in trading on a facility of the Exchange and includes an ‘Options Participant’ and ‘BSTX Participant.’”
- Rule 100(a) (Definitions) “Options Participant”: The Exchange proposes to add a definition of “Options Participant” that would be defined as follows: “The term ‘Options Participant’ is a Participant registered with the Exchange for purposes of participating in options trading on the Exchange.”³⁵²

³⁵² In addition, as a result of these new defined terms, the Exchange proposes to renumber definitions set forth in Rule 100(a) to keep the definitions in alphabetically order.

- Rule 2020(c) and (e) (Participant Eligibility and Registration): The Exchange proposes to remove the word “options” in (c)(2)(i) and (c)(2)(i)(A) to make clear that the rule does not apply solely to an “Options” Principal or an “options” securities business, but would also apply to a BSTX Participant engaged in an equities business. Similarly, the Exchange would also delete the word “options” before “securities business” in Rule 2020(e)(1) for the same reason of broadening the applicability to contemplate BSTX Participants.
- Rule 2020(g)(2) (Participant Eligibility and Registration): The Exchange proposes to delete subsection (g)(2) and replace it with the following: “(2) persons associated with a Participant whose functions are related solely and exclusively to transactions in municipal securities; (3) persons associated with a Participant whose functions are related solely and exclusively to transactions in commodities; (4) persons associated with a Participant whose functions are related solely and exclusively to transactions in securities futures, provided that any such person is appropriately registered with a registered futures association; and (5) persons associated with a Participant who are restricted from accessing the Exchange and that do not engage in the securities business of the Participant relating to activity that occurs on the Exchange.”³⁵³
- Rule 2020 (j) (Participant Eligibility and Registration): The Exchange proposes to add the following table to help clarify the registration obligations

³⁵³ In addition to revising Rule 2020(g)(2) to broaden it to include securities activities beyond just options trading, the Exchange proposes to add greater specificity to define persons that are exempt from registration, consistent with the approach adopted by other exchanges. See e.g., IEX Rule 2.160(m).

of different registered persons, consistent with similar tables set forth in the rules of other national securities exchanges:³⁵⁴

CATEGORY OF REGISTRATION	QUALIFICATION EXAMINATION	ALTERNATIVE ACCEPTABLE QUALIFICATIONS
General Securities Representative	Series 7	N/A
Securities Trader	Series 57	N/A
General Securities Principal	Series 24	Compliance Official Examination (Series 14)
Securities Trader Principal	Series 24	Compliance Official Examination (Series 14)
Financial/Operations Principal	Series 27	Other examination acceptable to designated examining authority

- Rule 2060 (Revocation of Participant Status or Association with a Participant): The Exchange proposes to amend Rule 2060 to refer to “securities transactions” rather than “options securities transactions.”
- Rule 3180(a) (Mandatory Systems Testing): The Exchange proposes to amend subsection (a)(1) of Rule 3180 to also include BSTX Participants, in addition to the categories of Market Makers and OFPs.
- Rule 7130(a)(2)(v) Execution and Price/Time Priority: The Exchange

³⁵⁴ See e.g., Cboe BZX Rule 2.5.01(i). The Exchange would add corresponding footnotes adding clarification that in the case of alternative acceptable qualifications: (i) for General Securities Principal and Securities Trader Principal, the Exchange will only permit the Series 14 for those designated as Chief Compliance Officers on Schedule A of Form BD; and (ii) for a Financial/Operations Principal an examination acceptable to the Participant’s designated examining authority is only acceptable to the Exchange if the Exchange waives the requirements of paragraph (f) of Rule 2020.

proposes to update the cross reference to Rule 100(a)(58) to refer to Rule 100(a)(59), which defines the term “Request for Quote” or “RFQ” under the Rules after the proposed renumbering.

- Rule 7150(a)(2) (Price Improvement Period): The Exchange proposes to amend Rule 7150(a)(2) to update the cross reference to the definition of a Professional in Rule 100(a)(51) to instead refer to Rule 100(a)(52), which is where that term would be defined in the Rules after the proposed renumbering.
- Rule 7230 (Limitation of Liability): The Exchange proposes to amend the references in Rule 7230 to “Options Participants” to simply “Participants.”
- Rule 7245(a)(4) (Complex Order Price Improve Period): The Exchange proposes to update the cross reference to Rule 100(a)(51) to refer to Rule 100(a)(52), which defines the term “Professional” after the proposed renumbering.
- IM-8050-3: The Exchange proposes to update the cross reference to Rule 100(a)(56) to refer to Rule 100(a)(57), which defines the term “quote” or “quotation” after the proposed renumbering.
- Rule 11010(a) “Investigation Following Suspension”: The Exchange proposes to amend subsection (a) of Rule 11010 to remove the reference to “in BOX options contracts” and to modify the word “position” with the word “security” as follows: “. . . the amount owing to each and a complete list of each open long and short security position maintained by the Participant and each of his or its Customers.”
- Rule 11030 (Failure to Obtain Reinstatement): The Exchange proposes to

amend Rule 11030 to replace the reference to “Options Participant” to simply “Participant.”

- Rule 12030 (Letters of Consent): The Exchange proposes to amend Rule 12030 to replace the reference to “Options Participant” to simply “Participant.”
- Rule 12140 (Imposition of Fines for Minor Rule Violations): The Exchange proposes to amend Rule 12140 to replace references to “Options Participant” to simply “Participant.” In addition, the Exchange proposes to add paragraph (f) to Rule 12140, to incorporate the aforementioned modifications to the Exchange’s MRVP. New paragraph (f) of Rule 12140 would provide: “(f) Transactions on BSTX. Rules and penalties relating to trading on BSTX that are set forth in Rule 24010 (Penalty for Minor Rule Violations).”

The Exchange believes that the proposed amendments to the definitions set forth in Rule 100 are consistent with Section 6(b)(5) of the Exchange Act³⁵⁵ because they protect investors and the public interest by setting forth clear definitions that help BOX and BSTX Participants understand and apply Exchange Rules. Without defining terms used in the Exchange Rules clearly, market participants could be confused as to the application of certain rules, which could cause harm to investors.

The Exchange believes that the proposed amendments to the other Exchange Rules detailed above are consistent with Section 6(b)(5) of the Exchange Act³⁵⁶ because the proposed rule change is designed to foster cooperation and coordination with persons engaged in facilitating transactions in securities, remove impediments to and perfect the

³⁵⁵ 15 U.S.C. 78f(b)(5).

³⁵⁶ Id.

mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. The Exchange believes that the proposed rule change would remove impediments to and perfect the mechanism of a free and open market and a national market system by ensuring that market participants can easily navigate, understand and comply with the Exchange's rulebook. The Exchange believes that the proposed rule change enables the Exchange to continue to enforce the Exchange's rules. The Exchange notes that none of the proposed changes to the current Exchange rulebook would materially alter the application of any of those Rules, other than by extending them to apply to BSTX Participants and trading on the BSTX System. As such, the proposed amendments would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national exchange system. Further, the Exchange believes that, by ensuring the rulebook accurately reflects the intention of the Exchange's rules, the proposed rule change reduces potential investor or market participant confusion.

VI. Forms to Be Used in Connection with BSTX

In connection with the operation of BSTX, the Exchange proposes to use a series of new forms to facilitate becoming a BSTX Participant and for issuers to list their Securities. These forms have been submitted with the proposal as Exhibits 3A – 3L. Each are described below.

A. BSTX Participant Application

Pursuant to proposed Rule 18000(b), in order to become a BSTX Participant, an applicant must complete a BSTX Participant Application, which has been submitted with the proposal as Exhibit 3A. The proposed BSTX Participant Application requires the

applicant to provide certain basic information such as identifying the applicants name and contact information, Designated Examining Authority, organizational structure, and Central Registration Depository (“CRD”) number. The BSTX Participant Application also requires applicants to provide additional information including certain beneficial ownership information, the applicant’s current Form BD, an organization chart, a description of how the applicant receives orders from customers, how it will send orders to BSTX, and a copy of written supervisory procedures and information barrier procedures.

In addition, the BSTX Participant Application allows applicants to indicate whether they are applying to be a BSTX Market Maker or a Designated Market Maker. Applicants wishing to become a BSTX Market Maker or Designated Market Maker must provide certain additional information including a list of each of the applicant’s trading representatives (including a copy of each representative’s Form U4), a copy of the applicant’s written supervisory procedures relating to market making, a description of the source and amount of the applicant’s capital, and information regarding the applicant’s other business activities and information barrier procedures.

B. BSTX Participant Agreement

Pursuant to Exchange Rule 18000(b), to transact business on BSTX, prospective BSTX Participants must complete a BSTX Participant Agreement. The BSTX Participant Agreement has been submitted with the proposal as Exhibit 3B. The BSTX Participant Agreement provides that a BSTX Participant must agree with the Exchange as follows:

1. Participant agrees to abide by the Rules of the Exchange and applicable bylaws, as amended from time to time, and all circulars, notices,

- interpretations, directives and/or decisions adopted by the Exchange.
2. Participant acknowledges that BSTX Participant and its associated persons are subject to the oversight and jurisdiction of the Exchange.
 3. Participant authorizes the Exchange to make available to any governmental agency or SRO any information it may have concerning the BSTX Participant or its associated persons, and releases the Exchange from any and all liability in furnishing such information.
 4. Participant acknowledges its obligation to update any and all information contained in any part of the BSTX Participant's application, including termination of membership with another SRO.

These provisions of the BSTX Participant Agreement and others therein are generally designed to reflect the Exchange's SRO obligations to regulate BSTX Participants. Accordingly, these provisions contractually bind a BSTX Participant to comply with Exchange rules, acknowledge the Exchange's oversight and jurisdiction, authorize the Exchange to disclose information regarding the Participant to any governmental agency or SRO and acknowledge the obligation to update any and all Application contained in the Participant's application.

C. BSTX User Agreement

In order to become a BSTX Participant, prospective participants must also execute a BSTX User Agreement pursuant to proposed Rule 18000(b). The BSTX User Agreement, submitted with the proposal as Exhibit 3C, includes provisions related to the term of the agreement, compliance with exchange rules, right and obligations under the agreement, changes to BSTX, proprietary rights under the agreement, use of information received under the relationship, disclaimer of warranty, limitation of liability,

indemnification, termination and assignment. The information is necessary to outline the rights and obligations of the prospective Participant and the Exchange under the terms of the agreement. Both the BSTX Participant Agreement and BSTX User Agreement will be available on the Exchange's website (boxoptions.com).

D. BSTX Security Market Designated Market Maker Selection Form

In accordance with proposed Rule 25250(b)(1), BSTX will maintain the BSTX Security Designated Market Maker Selection Form, which has been submitted with the proposal as Exhibit 3D. The issuer may select its DMM from among a pool of DMMs eligible to participate in the process. Within two business days of the issuer selecting its DMM, it will use the BSTX Security Market Designated Market Maker Selection form to notify BSTX of the selection. The form must be signed by a duly authorized officer as specified in proposed Rule 25250(b)(1).

E. Clearing Authorization Forms

In accordance with proposed Rule 18010, BSTX Participants that are not members/participants of a registered clearing agency must clear their transactions through a BSTX Participant that is a member of a registered clearing agency. A BSTX Participant clearing through another BSTX Participant would do so using, as applicable, either the BSTX Clearing Authorization (non-Market Maker) form (submitted with the proposal as Exhibit 3E) or the BSTX Participant Clearing Authorization (Market Maker) form (submitted with the proposal as Exhibit 3F). Each form would be maintained by BSTX and each form specifies that the BSTX Participant clearing on behalf of the other BSTX Participant accepts financial responsibility for all transactions on BSTX that are made by the BSTX Participant designated on the form.

F. BSTX Listing Applications

The Exchange proposes to specify the required forms of listing application, listing agreement and other documentation that listing applicants and listed companies must execute or complete (as applicable) as a prerequisite for initial and ongoing listing on the Exchange, as applicable (collectively, “listing documentation”). As proposed, the listing forms are substantially similar to those currently in use by NYSE American LLC, with certain differences to account for the trading of Securities. All listing documentation will be available on the Exchange’s website (boxoptions.com). Each of the listing documents form a duly authorized representative of the company must sign an affirmation that the information provided is true and correct as of the date the form was signed. In the event that in the future the Exchange makes any substantive changes (including changes to the rights, duties, or obligations of a listed company or listing applicant or the Exchange, or that would otherwise require a rule filing) to such documents, it will submit a rule filing in accordance with Rule 19b-4.³⁵⁷

Pursuant to Rule 26130 and 26300 of the Exchange Rules, a company must file and execute the BSTX Original Listing Application (submitted with the proposal as Exhibit 3G) or the BSTX Additional Listing Application (submitted with the proposal as Exhibit 3H) to apply for the listing of Securities on BSTX. The BSTX Original Listing Application provides information necessary, and in accordance with Section 12(b) of the Exchange Act,³⁵⁸ for Exchange regulatory staff to conduct a due diligence review of a company to determine if it qualifies for listing on the Exchange. The BSTX Additional Listing Application requires certain further information for an additional listing of Securities. Relevant factors regarding the company and securities to be listed would

³⁵⁷ The Exchange will not submit a rule filing if the changes made to a document are solely typographical or stylistic in nature.

³⁵⁸ 15 U.S.C. 781(b).

determine the type of information required. The following describes each category and use of application information:

1. Corporate information regarding the issuer of the security to be listed, including company name, address, contact information, Central Index Key Code (CIK), SEC File Number, state and country of incorporation, date of incorporation, whether the company is a foreign private issuer, website address, SIC Code, CUSIP number of the security being listed and the date of fiscal year end. This information is required of all applicants and is necessary in order for the Exchange's regulatory staff to collect basic company information for recordkeeping and due diligence purposes, including review of information contained in the company's SEC filings.
2. For original listing applications only, corporate contact information including the company's Chief Executive Officer, Chief Financial Officer, Corporate Secretary, General Counsel and Investor Relations Officer. This information is required of all initial applicants and is necessary in order for the Exchange's regulatory staff to collect current company contact information for purposes of obtaining any additional due diligence information to complete a listing qualification review of the applicant.
3. For original listing applications only, offering and security information regarding an offering, including the type of offering, a description of the issue, par value, number of shares outstanding or offered, total shares unissued, but reserved for issuance, date authorized, purpose of shares to be issued, number of shares authorized, and information relating to payment of dividends. This information is required of all applicants listing Securities on the Exchange, and is necessary in

- order for the Exchange's regulatory staff to collect basic information about the offering.
4. For original listing applications only, information regarding the company's transfer agent. Transfer agent information is required for all applicants. This information is necessary in order for the Exchange's regulatory staff to collect current contact information for such company transfer agent for purposes of obtaining any additional due diligence information to complete a listing qualification review of the applicant.
 5. For original listing applications only, contact information for the outside counsel with respect to the listing application, if any. This information is necessary in order for the Exchange's regulatory staff to collect applicable contact information for purposes of obtaining any additional due diligence information to complete a listing qualification review of the applicant and assess compliance with Exchange Rule 26130.
 6. For original listing applications only, a description of any security preferences. This information is necessary to determine whether the Applicant issuer has any existing class of common stock or equity securities entitling the holders to differential voting rights, dividend payments, or other preferences.
 7. For original listing applications only, type of Security listing, including the type of transaction (initial public offering of a Security, merger, spin-off, follow on offering, reorganization, exchange offer or conversion) and other details related to the transaction, including the name and contact information for the investment banker/financial advisor contacts. This information is necessary in order for the Exchange's regulatory staff to collect information for such company for purposes

of obtaining any additional due diligence information to complete a listing qualification review of the applicant.

8. For original listing applications only, exchange requirements for listing consideration. This section notes that to be considered for listing, the Applicant Issuer must meet the Exchange's minimum listing requirements, that the Exchange has broad discretion regarding the listing of any Security and may deny listing or apply additional or more stringent criteria based on any event, condition or circumstance that makes the listing of an Applicant Issuer's Security inadvisable or unwarranted in the opinion of the Exchange. The section also notes that even if an Applicant Issuer meets the Exchange's listing standards for listing on the BSTX Security Market, it does not necessarily mean that its application will be approved. This information is necessary in order for the Exchange's regulatory staff to assess whether an Applicant Issuer is qualified for listing.
9. For original listing applications only, regulatory review information, including a certification that no officer, board member or non-institutional shareholder with greater than 10% ownership of the company has been convicted of a felony or misdemeanor relating to financial issues during the past ten years or a detailed description of any such matters. This section also notes that the Exchange will review background materials available to it regarding the aforementioned individuals as part of the eligibility review process. This regulatory review information is necessary in order for the Exchange's regulatory staff to assess whether there are regulatory matters related to the company that render it unqualified for listing.

10. For original listing applications only, supporting documentation required prior to listing approval includes a listing agreement, corporate governance affirmation, listing application checklist and underwriter's letter. This documentation is necessary in order to support the Exchange's regulatory staff listing qualification review (corporate governance affirmation, listing application checklist and underwriter's letter) and to effectuate the listed company's agreement to the terms of listing (listing agreement).
11. For additional listing applications only, transaction details, including the purpose of the issuance, total shares, date of board authorization, date of shareholder authorization and anticipated date of issuance. This information is required of all applicants listing additional shares on the Exchange, and is necessary in order for the Exchange's regulatory staff to collect basic information about the offering.
12. For additional listing applications only, insider participation and future potential issuances, including whether any director, officer or principal shareholder of the company has a direct or indirect interest in the transaction, and if the transaction potentially requires the company to issue any Securities in the future above the amount they are currently applying for. This information is required of all applicants listing additional Securities on the Exchange, and is necessary in order for the Exchange's regulatory staff to collect basic information about the offering.
13. For additional listing applications only, information for a technical original listing, including reverse Security splits and changes in states of incorporation. This information is required of all applicants listing additional Securities on the Exchange, and is necessary in order for the Exchange's regulatory staff to collect basic information about the offering.

14. For additional listing applications only, information for a forward Security split or Security dividend, including forward Security split ratios and information related to Security dividends. This information is required of all applicants listing additional Securities on the Exchange, and is necessary in order to determine the rights associated with the Securities.
15. For additional listing applications only, relevant company documents. This information is required of all applicants listing additional Securities on the Exchange, and is necessary to assess to support the Exchange's regulatory staff listing qualification review.
16. For additional listing applications only, reconciliation for technical original listing, including Securities issued and outstanding after the technical original event, listed reserves previously approved for listing, and unlisted reserves not yet approved by the Exchange. This information is required of all applicants listing additional Securities on the Exchange, and is necessary to assess to support the Exchange's regulatory staff listing qualification review and to obtain all of the information relevant to the offering.

G. Checklist for Original Listing Application

In order to assist issuers seeking to list its Securities on BSTX, the Exchange has provided a checklist for issuers to seeking to file an original listing application with BSTX. The BSTX Listing Application Checklist, submitted with the proposal as Exhibit 3I, provides that issuers must provide BSTX with a listing application, listing agreement, corporate governance affirmation, underwriter's letter (for an initial public offering of a Security only) and relevant SEC filings (e.g., 8-A, 10, 40-F, 20-F). Each of the above referenced forms are fully described herein. The checklist is necessary to assist issuers

and the Exchange regulatory staff in assessing the completion of the relevant documents.

H. BSTX Security Market Listing Agreement

Pursuant to proposed Exchange Rule 26132, to apply for listing on the Exchange, a company must execute the BSTX Security Market Listing Agreement (the “Listing Agreement”), which has been submitted with this proposal as Exhibit 3J. Pursuant to the proposed Listing Agreement, a company agrees with the Exchange as follows:

1. Company certifies that it will comply with all Exchange rules, policies, and procedures that apply to listed companies as they are now in effect and as they may be amended from time to time, regardless of whether the Company’s organization documents would allow for a different result.
2. Company shall notify the Exchange at least 20 days in advance of any change in the form or nature of any listed Securities or in the rights, benefits, and privileges of the holders of such Securities.
3. Company understands that the Exchange may remove its Securities from listing on the BSTX Security Market, pursuant to applicable procedures, if it fails to meet one or more requirements of Paragraphs 1 and 2 of this agreement.
4. In order to publicize the Company’s listing on the BSTX Security Market, the Company authorizes the Exchange to use the Company’s corporate logos, website address, trade names, and trade/service marks in order to convey quotation information, transactional reporting information, and other information regarding the Company in connection with the Exchange. In order to ensure the accuracy of the information, the Company agrees to provide the Exchange with the Company’s current corporate logos, website address, trade names, and trade/service marks and with any subsequent changes to those logos, trade names

- and marks. The Listing Agreement further requires that the Company specify a telephone number to which questions regarding logo usage should be directed.
5. Company indemnifies the Exchange and holds it harmless from any third-party rights and/or claims arising out of use by the Exchange or, any affiliate or facility of the Exchange (“Corporations”) of the Company’s corporate logos, website address, trade names, trade/service marks, and/or the trading symbol used by the Company.
 6. Company warrants and represents that the trading symbol to be used by the Company does not violate any trade/service mark, trade name, or other intellectual property right of any third party. The Company’s trading symbol is provided to the Company for the limited purpose of identifying the Company’s security in authorized quotation and trading systems. The Exchange reserves the right to change the Company’s trading symbol at the Exchange’s discretion at any time.
 7. Company agrees to furnish to the Exchange on demand such information concerning the Company as the Exchange may reasonably request.
 8. Company agrees to pay when due all fees associated with its listing of Securities on the BSTX Security Market, in accordance with the Exchange’s Rules.
 9. Company agrees to file all required periodic financial reports with the SEC, including annual reports and, where applicable, quarterly or semi-annual reports, by the due dates established by the SEC.

The various provisions of the Listing Agreement are designed to accomplish several objectives. First, clauses 1-3 and 6-8 reflect the Exchange’s SRO obligations to assure that only listed companies that are compliant with applicable Exchange rules may

remain listed. Thus, these provisions contractually bind a listed company to comply with Exchange rules, provide notification of any corporate action or other event that will cause the company to cease to be in compliance with Exchange listing requirements, evidence the company's understanding that it may be removed from listing (subject to applicable procedures) if it fails to be in compliance or notify the Exchange of any event of noncompliance, furnish the Exchange with requested information on demand, pay all fees due and file all required periodic reports with the SEC. Clauses four and five contain standard legal representations and agreements from the listed company to the Exchange regarding use of its logo, trade names, trade/service markets, and trading symbols as well as potential legal claims against the Exchange in connection thereto.

I. BSTX Market Company Corporate Governance Affirmation

In accordance with the proposed Rule 26800 Series, companies listed on BSTX would be required to comply with certain corporate governance standards, relating to, for example, audit committees, director nominations, executive compensation, board composition, and executive sessions. In certain circumstances the corporate governance standards that apply vary depending on the nature of the company. In addition, there are phase-in periods and exemptions available to certain types of companies. The proposed BSTX Market Domestic Company Corporate Governance Affirmation, submitted with this proposal as Exhibit 3K, enables a U.S. company to confirm to the Exchange that it is in compliance with the applicable standards, and specify any applicable phase-ins or exemptions. Companies are required to submit a BSTX Market Domestic Company Corporate Governance Affirmation upon initial listing on the Exchange and thereafter when an event occurs that makes an existing form inaccurate. This BSTX Market Domestic Company Corporate Governance Affirmation assists the Exchange regulatory

staff in monitoring listed company compliance with the corporate governance requirements. Similar requirements apply to a registered investment companies as well as foreign private issuers (i.e., Canadian companies) listing on BSTX.³⁵⁹ The Exchange has submitted with this Proposal corresponding corporate governance affirmations for registered investment companies as Exhibit 3N (BSTX Market Open-end and Closed-end Management Investment Company Corporate Governance Affirmation) and Exhibit 3O (Proposed BSTX Market Foreign Private Issuer Corporate Governance Affirmation).

In addition, the Exchange has proposed, similar to the requirements of other exchanges,³⁶⁰ to require in Rule 26810(a) that each listed company CEO must certify to the Exchange each year that he or she is not aware of any violation by the listed company of Exchange corporate governance listing standards and to qualify the certification to the extent necessary. The Exchange has submitted with this Proposal a blank copy of the CEO certification form required by proposed Rule 26810(a) as Exhibit 3M (Proposed BSTX Market Company Annual CEO Certification).

J. Sample Underwriter's Letter

In accordance with proposed Rule 26101, an initial public offering of a Security must meet certain listing requirements. The Exchange seeks to require the issuer's underwriter to execute a letter setting forth the details of the offering, including the name of the offering and why the offering meets the criteria of the BSTX rules. This information, set forth in the proposed Sample Underwriter's Letter and submitted with this proposal as Exhibit 3L, is necessary to assist the Exchange's regulatory staff in

³⁵⁹ See proposed Rule 26801(d) and (f), which requires a registered investment company and foreign private issuer to comply with the corporate governance affirmation requirements in proposed Rule 26810.

³⁶⁰ See NYSE American Section 810(a).

assessing the offering's compliance with BSTX listing standards for an initial public offering of a Security.

K. Regulation

In connection with the operation of BSTX, the Exchange will leverage many of the structures it established to operate a national securities exchange in compliance with Section 6 of the Exchange Act.³⁶¹ Specifically, the Exchange will extend its Regulatory Services Agreement with FINRA to cover BSTX Participants and trading on the BSTX System. This Regulatory Services Agreement will govern many aspects of the regulation and discipline of BSTX Participants, just as it does for options regulation. The Exchange will perform Security listing regulation, authorize BSTX Participants to trade on the BSTX System, and conduct surveillance of Security trading on the BSTX System.

Section 17(d) of the Exchange Act³⁶² and the related Exchange Act rules permit SROs to allocate certain regulatory responsibilities to avoid duplicative oversight and regulation. Under Exchange Act Rule 17d-1,³⁶³ the SEC designates one SRO to be the Designated Examining Authority, or DEA, for each broker-dealer that is a member of more than one SRO. The DEA is responsible for the financial aspects of that broker-dealer's regulatory oversight. Because Exchange Participants, including BSTX Participants, also must be members of at least one other SRO, the Exchange would generally not be designated as the DEA for any of its members.³⁶⁴

³⁶¹ 15 U.S.C. 78f.

³⁶² 15 U.S.C. 78q(d).

³⁶³ 17 CFR 240.17d-1.

³⁶⁴ See Exchange Rule 2020(a) (requiring that a Participant be a member of another registered national securities exchange or association).

Rule 17d-2 under the Exchange Act³⁶⁵ permits SROs to file with the Commission plans under which the SROs allocate among each other the responsibility to receive regulatory reports from, and examine and enforce compliance with specified provisions of the Exchange Act and rules thereunder and SRO rules by, firms that are members of more than one SRO (“common members”). If such a plan is declared effective by the Commission, an SRO that is a party to the plan is relieved of regulatory responsibility as to any common member for whom responsibility is allocated under the plan to another SRO. The Exchange plans to join the Plan for the Allocation of Regulatory Responsibilities Regarding Regulation NMS.³⁶⁶ The Exchange is in the process of joining certain Rule 17d-2 agreements, including those applicable to equities trading and equities market surveillance.³⁶⁷

For those regulatory responsibilities that fall outside the scope of any Rule 17d-2 agreements that the Exchange may join, subject to Commission approval, the Exchange will retain full regulatory responsibility under the Exchange Act. However, as noted, the Exchange will extend its existing Regulatory Services Agreement with FINRA to provide that FINRA personnel will operate as agents for the Exchange in performing certain regulatory functions with respect to BSTX. As is the case with the Exchange’s options trading platform, the Exchange will supervise FINRA and continue to bear ultimate regulatory responsibility for BSTX. Consistent with the Exchange’s existing regulatory structure, the Exchange’s Chief Regulatory Officer shall have general supervision of the regulatory operations of BSTX, including responsibility for overseeing the surveillance,

³⁶⁵ 17 CFR 240.17d-2.

³⁶⁶ Exchange Act Release No. 85046 (February 4, 2019), 84 FR 2643 (February 7, 2019).

³⁶⁷ Exchange Act Release No. 84392 (October 10, 2018), 83 FR 52243 (October 16, 2018).

examination, and enforcement functions and for administering all regulatory services agreements applicable to BSTX. Similarly, the Exchange's existing Regulatory Oversight Committee will be responsible for overseeing the adequacy and effectiveness of Exchange's regulatory and self-regulatory organization responsibilities, including those applicable to BSTX. Finally, as it does with options, the Exchange will perform automated surveillance of trading on BSTX for the purpose of maintaining a fair and orderly market at all times and monitor BSTX to identify unusual trading patterns and determine whether particular trading activity requires further regulatory investigation by FINRA.

In addition, the Exchange will oversee the process for determining and implementing trade halts, identifying and responding to unusual market conditions, and administering the Exchange's process for identifying and remediating "clearly erroneous trades" pursuant to proposed Rule 25110. The Exchange will also ensure that its membership in the Intermarket Surveillance Group extends to the BSTX facility.

L. NMS Plans

The Exchange intends to join the Order Execution Quality Disclosure Plan, the Plan to Address Extraordinary Market Volatility, and the applicable plan(s) for consolidation and dissemination of market data. The Exchange is already a participant in the NMS plan related to the Consolidated Audit Trail. Consistent with Section 6(b)(5) of the Exchange Act,³⁶⁸ the Exchange believes that joining the same set of NMS plans that all other national securities exchanges that trade equities must join fosters cooperation and coordination with other national securities exchanges and other market participants engaged in regulating, clearing, settling, processing information with respect to, and

³⁶⁸ 15 U.S.C. 78f(b)(5).

facilitating transactions in securities.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of the Exchange Act,³⁶⁹ in general and with Section 6(b)(5) of the Exchange Act,³⁷⁰ in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest; and it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers, or to regulate by virtue of any authority conferred by this title matters not related to the purposes of this title or the administration of the Exchange.

The Exchange believes that BSTX will benefit individual investors, other market participants, and the equities market generally. The Exchange proposes to establish BSTX as a facility of the Exchange that would trade equities in a similar manner to how equities presently trade on other exchanges. BSTX would also make available to BSTX Participants the BSTX Market Data Blockchain, which provides certain order and transaction information with respect to a BSTX Participant's trading activity on BSTX, as well as anonymized order and transaction data with respect to all trading activity occurring on BSTX. The Exchange believes that the content of information available on the BSTX Market Data Blockchain would generally be similar to TAQ data made available by NYSE today, except that (i) the BSTX Market Data Blockchain would use a

³⁶⁹ 15 U.S.C. 78a et seq.

³⁷⁰ 15 U.S.C. 78f(b)(5).

private, permissioned network controlled by the Exchange to make the market data available to BSTX Participants; (ii) a BSTX Participant would be able to certain see non-anonymized information about its own trading activity on BSTX;³⁷¹ and (iii) the BSTX Market Data Blockchain would include market data only with respect to trading activity occurring on BSTX, while the Exchange understands that TAQ data includes certain trading and quotation data that may occur on other markets.³⁷² The Exchange believes that the use of blockchain technology, through a private permissioned network accessible through an API that operates in manner that is fully compatible with the existing regulatory structures for trading, recordkeeping, and clearance and settlement that market participants are familiar with is an appropriate way to introduce blockchain to the current market structure. BSTX Participants would not have affirmative obligations to provide information to the blockchain nor would they be required to access or use it. The data inputs to the BSTX Market Data Blockchain would be captured in the ordinary course as BSTX Participants' orders and messages are sent to the Exchange through the FIX gateway. The BSTX Market Data Blockchain, therefore, would be optional functionality available to all BSTX Participants on equal terms, and therefore is not unfairly discriminatory, consistent with Section 6(b)(5) of the Exchange Act.³⁷³

The Exchange has proposed to make anonymized General Market Data on the

³⁷¹ All non-anonymized information would be available only to the BSTX Participant who provided such information to the Exchange through its trading activity on BSTX.

³⁷² See e.g., NYSE, Daily TAQ Fact Sheet, (noting that TAQ data “provides users access to all trades and quotes for all issues traded on NYSE, Nasdaq and the regional exchanges for a single trading day” and is “a comprehensive history of daily activity from NYSE markets and the U.S. Consolidated Tape covering U.S. Equities instruments (CTA and UTP participating markets”) https://www.nyse.com/publicdocs/nyse/data/Daily_TAQ_Fact_Sheet.pdf.

³⁷³ 15 U.S.C. 78f(b)(5).

BSTX Market Data Blockchain available to both BSTX Participants and non-BSTX Participants through the same means of an API. Accordingly, the Exchange believes that because General Market Data available on the BSTX Market Data Blockchain would be available to both BSTX and non-BSTX Participants on the same terms, the BSTX Market Data Blockchain is not unfairly discriminatory and does not impose a burden on competition, consistent with Sections 6(b)(5) and 6(b)(8) of the Exchange Act.³⁷⁴ Non-BSTX Participants would not be provided access to any Participant Proprietary Data to protect the private trading information of each BSTX Participant (and each BSTX Participant would only have access to its own Participant Proprietary Data), which the Exchange believes is consistent with Sections 6(b)(5) and 6(b)(8) of the Exchange Act because providing the Participant Proprietary Data of a given BSTX Participant to non-BSTX Participants (or other BSTX Participants) would unfairly discriminate against the BSTX Participant whose information is being shared and could place that BSTX Participant at an unfair competitive disadvantage if its order and trading information were shared with other market participants.

In addition, because the BSTX Market Data Blockchain only captures information with respect to trading activity on BSTX, it would have no effect or impact on other exchanges, promoting consistency with Section 6(b)(8) of the Exchange Act, which prohibits an exchange's rules from imposing a burden on competition not necessary or appropriate in furtherance of the Exchange Act.³⁷⁵ The entry of an innovative competitor such as BSTX seeking to implement a measured introduction of blockchain technology in

³⁷⁴ 15 U.S.C. 78f(b)(5) and (8). See supra Part II.F.3 for additional discussion of the BSTX Market Data Blockchain and the information accessible to BSTX Participants and non-BSTX Participants.

³⁷⁵ 15 U.S.C. 78f(b)(8).

connection with the trading of equity securities may promote competition by encouraging other market participants to find ways of using blockchain technology in connection with securities transactions. The proposed regulation of BSTX and BSTX Participants, as well as the execution of Securities using a price-time priority model and the clearance and settlement of Securities pursuant to the rules, policies and procedures of a registered clearing agency will all operate in a manner substantially similar to existing equities exchanges.³⁷⁶ In this way, the Exchange believes that BSTX provides a robust regulatory structure that protects investors and the public interest while introducing the use of blockchain technology as an additional feature in connection with Securities traded on the Exchange.

In connection with the clearance and settlement of Securities pursuant to the rules, policies and procedures of a registered clearing agency, the Exchange proposes that BSTX Participants would be able to include in their orders in Securities that are submitted to BSTX certain parameters to indicate a preference for settlement on a same day (T+0) or next trading day (T+1) basis when certain conditions are met.³⁷⁷ Any such orders would at the time of order entry represent orders that would be regular-way and would be presumed to settle on a T+2 basis just like any other order submitted by a BSTX Participant that does not include a parameter indicating a preference for faster settlement. As described in greater detail above, however, an Order with a T+0 Preference or an Order with a T+1 Preference would only result in executions that would

³⁷⁶ The Exchange notes that it has also proposed the ability for a BSTX Participant to indicate a preference for shortened settlement times on a T+0 or T+1 basis pursuant to the rules, policies and procedures of a registered clearing agency. The Exchange understands that this optional feature is not currently available on other exchanges, but notes that all trades using this feature would still result in settlements pursuant to the rules, policies and procedures of a registered clearing agency.

³⁷⁷ See proposed Rule 25060(h).

actually settle more quickly than on a T+2 basis if, and only if, all of the conditions in Rule 25060(h) are met and the execution that is transmitted to NSCC is eligible for T+0 or T+1 settlement under the rules, policies and procedures of a registered clearing agency (and occurs before the T+0 Cut-Off Time in the case of Orders with a T+0 Preference to settle on the trade date).³⁷⁸ Any such preference included by a BSTX Participant would only become operative if the order happens to execute against another order from a BSTX Participant that also includes a parameter indicating a preference for settlement on a T+0 or T+1 basis.

The Exchange believes that the proposed ability for BSTX Participants to indicate a preference for shorter settlement times as described above is consistent with the Exchange Act and in particular Section 6(b)(5) of the Exchange Act because it would help remove impediments to and perfect the mechanism of a free and open market and is not designed to permit unfair discrimination between or among market participants.³⁷⁹ Specifically, allowing for BSTX Participants to potentially reduce the settlement time for transactions on BSTX pursuant to the rules, policies and procedures of a registered clearing agency helps remove impediments to and perfects a free an open market by allowing greater choice for BSTX Participants who may want to avail themselves of currently available functionality at registered clearing agencies. Moreover, the Commission has previously noted a number of positive effects relating to the liquidity risks and costs faced by members in a clearing agency, and the Exchange believes that this proposed functionality on BSTX would help realize such positive effects.³⁸⁰

³⁷⁸ See proposed Rule 25100(d).

³⁷⁹ 15 U.S.C. 78f(b)(5).

³⁸⁰ See *supra* notes 81-84 and accompanying text.

Proposed Rule 25060(h) is not designed to permit unfair discrimination between market participants consistent with Section 6(b)(5)³⁸¹ because the Rule would allow all orders that are marketable against one another—regardless of the settlement preference of the BSTX Participant submitting the order (or their customer)—to execute against each other. A BSTX Participant that would like settlement of T+2 could still interact with orders on BSTX that indicate a preference for a shorter settlement cycle and vice-versa and, in all cases, the trade would settle pursuant to the rules, policies and procedures of a registered clearing agency. Only where two orders that both indicate a preference for a shorter settlement cycle match on BSTX would a shorter settlement cycle be possible pursuant to the rules, policies and procedures of a registered clearing agency.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.³⁸² The Exchange operates in an intensely competitive global marketplace for transaction services. The Exchange competes for the privilege of providing market services to broker-dealers through the Exchange's service offerings and associated benefits it is able to provide. The Exchange's ability to compete in this environment is based in large part on the quality of its trading systems, the overall quality of its market and its attractiveness to market participants who evaluate the Exchange on, among other things, speed, reliability, the likelihood and costs of executions, as well as spreads, fairness, and transparency.

The Exchange believes that the primary areas where the proposed rule change

³⁸¹ 15 U.S.C. 78f(b)(5).

³⁸² 15 U.S.C. 78f(b)(8).

could potentially result in a burden on competition are with regard to the terms on which: (1) issuers may list their securities for trading, (2) market participants may access BSTX as a facility of the Exchange and use its services including the BSTX Market Data Blockchain, (3) Security transactions may be cleared and settled, (4) Security transactions would occur OTC (5) Security transactions would occur on other exchanges through an extension of UTP to Securities.

Regarding considerations (1) and (2), and as described in detail in Item 3 above, the BSTX Rules are drawn substantially from the existing rules of other exchanges that the Commission has already found to be consistent with the Exchange Act, including regarding whether they impose any burden on competition that is not necessary or appropriate in furtherance of its purposes. For example, the BSTX Non-ETP Listing Rules in the 26000 Series and Suspension and Delisting Rules in the 27000 Series that affect issuers and their ability to list Securities for trading are based substantially on the current rules of NYSE American. Additionally, the BSTX Trading and Listing of ETPs Rules in the 28000 Series that concern issuers and their ability to list Securities that are exchange-traded products are based substantially on the current rules of NYSE Arca. Additionally, the BSTX Rules regarding membership and access to and use of the facilities of BSTX are also substantially based on existing exchange rules. Specifically, the relevant BSTX Rules are as follows: participation on BSTX (Rule 18000 Series); business conduct for BSTX Participants (Rule 19000 Series); financial and operational rules for BSTX Participants (Rule 20000 Series); supervision (Rule 21000 Series); miscellaneous provisions (Rule 22000 Series); trading practices (Rule 23000 Series); discipline and summary suspension (Rule 24000 Series); trading (Rule 25000 Series); market making (Rule 25200 Series); and dues, fees, assessments, and other charges (Rule

29000 Series). As described in detail in Item 3, these rules are substantially based on analogous rules of the following exchanges, as applicable: BOX; Investors Exchange LLC; Cboe BZX Exchange, Inc.; The Nasdaq Stock Market LLC; and NYSE American LLC.

Regarding consideration (2) and use of the BSTX Market Data Blockchain, the terms on which BSTX would operate the BSTX Market Data Blockchain and provide access to both BSTX Participants and non-BSTX Participants under Rule 17020 would apply equally to all BSTX Participants (and non-BSTX Participants accessing anonymized General Market Data) and would therefore not impose any different burden on one BSTX Participant compared to another (or between and among non-BSTX Participants). As described in detail in Item 3, BSTX would issue login credentials to each BSTX Participant or non-BSTX Participant through which users may view the BSTX Market Data Blockchain. Accessing the BSTX Market Data Blockchain would not be required. If a BSTX Participant chooses to view the BSTX Market Data Blockchain, it would be able to see its order and transaction information on BSTX as well as anonymized General Market Data from other BSTX Participants and a non-BSTX Participant would only be able to see the anonymized General Market Data. Because the General Market Data would be anonymized, the Exchange believes that there would not be cause for concern regarding potential trading information leakage or the ability for a BSTX Participant to reverse engineer another BSTX Participant's trading strategies.³⁸³

³⁸³ Non-BSTX Participants accessing the BSTX Market Data Blockchain would have access to the same anonymized General Market Data as BSTX Participants. While a non-BSTX Participant would be treated differently than a BSTX Participant in that they would not be able to access any proprietary market data of a BSTX Participant, the reason for this difference is to prevent a non-BSTX Participant from being able to see the confidential trading information of a BSTX Participant. If the Exchange were to provide non-BSTX Participants with access to one or more BSTX Participants' proprietary

Moreover, the BSTX Market Data Blockchain would not require any affirmative action on the part of a BSTX Participant for its information to be recorded to the BSTX Market Data Blockchain. Rather the Exchange would control all aspects of the BSTX Market Data Blockchain as a private, permission-based blockchain accessible to BSTX Participants, and the BSTX Market Data Blockchain would capture order and execution activity that occurs in the normal course on BSTX and is made available to BSTX Participants (and non-BSTX Participants with respect to anonymized General Market Data) as an additional resource that they may use in their discretion. The BSTX Market Data Blockchain would functionally provide market data similarly to what NYSE offers through TAQ data, but would simply provide it using distributed ledger technology. Accordingly, although capturing a different set of market data than captured by NYSE TAQ data, the BSTX Market Data Blockchain is pro-competitive by offering a similar type of market data and using an innovative technology to do so. For these reasons, the Exchange believes that the BSTX Market Data Blockchain would not impose any burden on competition.

In addition to not imposing any burden on competition, the Exchange believes that the BSTX Market Data Blockchain would provide two primary benefits to BSTX Participants. First, the Exchange believes that BSTX Participants that choose to view the BSTX Market Data Blockchain may find the information useful as a focused source of market data regarding order and transaction information on BSTX.³⁸⁴ Second, the

market data, the Exchange would impose an undue burden on competition against BSTX Participants whose confidential trading information would be shared. Accordingly, non-BSTX Participants may only access anonymized, General Market Data.

³⁸⁴ For example, a BSTX Participant may wish to use the market data to review its trading activity on BSTX, determine what the market quality was at a particular time for a given Security or to evaluate execution quality on BSTX.

Exchange believes that the BSTX Market Data Blockchain would help familiarize BSTX Participants that access the market data with the capabilities of blockchain technology in a manner that does not impose any burden on competition on them or others. The Commission has stated that it is “mindful of the benefits of increasing use of new technologies for investors and the markets, and has encouraged experimentation and innovation . . .” stating further that “[i]nformation and communications technologies are critical to healthy and efficient primary and secondary markets.”³⁸⁵ Regarding the judgment of whether the benefits of certain technologies are meritorious, the Commission has explained its view that “[t]he market will ultimately prove the worth of technology – whether the benefits to the industry and its investors of developing and using new services are greater than the associated costs.”³⁸⁶ Consistent with these statements, the Exchange believes that promoting use of the functionality of blockchain technology through the BSTX Market Data Blockchain will allow BSTX Participants to observe and increase their familiarity with the capabilities and potential benefits of blockchain technology in a context that operates within the current equity market infrastructure and thereby advances and protects the public’s interest in the use and development of new data processing techniques that may create opportunities for more efficient, effective and safe securities markets.³⁸⁷

Regarding consideration (3) and the manner in which Security transactions may be cleared and settled, the Exchange proposes under BSTX Rule 25100(d) to clear and settle transactions in Securities in accordance with the rules, policies and procedures of a

³⁸⁵ See supra n. 54-56 and accompanying text.

³⁸⁶ Id.

³⁸⁷ See supra n.57 and accompanying text.

registered clearing agency. The Exchange believes that this is consistent with how other exchange-listed equity securities are cleared and settled today. Therefore, BSTX's rules regarding clearance and settlement of Security transactions do not impose any relative burden on competition regarding the manner in which trades may be cleared and settled because market participants would be able to clear and settle Security transactions in the same manner as they already do in other types of NMS stock. The Exchange believes that this is equally true regarding the proposed ability of BSTX Participants to submit to BSTX orders in Securities in which they include a parameter expressing a preference for T+1 or T+0 settlement, consistent with the rules, policies and procedures of a registered clearing agency, as proposed in the operation of proposed BSTX Rules 25060(h) and 25100(d). As described in detail in Item 3 above, BSTX believes that NSCC and DTC already have authority under their rules policies and procedures to clear and settle certain trades on a T+1 or T+0 basis and that these clearing agencies do already clear and settle trades in accordance with this authority.

The Exchange believes that answering the question of whether a burden on competition is imposed by the proposal to allow BSTX Participants to specify an order parameter indicating a preference for potential settlement on a T+0 or T+1 basis requires an assessment under three general circumstances for order submissions and executions. The first possible circumstance contemplates orders that BSTX Participants would submit to the BSTX System and that would result in an execution on BSTX. Here, it would be entirely the choice of any BSTX Participant regarding whether to include an order parameter indicating a preference for T+0 or T+1 settlement where possible under the settlement logic in BSTX Rule 25060(h) and subject to functionality permitted by the rules, policies and procedures of a registered clearing agency. If no such additional

parameter is included in the order or the matched orders are not eligible for shortened settlement pursuant to the rules, policies and procedures of a registered clearing agency, the order defaults to settle on a regular-way T+2 basis under the settlement logic in proposed BSTX Rule 25060(h). As described in Part II.H of Item 3, an order that includes a parameter indicating a preference for potential T+0 settlement will execute against any order against which it is marketable and BSTX will transmit the matched order information to a registered clearing agency for settlement on a standard settlement cycle of T+2 except where: (i) the order with the parameter for potential settlement on T+0 executes against another order with a parameter for potential settlement on T+0 (in which case BSTX will transmit the matched order information to a registered clearing agency for settlement on the trade date if the transaction is also eligible for settlement on T+0 under the rules, policies and procedures of a registered clearing agency and occurs prior to the T+0 Cut-Off Time)³⁸⁸ or (ii) the order with a parameter for potential settlement on T+0 executes against an order with a parameter for potential settlement on T+1 (in which case BSTX will transmit the matched order information to a registered clearing agency for settlement on T+1 if the transaction is also eligible for settlement on T+1 under the rules, policies and procedures of a registered clearing agency). Similarly, as proposed, an order that includes a parameter for potential settlement on T+1 will execute against any order against which it is marketable and BSTX will transmit the matched order information to a registered clearing agency for settlement on standard

³⁸⁸ As previously noted, the Exchange has proposed that T+0 trades must execute on BSTX prior to the T+0 Cut-Off Time in order to provide the Exchange with sufficient time to transmit the execution details to NSCC and for NSCC to receive and process those details to facilitate same date settlement as part of its continuous net settlement system pursuant to NSCC's rules, policies and procedures.. See supra note 63-65 and accompanying text.

settlement cycle of T+2 except where an order that includes a parameter for potential settlement on T+1 executes against another such order or an order that includes a parameter for potential settlement on T+0 (in which case BSTX will transmit the matched order information to a registered clearing agency for settlement on T+1 if the transaction is also eligible for settlement on T+1 under the rules, policies and procedures of a registered clearing agency). In all cases under the settlement logic in proposed BSTX Rule 25060(h), an order that does not include an optional parameter indicating a preference for potential settlement on T+0 or T+1 would be a regular way order that would always receive T+2 settlement if it executes against any other order in the BSTX System. In this way, all of the orders submitted to BSTX would be regular way orders that in and of themselves would be presumed to settle on T+2. Only where a BSTX Participant includes the optional parameters to express a preference for potential T+0 or T+1 settlement (where consistent with and eligible for shortened settlement under the rules, policies and procedures of a registered clearing agency and, in the case of a T+0 settlement, received before the T+0 Cut-Off Time) and the order matches against another order seeking a shorter settlement time than T+2 could a transaction settle more quickly than T+2 under the settlement logic in proposed BSTX Rule 25060(h) and as described immediately above. Thus, every market participant seeking T+2 settlement for an execution on BSTX would be able to interact with any order against which their order is marketable, including those marked for possible T+0 or T+1 settlement. In addition, the possibility of shortened settlement timing would have no impact on the Exchange's price time priority.³⁸⁹ For these reasons, the Exchange believes that no burden on competition is imposed in this first possible circumstance.

³⁸⁹ See supra n.67 and accompanying text.

The second possible circumstance arises when an order that would be required under Exchange Act Rule 611,³⁹⁰ the Commission’s “order protection rule”, to be routed to BSTX from a third party exchange that extends UTP to a Security. This required routing of the order in such a Security would occur in this setting because the NBBO existed on BSTX at the time of the entry of the order. Under proposed BSTX Rule 25060(h), the order routed to BSTX would execute against any order against which it is marketable without regard to whether a BSTX Participant may have included an optional parameter for potential T+0 or T+1 settlement where the order executes against another order that also has an optional parameter for potential T+0 or T+1 settlement under the settlement logic in BSTX Rule 25060(h). In the event the order routed to BSTX executes against another order on BSTX against which it is marketable, that executed transaction in the Security would be bound for regular way T+2 settlement under BSTX Rule 25060(h) because the Exchange believes that the routed order from a third party exchange would not include a parameter for T+0 or T+1 settlement. This is because the Exchange believes that no other exchange currently includes any such optional parameters to be able to indicate a preference for potential T+0 or T+1 settlement. This structure means that any non-BSTX Participant that sees a quote in a Security on BSTX would remain able to execute against that quote even if that quote includes an optional parameter indicating a preference for T+0 or T+1 settlement where an executed order becomes eligible for any such settlement on a basis that is faster than T+2 under the settlement logic in BSTX Rule 25060(h). The Exchange believes that no burden on competition results in this second possible circumstance because an order routed to BSTX would interact against any order on BSTX against which it is marketable. All

³⁹⁰ 17 CFR 242.611.

orders in a Security that are submitted directly to BSTX by BSTX Participants or that may be routed to BSTX would be regular way orders that when viewed in isolation would be presumed to settle on a T+2 basis at the time of order entry. It would only be upon execution against another order that also includes an order parameter expressing a preference for settlement on a T+0 or T+1 basis that the executed transaction (*i.e.*, not the initial orders) would become eligible for settlement faster than T+2 under the settlement logic in Rule 25060(h) pursuant to the rules, policies and procedures of a registered clearing agency. The Exchange believes this imposes no burden on competition on BSTX Participants because inclusion of any T+0 or T+1 parameter would be entirely optional and any BSTX Participant that includes such a parameter would do so with an ex-ante understanding of the settlement logic in BSTX Rule 25060 that could cause an executed transaction to settle more quickly than T+2. As noted, the Exchange believes that orders in a Security that would be required to be routed to BSTX, for example under the Commission's Order Protection Rule, would also not impose any burden on competition because other exchanges do not have rules that similarly contemplate the inclusion of a T+0 or T+1 parameter, such routed orders would therefore result in T+2 settlement if executed against any other order on BSTX against which the order is marketable (regardless of whether the order against which it executes includes an optional parameter indicating a preference for T+0 or T+1 settlement). Therefore, any order routed to BSTX would be able to interact with any other order on BSTX against which it is marketable and would settle on a regular way T+2 basis just as occurs today regarding any order in an NMS stock that is routed to a national securities exchange.

The third possible circumstance contemplates an order that must be routed under the order protection rule from BSTX to a third party exchange that extends UTP for a

Security because the third party exchange has the NBBO at that time. The Exchange believes that this setting is not relevant under the proposed rules of BSTX. Specifically, the Exchange believes that it is not relevant because proposed BSTX Rule 25130(d) states that the BSTX System will reject any order or quotation that would lock or cross a protected quotation of another exchange at the time of entry. Therefore, any such orders that would otherwise be required to be routed by BSTX to another exchange will instead be rejected by the BSTX System. Accordingly, any specification by a BSTX Participant of a T+0 or T+1 settlement timing parameter for an order in this setting could not create any burden on competition because the order will be rejected and would never lead to an execution.

In addition to not imposing any burden on competition, the Exchange believes that allowing BSTX Participants to use faster settlement cycles where consistent with the rules, policies and procedures of a registered clearing agency would mitigate settlement risk for transactions in such Securities, consistent with the benefits the Commission has noted in this area. Namely, in adopting amendments to SEC Rule 15c6-1 in 2017 to shorten the standard settlement cycle for most broker-dealer transactions in securities from T+3 to T+2, the Commission stated its belief that the shorter settlement cycle would have positive effects regarding the liquidity risks and costs faced by members in a clearing agency, like NSCC, that performs CCP services, and that it would also have positive effects for other market participants. Specifically, the Commission stated its belief that the resulting “reduction in the amount of unsettled trades and the period of time during which the CCP is exposed to risk would reduce the amount of financial resources that the CCP members may have to provide to support the CCP’s risk management process . . .” and that “[t]his reduction in the potential need for financial

resources should, in turn, reduce the liquidity costs and capital demands clearing broker-dealers face . . . and allow for improved capital utilization.”³⁹¹ The Commission went on to state its belief that shortening the settlement cycle “would also lead to benefits to other market participants, including introducing broker-dealers, institutional investors, and retail investors” such as “quicker access to funds and securities following trade execution” and “reduced margin charges and other fees that clearing broker-dealers may pass down to other market participants[.]”³⁹² The Commission also “noted that a move to a T+1 standard settlement cycle could have similar qualitative benefits of market, credit, and liquidity risk reduction for market participants[.]”³⁹³ The Exchange agrees with these statements by the Commission and has therefore proposed BSTX Rule 25100(d) in a form that would promote the benefits of shorter settlement cycles for Securities without imposing burdens on other national securities exchanges or market participants that are not BSTX Participants.

With respect to consideration (4) above, as previously noted, market participants would not be limited in their ability to trade Securities OTC because Securities could be traded OTC and would be cleared and settled in the same manner as other NMS stocks through the facilities of a registered clearing agency. Thus, the Exchange does not believe that its proposal will place any new burden on competition with respect to OTC trading, given that trading, clearance and settlement will take place in the same manner as for other NMS stocks.

With respect to consideration (5) noted above regarding other exchanges

³⁹¹ See supra n.81-84 and accompanying text.

³⁹² Id.

³⁹³ Id.

extending UTP to Securities, the Exchange does not believe that the proposed Rules would impose a burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. This is because other national securities exchanges would be able to extend UTP to Securities in accordance with Commission rules just as they can regarding any other NMS stock.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange has neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove the proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-BOX-2021-06 on the subject line.

Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-BOX-2021-06. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method.

The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, on business days between the hours of 10 a.m. and 3 p.m., located at 100 F Street, NE, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-BOX-2021-06 and should be submitted on or before [date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁹⁴

Kevin M. O'Neill
Deputy Secretary

³⁹⁴ 17 CFR 200.30-3(a)(12).



PART V: BSTX APPLICANT-FIRM INFORMATION

Return to: BOX Exchange LLC (the "Exchange")
Attn: Membership
101 Arch Street, Suite 610
Boston, MA 02110
Ph: (617) 235-2315
Email: membership@boxregulation.com

Date of Application: _____

1. Name: _____
(Full and Legal Name of BSTX Applicant-Firm)

2. Address: _____
(Street) (Telephone)

(City, State, Zip) (Fax Number)

3. Primary Contact _____
(Name) (Title)

(Telephone) (Fax) (Email Address)

(a) Regulatory Contact (if different): _____

(b) Billing Contact (if different): _____

4. Type of Entity: (check one) Corporation Partnership LLC LLP
 Other: (Explain) _____

EXHIBIT 3A

5. The BSTX Applicant-Firm intends to register as a(n) (Check all that apply):

- Market Maker Designated Market Maker (“DMM”)

6. Is the BSTX Applicant-Firm an entity formed under and subject to the laws of the United States?

- (check one) Yes No

(a) If “no,” does the company have a registered subsidiary formed under and subject to the laws of United States? _____

1. State the name and address of such subsidiary and primary contact information:

7. BSTX Applicant-Firm’s Central Registration Depository (CRD) number: _____

8. Designated Examining Authority (“DEA”): Check if: FINRA Member

Other (Please provide name): _____

9. Identify the clearing member through which BSTX Applicant-Firm will clear transactions on BSTX:

10. Beneficial Ownership Information: (NOTE: if either part of this question is yes, please provide an organizational chart showing the affiliations)

- (a) Does any entity beneficially own, directly or indirectly, an interest of 10% or more in the BSTX Applicant-Firm? (check one) Yes No
- (b) Does the BSTX Applicant-Firm own a beneficial interest, directly or indirectly, of 10% or more in any BOX Options Participant or BSTX Participant? (check one) Yes No
- (c) Is the BSTX Applicant-Firm currently a BOX Options Participant? (check one) Yes No

11. BSTX Applicant-Firms is requested to provide the following supplemental information:

- (a) A copy of the Applicant-Firm’s current Form BD.
- (b) An organizational chart, including the names of BSTX Applicant-Firm’s chief executive officer, chief financial officer, chief operating officer, and chief compliance officer.

EXHIBIT 3A

- (c) A description of BSTX Applicant-Firm's proposed trading activities on BSTX as it pertains to the following: (Include a statement of the extent to which BSTX Applicant-Firm currently is conducting such activities as a member of other SRO(s).)
 - 1. ORDER FLOW PROVIDER: Please indicate the nature of such activity (e.g. x % retail orders and/or x % BD orders);
 - 2. MARKET MAKER;
 - 3. ORDER FLOW PROVIDER AND MARKET MAKER;
- (d) A description of the manner in which BSTX Applicant-Firm receives orders from customers such as electronically, via Internet or proprietary communication devices, and the process and/or systems used. Include basic diagrams to illustrate processes if necessary.
- (e) A description of the manner in which BSTX Applicant-Firm will send orders to BSTX, such as through an internet processing system or through a third party order routing service. Include basic diagrams if necessary.
- (f) Please provide a copy of BSTX Applicant-Firm's written supervisory procedures and information barrier procedures.

12. Supplemental Information for Market Maker Member BSTX Applicant-Firms. In addition to the information requested above, BSTX Applicant-Firms acting as Market Makers are requested to provide the following information:

- (a) A list of:
 - 1. The office(s) from which BSTX Applicant-Firm will conduct BSTX market making activity;
 - 2. The individual(s) responsible for supervising such trading activity.

EXHIBIT 3A

- (a) List of the locations from which BSTX Applicant-Firm will conduct its BSTX market making activity;
- (b) List all designated trading representatives; and the address(es) from which they will conduct market making or other trading activities;
- (c) List individuals responsible for supervising such trading representatives (Responsible Person) and the U.S. based address(es) from which the supervision will take place.

6. Trading Representative Qualifications: Please provide the following information:

- (a) Copy of Form U4 for each of the trading representatives identified in section 5 above; and
- (b) Provide a brief description of the trading representative's qualifications
- (c) Please note that each trading representative must take an examination, submit to a new Market Maker orientation program (if required by the Exchange) and be approved by Exchange.

7. Supervisory Procedures: Please provide a copy of BSTX Applicant-Firm's written supervisory procedures for market making activities on BSTX.**8. BSTX Applicant-Firm's Capital:**

Please provide the source and amount of BSTX Applicant-Firm's capital to support its market making activities on BSTX, and the source of any additional capital that may become necessary.

9. Other Business Activities:

If the BSTX Applicant-Firm will be conducting other business activities at the market making trading location(s), please provide:

- (a) A statement describing such activities; and
- (b) Copy of "Chinese Wall" procedures.

EXHIBIT 3A

10. Authorization:

The undersigned agrees that he/she is authorized on behalf of BSTX Applicant-Firm to make this application to the Exchange.

The undersigned hereby agrees that the BSTX Applicant-Firm will abide by the Bylaws and Rules of the Exchange as they shall be amended from time to time.

The undersigned represents that, to the best of their knowledge and belief, the foregoing statements are true and correct.

The undersigned recognizes that Applicant-Firm may be the subject of an investigative consumer report ordered by the Exchange, and hereby authorizes and consents to the Exchange obtaining such report.

(Signature of Authorized Officer)

(Date)

(Print Name)

(Title)

EXHIBIT 3B



BSTX PARTICIPANT AGREEMENT

Return to: BOX Exchange LLC (the “Exchange”)
 Attn: Membership
 101 Arch Street, Suite 610
 Boston, MA 02110
 Ph: (617) 235-2315
 Email: membership@boxregulation.com

BSTX Participant agrees to abide by the Rules of the BOX Exchange LLC (the “Exchange”) applicable Bylaws and Rules of the Exchange, as amended from time to time, and all circulars, notices, interpretations, directives and/or decisions adopted by the Exchange.

BSTX Participant acknowledges that BSTX Participant and its associated persons are subject to the oversight and jurisdiction of the Exchange.

BSTX Participant authorizes the Exchange to make available to any governmental agency or self-regulatory organization (“SRO”) any information it may have concerning the BSTX Participant or its associated persons, and releases the Exchange from any and all liability in furnishing such information.

BSTX Participant acknowledges its obligation to update any and all information contained in any part of the BSTX Participant’s application, including termination of membership with another SRO.

Agreed to as of this _____ day of _____, 20_.

BSTX Participant

BOX Exchange LLC

(Company Name)

By: _____
(Signature)

(Name and Title)

(Street Address)

(City, State & Zip Code)



BSTX USER AGREEMENT

Return to: BOX Exchange LLC (the "Exchange")
Attn: Membership
101 Arch Street, Suite 610
Boston, MA 02110
Ph: (617) 235-2315
Email: membership@boxregulation.com

AGREEMENT dated _____, 20_, by and between BOX Exchange LLC (the "Exchange"), a Delaware limited liability company, and _____ ("User"), collectively referred to herein as the "parties."

WHEREAS, the Exchange operates an electronic market for the trading of Securities (the "BSTX Market"), which is a national securities exchange pursuant to Section 6(a) of the Securities Exchange Act of 1934; and

WHEREAS, provided that User is an approved BSTX Participant in good standing with the Exchange and has paid the requisite fees, the Exchange will provide User with access to the BSTX Market pursuant to these general terms and conditions.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants in this Agreement, the parties hereto agree as follows:

1. TERM.

This Agreement is for the term of one year from the date of execution and is automatically renewed on an annual basis unless cancelled by either party pursuant to the terms of this Agreement.

2. EXCHANGE RULES.

(a) **Compliance with the Exchange Rules.** User agrees that it will abide by the Rules of the Exchange, applicable Bylaws and Circulars, as amended from time to time, and all circulars, notices, interpretations, directives or decisions adopted by the Exchange and BSTX as a facility of the Exchange (collectively "Exchange Rules"), all applicable federal and state laws and regulations, and the rules and regulations of any applicable self-regulatory organization. User will familiarize all Authorized Persons with all of the User's obligations under this Agreement and the Exchange Rules, and will assure that they

EXHIBIT 3C

receive appropriate training prior to any use or access to the BSTX Market and System.

(b) **Monitoring.** User acknowledges and agrees that the Exchange and BSTX will monitor the use of the BSTX Market by User for compliance with all applicable laws and regulations, including without limitation the Exchange Rules. User acknowledges its responsibility to monitor its employees, agents, and customers for compliance with the Exchange Rules, the rules and regulations of any self-regulatory organization of which User is a member and all applicable federal and state laws and regulations.

(c) **Integrity of BSTX Market.** User will not (i) materially alter the information or data supplied to or received from the System in violation of the Exchange Rules, (ii) materially affect the integrity of the information or data supplied to or received from the system, or (iii) supply or render information or data from the System that is illegal, inaccurate, unfair, uninformative, fictitious, misleading or discriminatory.

(d) **Non-Compliance.** User's right to access the BSTX Market and System may be denied or terminated, temporarily or permanently, forthwith at any time by the Exchange upon a determination that: (i) User or its Authorized Persons are in violation or has violated any material term of the Agreement, the Exchange Rules, the rules and regulations of any self-regulatory organizations of which User is a member, any federal and state laws and regulations; (ii) the User's right to operate is terminated by its self-regulatory organization or by the United States Securities and Exchange Commission; or (iii) the User or its Authorized Person are engaged in activities that the Exchange reasonably determines to be detrimental to the BSTX Market, BSTX Users, or the public.

3. ***RIGHTS AND OBLIGATIONS.***

(a) **BSTX System.** Pursuant to the terms and conditions of this Agreement, User shall have access to certain information, data, access, capabilities, functions, features, and software, which permits User to access and participate in the BSTX Market (collectively, the "System").

(b) **Restriction on Use: Security.** User may not sell, lease, furnish, or otherwise permit or provide access to the System or any information or data made available therein to any other entity or to any individual that is not User's employee or agent. Notwithstanding the foregoing, User may disclose BSTX Market information to its customers provided that such disclosure does not violate BSTX restrictions, any other related market data or transaction reporting restrictions, the Exchange Rules, the rules and regulations of any self-regulatory organizations of which User is a member and all applicable federal and state laws. User will maintain and keep current a list of all employees or agents who are authorized to access the BSTX System on behalf of the User (the "Authorized Persons"). User accepts full responsibility for its Authorized Persons use of the System, which use must comply with the Exchange Rules and the User's obligations under this Agreement. User will take

EXHIBIT 3C

reasonable security precautions to prevent unauthorized use or access to the System. User understands and agrees that User is responsible for any and all orders, trades and other messages and instructions entered, transmitted or received under identifiers, passwords and security codes of User's Authorized Persons, and for the trading and other consequences thereof.

(c) **Fees.** User agrees to make timely payment of all fees payable to the Exchange and third parties arising from User's access to the BSTX Market.

4. CHANGE OF BSTX MARKET.

User acknowledges and agrees that nothing in this Agreement constitutes an understanding by the Exchange to continue the BSTX Market and System or any aspect of its current form. The Exchange may from time to time make additions, deletions or modifications to the BSTX Market or System. User acknowledges and agrees that the Exchange may temporarily or permanently, unilaterally condition, modify, or terminate the right of any individuals or entities to access, receive or use the BSTX Market and System in accordance with the Exchange Rules.

5. PROPRIETARY RIGHTS.

User acknowledges and agrees that all proprietary rights in the BSTX Market and System are and shall remain the property of the Exchange and its third party licensors. User agrees that the Exchange will own all right, title and interest in the quotations and other transaction data and information of the BSTX Market.

6. INFORMATION.

(a) **Confidentiality.** Both parties acknowledge that (i) the BSTX Market and the information and data made available therein, incorporate confidential and proprietary information developed, acquired by or licensed to the Exchange, including confidential information of the Exchange or other entities, and (ii) each party may receive or have access to the other proprietary or confidential information disclosed and marked as confidential by the disclosing party (collectively, the "Information"). The receiving party will use the disclosing party's Information solely to perform its obligations under this Agreement. The receiving party will take all precautions necessary to safeguard the confidentiality of the disclosing party's Information, including without limitation, (i) those taken by the receiving party to protect its own confidential information and (ii) those which the disclosing party may reasonably request from time to time.

(b) **Disclosure.** The receiving party will not disclose, in whole or in part, the disclosing party's information to any person, except as specifically authorized under this Agreement. User may not disclose any data or compilations or data made available to User by the Exchange without the express, prior written authorization of the Exchange. User acknowledges that any and all information provided to the BSTX Market by the User will be disclosed to the Exchange for use in accordance with the Exchange Rules. User hereby consents to such disclosure. The Exchange may also disclose information in accordance with its regulatory obligations.

EXHIBIT 3C

(c) **Unauthorized Use or Disclosure.** The parties acknowledge that any unauthorized use or disclosure of the disclosing party's Information may cause irreparable damage to the disclosing party. If an unauthorized use or disclosure occurs, the receiving party will immediately notify the disclosing party and take at its expense all steps necessary to recover the disclosing party's information and to prevent its subsequent unauthorized use or dissemination, including availing itself of actions for seizure and injunctive relief. If the receiving party fails to take these steps in a timely and adequate manner, the disclosing party may take them at the receiving party's expense, and the receiving party will provide the disclosing party with its reasonable cooperation in such actions that the disclosing party may request.

(d) **Limitation.** The receiving party will have no confidentiality obligation with respect to any portion of the disclosing party's Information that (i) the receiving party independently developed before receiving the Information from the disclosing party, (ii) the receiving party lawfully obtained from a third party under no obligation of confidentiality, (iii) is or becomes available to the public other than as a result of an act or omission of the receiving party or any of its employees or (iv) the receiving party is compelled to disclose pursuant to legal process provided by a court of competent jurisdiction or other governmental entity to whose jurisdiction the receiving party is subject.

7. DISCLAIMER OF WARRANTY.

THE BSTX MARKET AND SYSTEM ARE MADE AVAILABLE "AS IS" AND WITHOUT WARRANTY OR ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE (INCLUDING, BUT NOT LIMITED TO ANY WARRANTY OF TIMELINESS, TRUTHFULNESS, SEQUENCE, COMPLETENESS, ACCURACY, FREEDOM FROM ERRORS OR INTERRUPTION OR DEFECT, MERCHANTABILITY, FITNESS FOR PARTICULAR USE OR PURPOSE, OR NON-INFRINGEMENT AND ANY IMPLIED WARRANTIES ARISING FROM TRADE USAGE, COURSE OF DEALING OR COURSE OF PERFORMANCE).

8. LIMITATION OF LIABILITY.

EXHIBIT 3C

USER UNDERSTANDS AND AGREES THAT : (i) THE EXCHANGE IS NOT DIRECTLY OR INDIRECTLY A PARTY TO OR PARTICIPANT IN ANY TRADE OR TRANSACTION ENTERED INTO OR OTHERWISE CONDUCTED THROUGH THE BSTX MARKET, AND (ii) THE EXCHANGE IS NOT LIABLE IN ANY MANNER TO ANY PERSON (INCLUDING WITHOUT LIMITATION THE USER AND ANY PERSON FOR WHOM THE USER IS AUTHORIZED TO TRADE OR ACT) FOR THE FAILURE OF ANY PERSON ENTERING INTO A TRADE OR TRANSACTION BY MEANS OF THE BSTX MARKET TO PERFORM SUCH PERSON'S SETTLEMENT OR OTHER OBLIGATIONS UNDER SUCH TRADE OR TRANSACTION. IF THIS PROVISION SHALL BE DEEMED TO CONFLICT WITH ANY OTHER PROVISION OF THIS AGREEMENT, THEN THIS PROVISION SHALL SUPERSEDE SUCH OTHER PROVISION.

9. INDEMNIFICATION.

USER AGREES TO INDEMNIFY, DEFEND AND HOLD THE EXCHANGE, ITS AFFILIATES, THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, LOSSES, COSTS, AND EXPENSES, OBLIGATIONS, LIABILITIES, DAMAGES, RECOVERIES, AND DEFICIENCIES, INCLUDING INTEREST, PENALTIES, AND ATTORNEY'S FEES, ARISING FROM OR AS A RESULT OF USER'S BREACH OF ITS OBLIGATIONS UNDER THIS AGREEMENT OR OTHERWISE FROM ITS USE OF THE BSTX MARKET OR SYSTEM.

10. TERMINATION.

Notwithstanding any other provision of this Agreement to the contrary: (i) the Exchange may terminate this Agreement if the User breaches any material term of the Agreement and fails to cure such breach within ten (10) days after written notice thereof from the Exchange; and (ii) the Exchange may suspend User's access to the System immediately, on written notice to the User, if the Exchange reasonably believes that such breach or activity poses substantial risk to the BSTX Market or its users. Such action shall be instituted under, and governed by, the Exchange Rule 11000 Series (Summary Suspensions) and Rule 12000 Series (Discipline) and may be appealed by the User under the Exchange Rule 13000 Series regarding Review of Certain Exchange Actions. The User may terminate this Agreement upon providing the Exchange thirty days' notice in writing. Upon termination of this Agreement for any reason, all rights granted to User hereunder will cease. In no event will termination of this Agreement relieve User of any obligation incurred through its use of the BSTX Market. The provisions of Sections 5, 6, 8, and 9 will survive the termination or expiration of this Agreement for any reason.

11. ASSIGNMENT.

EXHIBIT 3C

User shall not assign, delegate, or otherwise transfer this Agreement or any of its rights or obligations hereunder without the Exchange’s prior approval. The Exchange may assign or transfer this Agreement or any of its rights or obligations hereunder to a related or unrelated party upon notice to User.

12. MISCELLANEOUS.

All notices or approvals required or permitted under this Agreement must be given in writing to the address specified above. Any waiver or modification of this Agreement will not be effective unless executed in writing and signed by the other party. The substantive laws of the Commonwealth of Massachusetts shall govern this Agreement. All disputes, claims or controversies between the parties related to User’s use of the BSTX Market shall be resolved in accordance with the applicable Exchange Rules, all applicable federal and state laws and regulations, and the rules and regulations of any applicable securities self-regulatory organization. All non-regulatory disputes, claims or controversies between the parties related to the interpretation of this Agreement shall be submitted to arbitration pursuant to the rules of the American Arbitration Association; provided, however, that nothing herein will prevent the Exchange from seeking interim injunctive relief in any court of competent jurisdiction. If any provision of this Agreement is to be held unenforceable, in whole or in part, such holding will not affect the validity of the other provisions of this Agreement. This Agreement, together with the applicable Exchange Rules constitutes the complete and entire statement of all conditions and representations of the agreement between the Exchange and User with respect to its subject matter and supersedes all prior writings or understandings.

Agreed to as of this _____ day of _____, 20__.

User

BOX Exchange LLC

(Company Name)

By: _____
(Signature)

(Name and Title)

(Street Address)

(City, State & Zip Code)



BSTX MARKET DESIGNATED MARKET MAKER SELECTION

In accordance with BOX Exchange LLC Rules for Selecting a Designated Market Maker (“DMM”), we have interviewed each DMM from the pool we chose and have selected _____ to make the market in the Company’s Security on BSTX.

Signature (Corporate Secretary or higher) _____
Date

Title

Company

* This form is to be submitted to the Exchange staff within two business days after DMM Interviews have been completed. If trading of the Company’s shares is to occur the same week as the DMM Interviews, the Company must submit this decision form on the day prior to trading, at the latest.

** This form is only required if a Company intends to request a DMM make a market in their Security listed on BSTX.

EXHIBIT 3E



**BSTX PARTICIPANT CLEARING
AUTHORIZATION (NON-MARKET MAKER)**

Clearing Member

BSTX Executing Participant

In connection with the qualification of the above referenced BSTX Executing Participant on the BOX Exchange LLC (the “Exchange”), the undersigned carrying broker-dealer of a registered clearing agency (“Clearing Member”) accepts financial responsibility for all transactions on the Exchange made by the above named BSTX Executing Participant.

The Clearing Member guarantees and assumes financial responsibility for such transactions on the Exchange even if the orders, bids, offers, or other messages transmitted to the Exchange by the BSTX Executing Participant (i) were entered as a result of a failure in applicable security and/or credit controls, (ii) were entered by an unknown or unauthorized user, or (iii) exceed the Clearing Member’s credit parameters.

This letter shall be deemed a letter of guarantee, letter of authorization, or notice of consent pursuant to Exchange rules and may be relied upon by the Exchange. This letter shall remain in effect until a written notice of revocation has been filed with the Exchange. The Clearing Member shall submit a written notice of revocation to the Exchange, and advise the Exchange’s contact person by telephone of the revocation. Upon receipt of such notice, the Exchange shall cancel/purge any unexecuted/pending orders and prevent any new orders from being sent. Such a revocation notice shall be deemed filed and effective when an email is sent by the Clearing Member to the email address designated by the Exchange, and the Exchange confirms that the BSTX Participant has been suspended in the system. A revocation shall in no way relieve the Clearing Member of responsibility for transactions guaranteed prior to the effective time of such revocation.

Name of Authorized Signatory of Clearing Member

Title

Signature of Authorized Signatory of Clearing Member

Date

Email and Phone Number

EXHIBIT 3F



**BSTX PARTICIPANT CLEARING AUTHORIZATION
(MARKET MAKER)**

Clearing Member

BSTX Participant

The BSTX Participant mentioned above has represented to the undersigned member of a registered clearing agency (“Clearing Member”), that it is a registered BSTX Participant of BOX Exchange LLC (the “Exchange”) with full trading rights including trading for its own account, acting as Market Maker and submitting and executing orders as agent on behalf of customers.

Pursuant to the trading of the above referenced BSTX Participant, the undersigned Clearing Member accepts financial responsibility for all transactions made by the above-referenced BSTX Participant when executing such transactions through the undersigned Clearing Member.

This letter shall be deemed a letter of guarantee, letter of authorization, or notice of consent pursuant to Exchange rules and may be relied upon by the Exchange. This letter shall remain in effect until a written notice of revocation has been filed with the Exchange. The Clearing Member shall submit a written notice of revocation to the Exchange, and advise the Exchange’s contact person by telephone of the revocation. Upon receipt of such notice, the Exchange shall cancel/purge any unexecuted/pending orders and prevent any new orders from being sent. Such a revocation notice shall be deemed filed and effective when an email is sent by the Clearing Member to the email address designated by Exchange, and the Exchange confirms that the BSTX Participant has been suspended in the system. A revocation shall in no way relieve the Clearing Member of responsibility for transactions guaranteed prior to the effective time of such revocation.

Name of Authorized Signatory of Clearing Member

Title

Signature of Authorized Signatory of Clearing Member

Date

Email and Phone Number



Draft
 Final

BOX EXCHANGE ORIGINAL LISTING APPLICATION FOR SECURITIES LISTED ON THE BSTX MARKET

Instructions: Please complete each part of the form and return to BOX Exchange LLC to list Securities on the BSTX Market.

Part I: Corporate Information

A. General Corporate Information

Complete Legal Corporate Name:

Address of Principal Executive Offices:

Company Telephone No.: _____

Contact Name and Title: _____

Contact Telephone No.: _____ Contact Email: _____

State and Country of Incorporation: _____

Date of Incorporation: _____

EDGAR CIK No.: _____

SEC '34 Act File No.: _____

EXHIBIT 3G

Foreign Private Issuer (yes/no): _____

Website address: _____

SIC Code: _____

CUSIP No. of Security(s) Being Listed: _____

Date of Fiscal Year End: _____

B. Corporate Contacts

Please list the full name, full title (if different from that indicated), address (if different from principal address above), telephone number and email address of the following individual(s):

Chief Executive Officer: _____

Chief Financial Officer: _____

Corporate Secretary: _____

General Counsel: _____

Investor Relations Officer: _____

Other Designated Contact: _____

Part II:
Security
Information

A. Security which the Applicant Issuer is applying to list (including par/stated value, warrant expiration date, maturity date, etc.):

Security Class/Type	Issue Description (incl. par value)	Shares Outstanding or Offered	Total Shares Unissued, but Reserved for issuance*

EXHIBIT 3G

*As of _____(date), the following number of shares are unissued, but have been authorized for issuance by the Applicant Issuer’s governing body for the purposes noted:

Date Authorized	Purpose of Shares to be Issued	Number of Shares Authorized

* Please note that Exchange’s Rules require that, at such date in the future that any currently unissued but authorized securities are issued, the Applicant Issuer must file a supplemental listing application to list such securities.

Record date of the most recent dividend paid with respect to the shares:

Payment date of the most recent dividend paid with respect to the shares:

Amount per share of the most recent dividend paid with respect to the shares:

Are there any declared but unpaid dividends with respect to the shares:

What is the record date for any such unpaid dividend:

What is the payment date of any such unpaid dividend:

EXHIBIT 3G

What is the amount per share of any such unpaid dividend:

Provide a description of any outstanding rights to subscribe to Securities:

If a record date is to be set in the near future for any purpose, please provide the anticipated date of the record date and the reason the record date is being established.

B. Transfer Agent/Registrar:

Name:

Address:

Phone No.: _____ Facsimile No.: _____ Email: _____

C. Outside Counsel Contact with Respect to Listing Application, if any:

Name of Contact Person: _____

Firm Name: _____

Address: _____

Phone No.: _____ Email: _____

D. Security Preferences

If the Applicant Issuer has any existing class of common stock or equity security entitling the holder(s) to differential voting rights, dividend payments, or other preferences, please provide a complete description of such preference(s):

EXHIBIT 3G

**Part III: Type
of Security
Listing**

A. Listing in Connection with an Issuance of Securities on the BSTX Market

Please indicate the type of transaction:

- | | | |
|--|---|-----------------------------------|
| <input type="checkbox"/> Initial Security Offering | <input type="checkbox"/> Merger | <input type="checkbox"/> Spin-off |
| <input type="checkbox"/> Follow On Offering | <input type="checkbox"/> Reorganization | |
| <input type="checkbox"/> Exchange Offer | <input type="checkbox"/> Conversion | |
| <input type="checkbox"/> Other (please specify): _____ | | |

If spin-off, please provide name of parent entity: _____

Will the security(s) to be listed trade on a “when issued” basis?

Yes No Expected closing date of the transaction: _____

Expected listing date:

Investment Banker/Financial Advisor Contact(s), if any

Name of Contact Person: _____

Firm Name: _____

Address: _____

Phone No.: _____ Email: _____

B. Listing in Connection with a Transfer or Quotation

Name of current trading market, if any: _____

Current ticker symbol, if any: _____

EXHIBIT 3G**Part IV: Additional Information****A. Exchange Requirements for Listing Consideration**

To be considered for listing, the Applicant Issuer must meet the Exchange's minimum listing requirements. The Exchange has broad discretion regarding the listing of any security. Thus, the Exchange may deny listing or apply additional or more stringent criteria based on any event, condition, or circumstance that makes the listing of an Applicant Issuer's security inadvisable or unwarranted in the opinion of the Exchange. Such determination can be made even if the Applicant Issuer meets the Exchange's listing standards for listing on the BSTX Market. In connection with the review of any listing application, the Exchange reserves the right to request such additional public or non-public information or documentation as it may deem necessary and appropriate to make a determination regarding the listing eligibility of the Applicant Issuer's security, including, but not limited to, any material provided to or received from the Securities and Exchange Commission or other appropriate regulatory authority.

B. Regulatory Review

The Applicant Issuer must provide the Exchange with a letter signed by an executive officer of the company, certifying that, to the company's knowledge, no officer*, board member, or non-institutional shareholder with greater than 10% ownership of the company has been convicted of a felony or misdemeanor relating to financial issues (e.g., embezzlement, fraud, theft) during the past ten years. To the extent that an officer, board member, or non-institutional shareholder with greater than 10% ownership of the company has been so convicted, provide a detailed description of all such matters. In addition to reviewing this letter, the Exchange will review background materials available to it regarding the aforementioned individuals as part of the eligibility review process.

*As such term is defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, or any successor rule.

EXHIBIT 3G

Part VI: Attestation

I, _____, as _____ of
Name of Authorized Executive Officer Title of Authorized Executive Officer

_____, do hereby
Full Name of Company

attest that, at the time of the filing of this application, the Applicant Issuer is deemed to have read and understood the Exchange's listing and corporate governance rules and requirements and, if approved for listing, intends to comply with all applicable listing and corporate governance rules and requirements on an ongoing basis. Further, I certify that to the best of my knowledge and belief, the information contained within this application and any materials provided to the Exchange in support of this application are true and correct.

Signature of Authorized Executive Officer

Date



ADDITIONAL LISTING APPLICATION FOR THE BSTX MARKET

Section I Company and Issue Description

Company Name: _____

Address: _____

City, State, Zip Code: _____

Company Contact – Name and Title: _____

Telephone #: _____

E-mail: _____

Listed Security: _____ Trading Symbol: _____

Total shares issued and outstanding: _____ as of _____

Shares held in treasury: _____ as of _____

Section II Transaction Details

The Company hereby makes application to BOX Exchange LLC for the additional listing of the following shares on the BSTX Market:

Shares ¹	Purpose ²	Date of Board Authorization	Date of Shareholder Authorization (if applicable)	Anticipated Date of Issuance
	Total Shares			

¹ For a forward stock split or stock dividend, make application for the difference between the shares issued and outstanding (i) prior to the split/dividend and (ii) after the split/dividend. (Note: any shares listed in Line 2 of the Reconciliation Sheet will automatically be affected by the factor of the split/dividend.) For listing of any ad hoc shares in connection with a dividend payment on a preferred stock (or notes), those shares should be listed in the Securities column. For any substitution listing (e.g., reverse split, reincorporation or reorganization) the shares should be listed as "N/A".

² For example, acquisition, private placement, stock option plan, stock split, inducement grant, etc.

EXHIBIT 3H

Section III Insider Participation and Future Potential Issuances

Does any Director, Officer or principal shareholder of the Company have a direct or indirect interest in transactions? Yes No

Does the transaction potentially require the Company to issue any shares in the future above the amount currently applied for? (For example for an earn-out, price protection, or reset provision.)

Yes No

** If yes provide complete details in the space below of such insider interest along with Audit Committee minutes (if applicable) and/or of such future potential issuance(s).*

Section IV Information for a Technical Original Listing³

Check all applicable categories

Effective Date

Reverse Stock Split Ratio of _____ -for- _____

Change in state of incorporation from _____ to _____

Other (please describe briefly)

Does the transaction require the turn-in of listed securities or stock certificates? Yes No

Section V Information for a Forward Stock Split or Stock Dividend

Forward Stock Split Ratio: _____ -for- _____

³ Technical Original Listing is a change in the company's status technical in nature and the shareholders of the original company receive or retain a share-for-share interest in the new company without any change in their equity position or rights.

EXHIBIT 3H

Or

Stock Dividend per Shares: _____%

Record Date: _____ Payment Date: _____

Complete the Reconciliation Sheet for any forward or reverse stock split or stock dividend (See attached Appendix A).

Section VI Attachments and Signature

The following Company documents are incorporated by reference into this Additional Listing Application. If any such documents are filed via EDGAR, then indicate under what cover they are filed, the filing date and the exhibit number:

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____
- 6. _____
- 7. _____
- 8. _____
- 9. _____
- 10. _____

The Company hereby applies for the listing of the above mentioned additional shares and the undersigned hereby certifies that the statements made herein, and the papers and exhibits submitted in support hereof are, to the best of such person’s knowledge and belief, true and correct.

Name: _____

Title: _____

Date Submitted: _____

Signature: /s/ _____

EXHIBIT 3H

Appendix A Reconciliation for Technical Original Listing

Complete the following table with listed and unlisted share amounts. Use estimates where needed to account for stock option exercises, etc. between the record date and the effectiveness of the split, dividend or substitution.

1. Shares issued and outstanding after the technical original event: _____

Listed Reserves previously approved for listing on the BSTX Market by BOX Exchange LLC

Include shares underlying stock option plans, warrants, or other convertible instruments that have been previously approved for listing on the BSTX Market by BOX Exchange LLC. Derivatives previously exercised (or partially exercised) should be netted out since they are included in line 1.

Purpose	Amount Before Technical Original	Amount After Technical Original

2. Total Listed Reserves after Technical Original: _____

3. Add lines 1 and line 2 together: _____

Unlisted Reserves not yet approved by BOX Exchange LLC:

If the Company has not yet listed shares reserved for future issuance (e.g., shares underlying newly created stock option plans, warrants or other convertible instruments), please complete the following table.

Purpose	Amount Before	Amount After

4. Total Unlisted Reserves after Technical Original: _____

5. Total authorized for issuance by the Company (add lines 3 and 4): _____

EXHIBIT 3I



CHECKLIST FOR ORIGINAL LISTING APPLICATION

Company: _____

- ___ Listing Application
- ___ Listing Agreement
- ___ Corporate Governance Affirmation
- ___ Underwriter's Letter (for Initial Security Offering)
- ___ SEC Form ___ (8-A, 10, 40-F, 20-F)
- ___ Other: _____



BSTX MARKET LISTING AGREEMENT

_____ (the "Company"), in consideration of the listing of its securities (as defined in the BSTX Rules) on the BSTX Market, hereby agrees, with BOX Exchange LLC (the "Exchange") that:

- (1) The Company certifies that it will comply with all Exchange rules, policies, and procedures that apply to listed companies as they are now in effect and as they may be amended from time to time, regardless of whether the Company's organization documents would allow for a different result.
- (2) The Company shall notify the Exchange at least 20 days in advance of any change in the form or nature of any listed Security or in the rights, benefits, and privileges of the holders of such Security.
- (3) The Company understands that the Exchange may remove its Securities from listing on the BSTX Market, pursuant to applicable procedures, if it fails to meet one or more requirements of Paragraphs 1 and 2 of this agreement.
- (4) In order to publicize the Company's listing on the BSTX Market, the Company authorizes the Exchange to use the Company's corporate logos, website address (URL): ____, trade names, and trade/service marks in order to convey quotation information, transactional reporting information, and other information regarding the Company in connection with the Exchange. In order to ensure the accuracy of the information, the Company agrees to provide the Exchange with the Company's current corporate logos, Web site address, trade names, and trade/service marks and with any subsequent changes to those logos, trade names and marks. Questions regarding logo usage should be directed to: ____ at (____) ____ - ____.

The Company indemnifies the Exchange and holds it harmless from any third-party rights and/or claims arising out of use by the Exchange or, any affiliate or facility of the Exchange ("Corporations") of the Company's corporate logos, website address, trade names, trade/service marks, and/or the trading symbol used by the Company.

- (5) The Company warrants and represents that the trading symbol to be used by the Company does not violate any trade/service mark, trade name, or other intellectual property right of any third party. The Company's trading symbol is provided to the Company for the limited purpose of identifying the Company's Security in authorized quotation and trading systems. The Exchange reserves the right to change the Company's trading symbol at the Exchange's discretion at any time.
- (6) The Company agrees to furnish to the Exchange on demand such information concerning the Company as the Exchange may reasonably request.
- (7) The Company agrees to pay when due all fees associated with its listing on the BSTX Market, in accordance with the Exchange's Rules.
- (8) The Company agrees to file all required periodic financial reports with the SEC, including annual reports and, where applicable, quarterly or semi-annual reports, by the due dates established by the SEC.

Exchange Warranties; Disclaimers of Warranties. For any goods or services provided to Company, the Exchange shall endeavor to provide them in a good and workmanlike manner. Beyond the warranties stated in this section, there are no other warranties of any kind, express, implied or statutory (including the implied warranties of merchantability or fitness for a particular use or purpose).

LIMITATION OF CORPORATIONS' LIABILITY:

- (1) In no event will the Corporations be liable for trading losses, losses of profits, indirect, special, punitive, consequential, or incidental loss or damage, even if the Corporations have been advised of the possibility of such damages.

EXHIBIT 3J

- (2) If the Corporations are held liable, the liability of the Corporations is limited:
- (a) for goods and services for which the Company is specifically charged, to the amount paid by Company for those goods or services during the twelve months preceding the accrual of the claim; and
 - (b) in all other instances, to the amount of the annual listing fee paid by the Company during the twelve months preceding the accrual of the claim.
- (3) For goods and services provided under a separate written agreement, the limitation of liability provisions in that agreement shall govern any claims relating to or arising from the provision of those goods and services.
- (4) This subsection shall not relieve the Corporations from liability for damages that result from their own gross negligence or willful tortious misconduct, or from personal injury or wrongful death claims.
- (5) The Corporations shall not be liable for any third parties' goods or services.
- (6) The Company agrees that these terms reflect a reasonable allocation of risk and limitation of liability.

I have been authorized by the Company and have the legal authority to provide information on the Company's behalf; to the best of my knowledge and belief, the information provided is true and correct as of this date; and the Company will promptly notify the Exchange of any material changes.

By: _____
SIGNATURE OF DULY AUTHORIZED REPRESENTATIVE

Dated: _____

PLEASE PRINT NAME AND TITLE

EXHIBIT 3K



BSTX Market Domestic Company Corporate Governance Affirmation

Company Name: _____

Symbol: _____

Type of Affirmation: Initial¹ Annual

Notice of Non-compliance: Yes² No

Part I.

INSTRUCTIONS: Please provide BOX Exchange LLC with the following information for each director currently serving, or who will be serving as of the day of listing on the BSTX Market, on the Company’s board of directors. Please indicate with a “√” whether a director serves on the Company’s audit committee, compensation committee or nominating committee. Please include an asterisk (*) next to the name of each director that has been deemed independent for purposes of Rule 10A-3 (“Rule 10A-3”) of the Securities Exchange Act of 1934 (the “Exchange Act”) and service on the Company’s audit committee.

	<u>Director Name</u>	<u>Board Class</u>	<u>Term Ends</u>	<u>Rule 26803A Ind. (Y/N)</u>	<u>AC³</u>	<u>CC⁴</u>	<u>NC⁵</u>
<u>1</u>							
<u>2</u>							
<u>3</u>							
<u>4</u>							
<u>5</u>							
<u>6</u>							
<u>7</u>							
<u>8</u>							
<u>9</u>							
<u>10</u>							
<u>11</u>							
<u>12</u>							

¹ Companies that are submitting an Initial Affirmation must be compliant in all areas, subject to applicable transition period
² If this document is serving as a non-compliance notification to the Exchange it must be executed by the Company’s CEO.
³ Serves on the Audit Committee
⁴ Serves on the Compensation Committee
⁵ Serves on the Nominating/Corporate Governance Committee

EXHIBIT 3KPart II.

INSTRUCTIONS: Please check only one box that best describes the Company:

- Lists common equity securities on the BSTX Market and does not fit any of the other categories listed below
- Qualifies as a controlled company
- Is a limited partnership
- Is in bankruptcy
- Is a smaller reporting company

Part III.

INSTRUCTIONS: Companies listed on the BSTX Market must comply with the corporate governance requirements set forth in the Rule 26800 Series of the Exchange's Rulebook. In response to each item below, please check the box beside the single affirmation that is most applicable to the Company. Please note that, depending on the affirmation made, an item may require the Company to provide additional information or a link to the applicable document referenced therein. Please also note that specific types of entities may avail themselves of exemptions to, or transition periods for, compliance with certain of the requirements. If the Company is availing itself of any of these exemptions or transition periods, it should select the corresponding affirmation for the applicable item.

1. Director Independence: Rule 26802(a) and Rule 26803A

- I hereby certify that the Company's board of directors is comprised of a majority of independent directors as required by Rule 26802(a) and defined in Rule 26803A.
- For smaller reporting companies only:** I hereby certify that the Company qualifies as a smaller reporting company under Rule 12b-2 of the Exchange Act and its board of directors is comprised of at least 50% independent directors as required by Rule 26802(a) and defined in Rule 26803A.
- For companies relying on the transition period provided for in Rule 26809:** I hereby certify that the Company is entitled to rely, and is relying, on the one year transition period provided for in Rule 26809. I further hereby certify that the Company's board of directors will be comprised of a majority of independent directors as required by Rule 26802(a) and defined in Rule 26803A (or 50% independent in the case of a smaller reporting company as required by Rule 26801(h)) by the end of the one year transition period.
- For limited partnerships, controlled companies, and companies that are in bankruptcy only:** I hereby certify that the Company is exempt from this requirement.
- The Company is unable to make one of the affirmations set forth in this Item 1 and is therefore non-compliant for the following reason: _____
-

EXHIBIT 3K

2. Board of Directors Meetings / Executive Sessions: Rule 26802(c)

- I hereby certify that the Company's Board of Directors meets (or will meet, in the case of an Initial Affirmation) on at least a quarterly basis. I further hereby certify that the independent directors have, or will have (in the case of an Initial Affirmation), regularly scheduled meetings as often as necessary to fulfill their responsibilities, including at least annually in executive session without the presence of non-independent directors and management as required by Rule 26802(c).

- The Company is unable to make one of the affirmations set forth in this Item 2 and is therefore non-compliant for the following reason: _____

3. Nominating Committee: Rule 26804

- I hereby certify that board of director nominations are selected, or recommended for the board's selection, by either a nominating committee comprised solely of independent directors or by a majority of the independent directors in conformity with Rule 26804(a) and that the Company has adopted a formal written charter or board resolution, as applicable, addressing the nominations process and such related matters as may be required under the federal securities laws.

- For companies relying on the transition period provided for in Rule 26809:** I hereby certify that the Company is entitled to rely, and is relying, on the transition period provided for in Rule 26809 and that the Company will be in full compliance at the end of the transition period. I further hereby certify that the Company's nominating committee (or board of directors) has a written charter or board resolution that meets the requirements of Rule 26804.

- For companies relying on the exception provided for in Rule 26804(b):** I hereby certify that board of director nominations are selected, or recommended for the board's selection, by either a nominating committee comprised solely of independent directors or by a majority of the independent directors in conformity with Rule 26804(a) and that the Company has adopted a formal written charter or board resolution, as applicable, addressing the nominations process and such related matters as may be required under the federal securities laws. I further hereby certify that the Company is entitled to rely, and is relying, on the exception provided for in Rule 26804(b) and the board has made, or will make, the requisite disclosures of its reliance on the exception provided for in Rule 26804(b).

- For limited partnerships, controlled companies, and companies that are in bankruptcy only:** I hereby certify that the Company is exempt from this requirement.

- The Company is unable to make one of the affirmations set forth in this Item 3 and is therefore non-compliant for the following reason: _____

EXHIBIT 3K4. Compensation Committee: Rule 26805

- I hereby certify that the compensation of the Company's officers is determined, or recommended to the board for determination, either by a compensation committee comprised of independent directors or by a majority of the independent directors on its board of directors in conformity with Rule 26805(a). I further hereby certify that the board has affirmatively determined that *all* of the members of the compensation committee or, in the case of a company that does not have a compensation committee, *all* of the independent directors, are independent under Rule 26805(c)(1).
- For smaller reporting companies only:** I hereby certify that the compensation of the Company's officers is determined, or recommended to the board for determination, either by a compensation committee comprised of independent directors or by a majority of the independent directors on its board of directors in conformity with Rule 26805(a). I further hereby certify that the Company qualifies as a smaller reporting company under Rule 12b-2 of the Exchange Act and is therefore exempt from compliance with the independence requirements set forth in Rules 26805(c)(1) and 26805(c)(4).
- For smaller reporting companies relying on the exception provided for in Rule 26805(b):** I hereby certify that the compensation of the Company's officers is determined, or recommended to the board for determination, either by a compensation committee comprised of independent directors or by a majority of the independent directors on its board of directors in conformity with Rule 26805(a), subject to the exception provided for in Rule 26805(b). I further hereby certify that the Company is entitled to rely, and is relying, on the exception provided for in Rule 26805(b) and that the board has made, or will make, the requisite disclosures of its reliance on the exception provided for in Rule 26805(b).
- For companies relying on the transition period provided for in Rule 26809:** I hereby certify that the Company is entitled to rely, and is relying, on the transition period provided for in Rule 26809 and that the Company will be in full compliance at the end of the transition period.
- For limited partnerships, controlled companies, and companies that are in bankruptcy only:** I hereby certify that the Company is exempt from this requirement.
- The Company is unable to make one of the affirmations set forth in this Item 4 and is therefore non-compliant for the following reason: _____

5. Audit Committee: Rule 26803B

- I hereby certify that (i) the Company has an audit committee of at least three members, each of whom satisfies the independence standards specified in Rule 26803A and Rule 10A-3 of the Exchange Act (or is exempt therefrom) in conformity with Rule 26803B and (ii) such audit committee has a written charter that meets the requirements of Rule 26803B(1). I further hereby certify that (i) each member of the audit committee is able to read and understand fundamental financial statements, (ii) at least one member of the audit committee is "financially sophisticated" as described in Rule 26803B(2)(iii), (iii) no audit committee member has participated in the preparation of the financial statements of the Company or any current subsidiary thereof within the past three years, and (iv) the audit committee meets on at least a quarterly basis.
- For smaller reporting companies only:** I hereby certify that (i) the Company has an audit committee of at least two members, each of whom satisfies the independence standards specified in Rule 26803A and Rule 10A-3 of the Exchange Act (or is exempt therefrom) in conformity with Rule 26803 and (ii) such audit committee has a written charter that meets the requirements of Rule 26803B(1). I further hereby certify that (i) each member of the audit committee is able to read and understand fundamental financial statements, (ii) at least one member of the audit committee is "financially sophisticated" as described in Rule 26803B(2)(iii), (iii) no audit committee member has participated in the preparation of the financial statements of the Company or any current subsidiary thereof within the past three years, and (iv) the audit committee meets on at least a quarterly basis.

EXHIBIT 3K

- For companies that are relying on the exception provided for in Rule 26803B(2)(b) (not available to those that are smaller reporting companies):** I hereby certify that the Company has an audit committee of at least three members, each of whom satisfies the independence standards specified in Rule 26803A and Rule 10A-3 of the Exchange Act (or is exempt from) in conformity with Rule 26803B, subject to the exception provided for in Rule 26803B(2)(b). The Company’s audit committee has a written charter that meets the requirements of Rule 26803B(1). The board has made, or will make, the requisite disclosures of its reliance on the exception provided for in Rule 26803B(2)(b). I further hereby certify that (i) each member of the audit committee is able to read and understand fundamental financial statements, (ii) at least one member of the audit committee is “financially sophisticated” as described in Rule 26803B(2)(iii), (iii) no audit committee member has participated in the preparation of the financial statements of the Company or any current subsidiary thereof within the past three years, and (iv) the audit committee meets on at least a quarterly basis.
- For companies relying on the transition period provided for in Rule 26809:** I hereby certify that the Company is entitled to rely, and is relying, on the transition period provided for in Rule 26809 and that the Company will be in full compliance by the end of the transition period. I further hereby certify that the audit committee has a written charter that meets the requirements of Rule 26803B(1). I further hereby certify that (i) each member of the audit committee is able to read and understand fundamental financial statements, (ii) at least one member of the audit committee is “financially sophisticated” as described in Rule 26803B(2)(iii), (iii) no audit committee member has participated in the preparation of the financial statements of the Company or any current subsidiary thereof within the past three years, and (iv) the audit committee meets on at least a quarterly basis.

The Company is unable to make one of the affirmations set forth in this Item 5 and is therefore non-compliant for the following reason: _____

6. For those companies relying on an individual or company exemption from the independence requirements of Rule 10A-3(b)(1) in Item 5, above, please identify and briefly describe the basis for such exemption below. If not relying on any such exemption, please indicate “N/A” below.

7. Code of Conduct and Ethics: Rule 26807

I hereby certify that the Company has adopted a code of conduct and ethics that complies with Rule 26807.

The Company is unable to make one of the affirmations set forth in this Item 7 and is therefore non-compliant for the following reason: _____

8. Other Non-Compliance: The Rule 26800 Series

Apart from any non-compliance specific to the preceding sections, the Company is non-compliant with the Rule 26800 Series for the following reason: _____

EXHIBIT 3K

I am an authorized officer at the Company and have the legal authority to provide the information and make the affirmations contained herein. I hereby certify that all information contained herein is true and correct to the best of my knowledge as of the date hereof.

Name: _____
Title: _____
Date submitted: _____
Telephone number: _____
E-mail address: _____
Signature: /s/ _____

Note: The Company's Chief Executive Officer is required to separately complete and submit the Annual CEO Certification which is not applicable at time of initial listing.

EXHIBIT 3L



SAMPLE UNDERWRITER’S LETTER

(To be provided on underwriter’s letterhead)

DATE

Mr./Ms. _____
BOX Exchange LLC
101 Arch Street, Suite 610
Boston, MA 02110

Re: _____ (Company Name) _____

Dear Mr./Ms. :

We are acting as representatives of the underwriters in connection with _____ (the “Company”) Initial Security Offering of (number and issue). We are currently organizing a syndicate to include approximately _____ securities firms to underwrite and distribute the issue.

We have reviewed and understand the BSTX Market listing criteria of BOX Exchange LLC (the “Exchange”) that apply to an Initial Security Offering.

We can assure the Exchange that the distribution of the Company’s (issue) in its Initial Security Offering will meet or exceed the applicable BSTX requirements described above for listing on the BSTX Market. We will achieve these criteria by using our own retail sales offices, our institutional department, and the underwriting syndicate currently being organized.

We further agree that we will provide written notice (including a list of purchasers) to the Exchange, within five (5) days of the commencement of trading in the Company’s Security, that this requirement has been satisfied.

Very truly yours,

By: _____
SIGNATURE

PLEASE PRINT NAME AND TITLE

EXHIBIT 3M



BSTX Market Company Annual CEO Certification

Company Name: _____

Symbol: _____

INSTRUCTIONS: Please check the box next to the appropriate certification applicable to the Company.

As the Chief Executive Officer and as required by Rule 26810(a) of the Exchange's Rulebook,

I hereby certify that as of the date hereof I am not aware of any violation by the Company of the Exchange's corporate governance listing standards.

or

I hereby certify that as of the date hereof the Company is non-compliant with the Exchange's corporate governance listing standards. Please explain the reasons below or indicate that the Company has notified the Exchange pursuant to Rule 26810(b) and disclosed on the Company's most recent Domestic/Foreign Private Issuer Company Rule 26810(c) Annual Affirmation.

Name: _____

Title: _____

Date submitted: _____

Telephone number: _____

E-mail address: _____

Signature: /s/ _____

EXHIBIT 3N



**BSTX Market Open-end and Closed-end Management Investment Company
Corporate Governance Affirmation**

Issuer: _____

Symbol: _____

Type of Affirmation: Initial¹ Annual

Notice of Non-compliance: Yes² No

NOTE: This form is to be used by a domestic or foreign issuer that has only open or closed-end funds listed on the BSTX Market and, pursuant to Rule 26801(d), is subject solely to the requirements of Rule 26802(e), 26803B(1) (closed-end only), 26803B(4) and the other provisions of Rule 26803 to the extent required by Rule 10A-3 under the Securities Exchange Act of 1934 and Rule 26810.

Part I.

INSTRUCTIONS: Please provide the following information for each board member currently serving, or who will be serving as of the day of listing, on the Issuer’s audit committee. Please indicate each audit committee member that has been deemed independent for purposes of Rule 10A-3 (“Rule 10A-3”) of the Securities Exchange Act of 1934 (the “Exchange Act”).

	<u>Name of Audit Committee Member</u>	<u>Rule 10A-3 Independent (Y/N)</u>
<u>1</u>		
<u>2</u>		
<u>3</u>		
<u>4</u>		
<u>5</u>		
<u>6</u>		
<u>7</u>		
<u>8</u>		
<u>9</u>		
<u>10</u>		
<u>11</u>		
<u>12</u>		

¹ Issuers that are submitting an Initial Affirmation must be compliant in all areas, subject to applicable transition periods.

² If this document is serving as a non-compliance notification to the Exchange it must be executed by the Issuer’s CEO.

EXHIBIT 3N

Please provide the following information for each independent director identified in the chart above. Alternatively, a reference to the location of the disclosure in the Issuer’s public U.S. Securities and Exchange Commission (“SEC”) filings can be provided.

- Brief biography.
- Share ownership in the Issuer.
- Brief description of any direct or indirect consulting, advisory, or other compensatory fee arrangement with the Issuer or any of its subsidiaries as specified in Rule 10A-3(b)(ii)(A).
- Indication of whether the audit committee member is an affiliated person of the Issuer or any of its subsidiaries as specified in Rule 10A-3(b)(ii)(B).

Part II.

INSTRUCTIONS: Please check only one box that best describes the Issuer:

- Is an open-end management investment company
- Is a closed-end management investment company

Part III.

INSTRUCTIONS: Companies listed on the BSTX Market must comply with the corporate governance requirements set forth in the Rule 26800 Series of the Exchange’s Rulebook. In response to each item below, please check the box beside the single affirmation that is most applicable to the Issuer. Please note that, depending on the affirmation made, an item may require the Issuer to provide additional information or a link to the applicable document referenced therein. Please also note that specific types of entities may avail themselves of exemptions to or transition periods for compliance with certain of the requirements. If the Issuer is availing itself of any of these exemptions or transition periods, it should select the corresponding affirmation for the applicable item.

1. Audit Committee: Rule 26803 of the Exchange Rulebook

- For open-end management investment companies only:** I hereby certify that the Issuer has, and will continue to have, an Audit Committee whose members satisfy the requisite independence standards specified in Rule 26803A of the Exchange’s Rulebook (if applicable) and Rule 10A-3(b)(1) of the Exchange Act (subject to any applicable exceptions and cure periods).
- For closed-end management investment companies:** I hereby certify that (i) the Issuer has, and will continue to have, an Audit Committee whose members satisfy the requisite independence standards specified in Rule 26803A of the Exchange’s Rulebook (if applicable) and Rule 10A-3(b)(1) of the Exchange Act (subject to any applicable exceptions and cure periods) and (ii) such audit committee has a written charter that meets the requirements of Rule 26803B(1) of the Exchange’s Rulebook.
- The Issuer is unable to make one of the affirmations set forth in this Item 1 and is therefore non-compliant for the following reason: _____

EXHIBIT 3N

2. I hereby certify that the Issuer's audit committee is relying on an exemption from Rule 10A-3 of the Exchange Act. Please state below which Rule 10A-3 exemptions the Issuer or any individual member is relying on and briefly describe the basis for such exemption below. If not relying on any such exemption, please indicate "N/A" below. (Appendix A provides a brief description of the available Rule 10A-3 exemptions.)

3. Other Non-Compliance: Series 26800 of the Exchange's Rulebook

Apart from any non-compliance specific to the preceding sections, the Issuer is non-compliant with Series 26800 of the Exchange's Rulebook for the following reason:

I am an authorized officer at the Issuer and have the legal authority to provide the information and make the affirmations contained herein. I hereby certify that all information contained herein is true and correct to the best of my knowledge as of the date hereof.

Name: _____

Title: _____

Date submitted: _____

Telephone number: _____

E-mail address: _____

Signature: /s/ _____

EXHIBIT 3N**Appendix A:****Rule 10A-3 exemptions for an open-end and closed-end management investment companies³:**

Rule 10A-3(b)(1)(iv)(A) – This provision provides a transitional exemption for an issuer listing in connection with an initial public offering of securities.⁴

Rule 10A-3(b)(1)(iv)(B) – This provision provides an exemption to allow an otherwise independent director who serves on the board of directors of both a listed issuer and an affiliate to serve on the audit committee of the listed issuer.⁵

Rule 10A-3(b)(1)(iv)(F) – This provision provides that the U.S. Securities and Exchange Commission may grant a director an exemption from the independence requirements of Rule 10A-3.⁴

Rule 10A-3(c)(1) – This provision provides a general exemption from the requirement to have an audit committee where the issuer is listing securities but satisfies the requirements of Rule 10A-3 with respect to another class of securities already listed on a national securities exchange or national securities association.⁵

Rule 10A-3(c)(2) – This provision provides a general exemption from the requirement to have an audit committee for subsidiaries that are listed on a national securities exchange or market where the subsidiary's parent company satisfies the requirements of Rule 10A-3 with respect to a class of equity securities already listed on a national securities exchange or market and the subsidiary:

- is directly or indirectly consolidated by the parent; or
- is at least 50% beneficially owned.

This exemption does not apply to a subsidiary that has issued equity securities, other than non-convertible, non-participating preferred securities.

³ This summary of the provisions of Rule 10A-3 is provided for convenience only. It is not a verbatim statement of those rules and is intended solely to assist in understanding potential exemptions. This summary should not under any circumstances be relied upon as an authoritative statement of Rule 10A-3.

⁴ An Issuer is required to disclose reliance on this exemption in its annual report filed with the U.S. Securities and Exchange Commission.

⁵ An Issuer is not required to disclose reliance on this exemption in its annual report filed with the U.S. Securities and Exchange Commission.

EXHIBIT 30



BSTX Market Foreign Private Issuer Corporate Governance Affirmation

Company Name: _____

Symbol: _____

Type of Affirmation: Initial¹ Annual

Notice of Non-compliance: Yes² No

Part I.

INSTRUCTIONS: Please provide the following information for each director currently serving, or who will be serving as of the day of listing, on the Company’s board of directors. Please indicate a “whether a director serves on the Company’s audit committee, compensation committee or nominating committee. **Please include an asterisk (*) next to the name of each director that has been deemed independent for purposes of Rule 10A-3 (“Rule 10A-3”) of the Securities Exchange Act of 1934 (the “Exchange Act”) and service on the Company’s audit committee.**

DIRECTOR DETAILS:

	<u>Director Name</u>	<u>Board Class (I, II, or III)</u>	<u>Term End</u>	<u>Rule 10A-3 Independent (Y/N)</u>	<u>AC</u> ³	<u>CC</u> ⁴	<u>NC</u> ⁵
<u>1</u>							
<u>2</u>							
<u>3</u>							
<u>4</u>							
<u>5</u>							
<u>6</u>							
<u>7</u>							
<u>8</u>							
<u>9</u>							
<u>10</u>							
<u>11</u>							
<u>12</u>							

¹ Companies that are submitting an Initial Affirmation must be compliant in all areas, subject to applicable transition periods.

² If this document is serving as a non-compliance notification to the Exchange it must be executed by the Company’s CEO.

³ Serves on the Audit Committee

⁴ Serves on the Compensation Committee

⁵ Serves on the Nominating/Corporate Governance Committee

EXHIBIT 30Part II.

INSTRUCTIONS: Please check one box that best describes the Company:

- Lists common equity securities on the BSTX Market and does not fit any of the categories listed below
- Qualifies as a controlled company
- Is a limited partnership
- Is in bankruptcy
- Is a smaller reporting company

Part III.

INSTRUCTIONS: Companies listed on the BSTX Market must comply with the corporate governance requirements set forth in the Rule 26800 Series of the Exchange's Rulebook. In response to each item below, please check the box beside the single affirmation that is most applicable to the Company. Please note that, depending on the affirmation made, an item may require the Company to provide additional information or a link to the applicable document referenced therein. Please also note that specific types of entities may avail themselves of exemptions to or transition periods for compliance with certain of the requirements. If the Company is availing itself of any of these exemptions or transition periods, it should select the corresponding affirmation for the applicable item.

If the Company is relying on an exemption pursuant to Rule 26110 of the Exchange's Rulebook, it must provide English language disclosure of any significant ways in which its corporate governance practices differ from those followed by domestic companies pursuant to the Exchange's standards. This disclosure may be provided either on the Company's website and/or in its annual report that it is required to file with the U.S. Securities and Exchange Commission ("SEC") that includes audited financial statements (including on Forms 10-K, 20-F, or 40-F). If the disclosure is only available on the website, the annual report must so state and provide the web address at which the information may be obtained. For each relevant section that follows, please include in the comments section the location of the Company's disclosure.

1. Director Independence: Rule 26802(a) and Rule 26803A of the Exchange Rulebook

- If the Company is relying on an exemption pursuant to Rule 26110 of the Exchange's Rulebook please state so and include the location of required disclosure.

- I hereby certify that the Company's board of directors is comprised of a majority of independent directors as required by Rule 26802(a) and defined in Rule 26803A.
- For smaller reporting companies only:** I hereby certify that the Company qualifies as a smaller reporting company under Rule 12b-2 of the Exchange Act and its board of directors is comprised of at least 50% independent directors as required by Rule 26802(a) and defined in Rule 26803A of the Exchange's Rulebook.
- For companies relying on the transition period provided for in Rule 26809 of the Exchange's Rulebook:** I hereby certify that the Company is entitled to rely, and is relying, on the one year transition period provided for in Rule 26809 of the Exchange's Rulebook. I further hereby certify that the Company's board of directors

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will be comprised of a majority of independent directors as required by Rule 26802(a) and defined in Rule 26803A of the Exchange's Rulebook (or 50% independent in the case of a smaller reporting company as required by Rule 26801(h) of the Exchange's Rulebook) by the end of the one year transition period.

- For controlled companies, limited partnerships, and companies that are in bankruptcy only:** I hereby certify that the Company is exempt from this requirement.
- The Company is unable to make one of the affirmations set forth in this Item 1 and is therefore non-compliant for the following reason: _____
- _____

2. Board of Directors Meetings / Executive Sessions: Rule 26802(c) of the Exchange's Rulebook

- If the Company is relying on an exemption pursuant to Rule 26110 of the Exchange's Rulebook please state so and include the location of the required disclosure.
- _____
- _____

- I hereby certify that the Company's Board of Directors meets (or will meet, in the case of an Initial Affirmation) on at least a quarterly basis. I further hereby certify that the independent directors have, or will have (in the case of an Initial Affirmation), regularly scheduled meetings as often as necessary to fulfill their responsibilities, including at least annually in executive session without the presence of non-independent directors and management as required by Rule 26802(c) of the Exchange's Rulebook.

- The Company is unable to make one of the affirmations set forth in this Item 2 and is therefore non-compliant for the following reason: _____
- _____
- _____

3. Nominating Committee: Rule 26804 of the Exchange's Rulebook

- If the Company is relying on an exemption pursuant to Rule 26110 of the Exchange's Rulebook please state so and include the location of the required disclosure.
- _____
- _____

- I hereby certify that board of director nominations are selected, or recommended for the board's selection, by either a nominating committee comprised solely of independent directors or by a majority of the independent directors in conformity with Rule 26804(a) of the Exchange's Rulebook and that the Company has adopted a formal written charter or board resolution, as applicable, addressing the nominations process and such related matters as may be required under the federal securities laws.

- For companies relying on the transition period provided for in Rule 26809 of the Exchange's Rulebook:** I hereby certify that the Company is entitled to rely, and is relying, on the transition period provided for in Rule 26809 of the Exchange's Rulebook and that the Company will be in full compliance at the end of the transition period. I further hereby certify that the Company's nominating committee (or board of directors) has a written charter or board resolution that meets the requirements of Rule 26804 of the Exchange's Rulebook.

- For companies relying on the exception provided for in Rule 26804(b) of the Exchange's Rulebook:** I hereby certify that board of director nominations are selected, or recommended for the board's selection, by

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either a nominating committee comprised solely of independent directors or by a majority of the independent directors in conformity with Rule 26804(a) of the Exchange's Rulebook and that the Company has adopted a formal written charter or board resolution, as applicable, addressing the nominations process and such related matters as may be required under the federal securities laws. I further hereby certify that the Company is entitled to rely, and is relying, on the exception provided for in Rule 26804(b) of the Exchange's Rulebook and the board has made, or will make, the requisite disclosures of its reliance on the exception provided for in Rule 26804(b) of the Exchange's Rulebook.

- For controlled companies only, limited partnerships, and companies that are in bankruptcy:** I hereby certify that the Company is exempt from this requirement.
- The Company is unable to make one of the affirmations set forth in this Item 3 and is therefore non-compliant for the following reason: _____
- _____
- _____
- _____

4. Compensation Committee: Rule 26805 of the Exchange's Rulebook

- If the Company is relying on an exemption pursuant to Rule 26110 of the Exchange's Rulebook please state so and include the location of the required disclosure. Please note that any foreign based entity that is a foreign private issuer (as defined in Exchange Act Rule 3b-4(c)) can avail itself of an exemption from the requirements of Rule 26805(c) hereof.
- _____
- _____
- I hereby certify that the compensation of the Company's officers is determined, or recommended to the board for determination, either by a compensation committee comprised of independent directors or by a majority of the independent directors on its board of directors in conformity with Rule 26805(a) of the Exchange's Rulebook. I further hereby certify that the board has affirmatively determined that *all* of the members of the compensation committee or, in the case of a company that does not have a compensation committee, *all* of the independent directors, are independent under Rule 26805(c)(1) of the Exchange's Rulebook.
- For smaller reporting companies only:** I hereby certify that the compensation of the Company's officers is determined, or recommended to the board for determination, either by a compensation committee comprised of independent directors or by a majority of the independent directors on its board of directors in conformity with Rule 26805(a) of the Exchange's Rulebook. I further hereby certify that the Company qualifies as a smaller reporting company under Rule 12b-2 of the Exchange Act and is therefore exempt from compliance with the independence requirements set forth in Rules 26805(c)(1) and 26805(c)(4) of the Exchange's Rulebook.
- For smaller reporting companies relying on the exception provided for in Rule 26805(b) of the Exchange's Rulebook:** I hereby certify that the compensation of the Company's officers is determined, or recommended to the board for determination, either by a compensation committee comprised of independent directors or by a majority of the independent directors on its board of directors in conformity with Rule 26805(a) of the Exchange's Rulebook, subject to the exception provided for in Rule 26805(b) of the Exchange's Rulebook. I further hereby certify that the Company is entitled to rely, and is relying, on the exception provided for in Rule 26805(b) of the Exchange's Rulebook and that the board has made, or will make, the requisite disclosures of its reliance on the exception provided for in Rule 26805(b) of the Exchange's Rulebook.
- For companies relying on the transition period provided for in Rule 26809 of the Exchange's Rulebook:** I hereby certify that the Company is entitled to rely, and is relying, on the transition period provided for in Rule 26809 of the Exchange's Rulebook and that the Company will be in full compliance at the end of the transition period.

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- For controlled companies, limited partnerships and companies that are in bankruptcy only:** I hereby certify that the Company is exempt from this requirement.
- The Company is unable to make one of the affirmations set forth in this Item 4 and is therefore non-compliant for the following reason: _____

5. Audit Committee: Rule 26803B of the Exchange's Rulebook
- If the Company is relying on an exemption pursuant to Rule 26110 of the Exchange's Rulebook please state so and include the location of the required disclosure.

- I hereby certify that (i) the Company has an audit committee of at least three members, each of whom satisfies the independence standards specified in Rule 26803A and Rule 10A-3 of the Exchange Act (or is exempt therefrom) in conformity with Rule 26803B of the Exchange's Rulebook and (ii) such audit committee has a written charter that meets the requirements of Rule 26803B(1) of the Exchange's Rulebook. I further hereby certify that (i) each member of the audit committee is able to read and understand fundamental financial statements, (ii) at least one member of the audit committee is "financially sophisticated" as described in Rule 26803B(2)(iii) of the Exchange's Rulebook, (iii) no audit committee member has participated in the preparation of the financial statements of the Company or any current subsidiary thereof within the past three years, and (iv) the audit committee meets on at least a quarterly basis.
- For smaller reporting companies only:** I hereby certify that (i) the Company has an audit committee of at least two members, each of whom satisfies the independence standards specified in Rule 26803A and Rule 10A-3 of the Exchange Act (or is exempt therefrom) in conformity with Rule 26803 of the Exchange's Rulebook and (ii) such audit committee has a written charter that meets the requirements of Rule 26803B(1) of the Exchange's Rulebook. I further hereby certify that (i) each member of the audit committee is able to read and understand fundamental financial statements, (ii) at least one member of the audit committee is "financially sophisticated" as described in Rule 26803B(2)(iii) of the Exchange's Rulebook, (iii) no audit committee member has participated in the preparation of the financial statements of the Company or any current subsidiary thereof within the past three years, and (iv) the audit committee meets on at least a quarterly basis.
- For companies that are relying on the exception provided for in Rule 26803B(2)(b) of the Exchange's Rulebook (not available to those that are smaller reporting companies):** I hereby certify that the Company has an audit committee of at least three members, each of whom satisfies the independence standards specified in Rule 26803A and Rule 10A-3 of the Exchange Act (or is exempt from) in conformity with Rule 26803B of the Exchange's Rulebook, subject to the exception provided for in Rule 26803B(2)(b) of the Exchange's Rulebook. The Company's audit committee has a written charter that meets the requirements of Rule 26803B(1) of the Exchange's Rulebook. The board has made, or will make, the requisite disclosures of its reliance on the exception provided for in Rule 26803B(2)(b). I further hereby certify that (i) each member of the audit committee is able to read and understand fundamental financial statements, (ii) at least one member of the audit committee is "financially sophisticated" as described in Rule 26803B(2)(iii) of the Exchange's Rulebook, (iii) no audit committee member has participated in the preparation of the financial statements of the Company or any current subsidiary thereof within the past three years, and (iv) the audit committee meets on at least a quarterly basis.
- For companies relying on the transition period provided for in Rule 26809 of the Exchange's Rulebook:** I hereby certify that the Company is entitled to rely, and is relying, on the transition period provided for in Rule 26809 of the Exchange's Rulebook and that the Company will be in full compliance by the end of the transition period. I further hereby certify that the audit committee has a written charter that meets the requirements of Rule 26803B(1) of the Exchange's Rulebook. I further hereby certify that (i) each member of the audit committee is able to read and understand fundamental financial statements, (ii) at least one member of the audit committee is

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“financially sophisticated” as described in Rule 26803B(2)(iii) of the Exchange’s Rulebook, (iii) no audit committee member has participated in the preparation of the financial statements of the Company or any current subsidiary thereof within the past three years, and (iv) the audit committee meets on at least a quarterly basis.

The Company is unable to make one of the affirmations set forth in this Item 5 and is therefore non-compliant for the following reason: _____

6. For those companies relying on an individual or company exemption from the independence requirements of Rule 10A-3(b)(1) in Item 5, above, please identify and briefly describe the basis for such exemption below. If not relying on any such exemption, please indicate “N/A” below.

7. Code of Conduct and Ethics: Rule 26807 of the Exchange’s Rulebook

I hereby certify that the Company has adopted a code of conduct and ethics that complies with Rule 26807 of the Exchange’s Rulebook.

The Company is unable to make one of the affirmations set forth in this Item 7 and is therefore non-compliant for the following reason: _____

8. Other Non-Compliance: The Rule 26800 Series of the Exchange’s Rulebook

Apart from any non-compliance specific to the preceding sections, the Company is non-compliant with the Rule 26800 Series of the Exchange’s Rulebook for the following reason: _____

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I am an authorized officer at the Company and have the legal authority to provide the information and make the affirmations contained herein. I hereby certify that all information contained herein is true and correct to the best of my knowledge as of the date hereof.

Name: _____
Title: _____
Date submitted: _____
Telephone number: _____
E-mail address: _____
Signature: /s/ _____

Note: The Company's Chief Executive Officer is required to separately complete and submit the Annual CEO Certification which is not applicable at time of initial listing.

EXHIBIT 30**Appendix A:****Rule 10A-3 exemptions for a foreign private issuer⁶:**

Rule 10A-3(b)(1)(iv)(A) – This provision provides a transitional exemption for a company listing in connection with an initial public offering of securities.⁷

Rule 10A-3(b)(1)(iv)(B) – This provision provides an exemption to allow an otherwise independent director who serves on the board of directors of both a listed company and an affiliate to serve on the audit committee of the listed company.⁸

Rule 10A-3(b)(1)(iv)(C) – This provision provides an exemption to allow an employee who is not an executive officer to serve on the audit committee if elected/named to the board or the audit committee pursuant to the listed company's governing law or documents, an employee collective bargaining agreement or other similar agreement or other home country legal or listing requirements.⁷

Rule 10A-3(b)(1)(iv)(D) – This provision provides an exemption to allow a director who is an affiliate of or a representative of an affiliate of the listed company to be a member of the audit committee to the extent that the director is not a voting member or chairperson of the audit committee and to the extent that neither the director nor the affiliate the director represents is an executive officer of the company.⁷

Rule 10A-3(b)(1)(iv)(E) – This provision provides an exemption for a director who is the representative or designee of a foreign government or foreign governmental entity that is an affiliate of the company to the extent the director is not an executive officer of the company.⁷

Rule 10A-3(b)(1)(iv)(F) – This provision provides that the U.S. Securities and Exchange Commission may grant a director an exemption from the independence requirements of Rule 10A-3.⁷

Rule 10A-3(c)(1) – This provision provides a general exemption from the requirement to have an audit committee where the company is listing securities but satisfies the requirements of Rule 10A-3 with respect to another class of securities already listed on a national securities exchange or national securities association.⁸

Rule 10A-3(c)(2) – This provision provides a general exemption from the requirement to have an audit committee for subsidiaries that are listed on a national securities exchange or market where the subsidiary's parent company satisfies the requirements of Rule 10A-3 with respect to a class of equity securities already listed on a national securities exchange or market and the subsidiary:

- is directly or indirectly consolidated by the parent; or
- is at least 50% beneficially owned.

This exemption does not apply to a subsidiary that has issued equity securities, other than non-convertible, non-participating preferred securities.⁸

Rule 10A-3(c)(3) – This provision provides a general exemption from the requirement to have an audit committee for a company that meets the following requirements:

- The company has a board of auditors (or similar body) or has statutory auditors, established and selected pursuant to home country legal or listing provisions.
- The board or body, or statutory auditors, is required by home country legal or listing requirements to be either: (A) separate from the board of directors; or (B) composed of one or more members of the board of directors and one

⁶ This summary of the provisions of Rule 10A-3 is provided for convenience only. It is not a verbatim statement of those rules and is intended solely to assist in understanding potential exemptions. This summary should not under any circumstances be relied upon as an authoritative statement of Rule 10A-3.

⁷ A company is required to disclose reliance on this exemption in its annual report filed with the U.S. Securities and Exchange Commission

⁸ A company is not required to disclose reliance on this exemption in its annual report filed with the U.S. Securities and Exchange Commission.

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or more members that are not also members of the board of directors.

- The board or body, or statutory auditors, are not elected by management of the company and no executive officer of the company is a member of such board or body or statutory auditor.
- Home country legal or listing provisions set forth or provide for standards for the independence of such board or body, or statutory auditors, from the company or its management.
- Such board or body, or statutory auditors, in accordance with any applicable home country legal or listing requirements or the company's governing documents, are responsible, to the extent permitted by law, for the appointment, retention and oversight of the work of any public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the company.
- The audit committee requirements of paragraphs 10A-3(b)(3) (Complaint procedures), 10A-3(b)(4) (Authority to engage advisors) and 10A-3(b)(5)(Funding) apply to the extent permitted by law.⁷

This Exhibit 4A shows amendments to the proposed rule text as forth in Exhibit 5A of Amendment 1 to SR-BOX-2021-06, published on the Commission's website on August 27, 2021.

New text appears in blue with double-underline. Deleted text appears in red with a strikethrough. Relocated text appears in green with single-underline.

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*All text set forth in this Exhibit 5A would be added to the Exchange's rules and therefore underlining of the text is omitted to improve readability.

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EXHIBIT 4A**17000 – GENERAL PROVISIONS OF BSTX****17000. Definitions**

- (a) With respect to the Rules contained in Rule 17000 Series to Rule 29000 Series below, relating to the listing and trading of ~~Securities~~securities on the Exchange, the following terms shall have the meanings specified in this Rule. A term defined elsewhere in the Exchange Rules shall have the same meaning with respect to this Rule 17000 Series, unless otherwise defined below.
- (1) The term “**Act**” or “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.
 - (2) The term “**adverse action**” means any action taken by the Exchange which affects adversely the rights of any Participant, applicant for membership, or any person associated with a Participant (including the denial of membership and the barring of any person from becoming associated with a Participant) and any prohibition or limitation by the Exchange imposed on any person with respect to access to services offered by the Exchange, or a Participant thereof. This term does not include disciplinary actions for violations of any provision of the Act or the rules and regulations promulgated thereunder, or any provision of the By-Laws or Exchange Rules or any interpretation thereof or resolution or order of the Board or appropriate Exchange committee which has been filed with the Commission pursuant to Section 19(b) of the Act and has become effective thereunder. Review of disciplinary actions is provided for in the Rule 12000 Series of the Exchange Rules.
 - (3) The term “**Affiliate**” means, with respect to any Person, any other Person controlling, controlled by or under common control with, such Person. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise with respect to such Person. A Person is presumed to control any other Person, if that Person: (i) is a director, general partner, or officer exercising executive responsibility (or having similar status or performing similar functions); (ii) directly or indirectly has the right to vote 25 percent or more of a class of voting security or has the power to sell or direct the sale of 25 percent or more of a class of voting securities of the Person; or (iii) in the case of a partnership, has contributed, or has the right to receive upon dissolution, 25 percent or more of the capital of the partnership.
 - (4) The term “**approved person**” means a person (excluding a member, principal executive or employee of a Participant, or governmental entity) who controls a Participant, is engaged in a securities or kindred business that is controlled by a Participant or a Participant’s affiliates, or is a U.S. registered broker-dealer under common control with a Participant. “Governmental entity” means a sovereign nation, state, or territory, or other political subdivision, agency, or instrumentality

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thereof.

- (5) The term “**associated person**” or “**person associated with a Participant**” or “**person associated with a BSTX Participant**” means any partner, officer, director, or branch manager of such Participant (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by, or under common control with such Participant or any employee of such Participant, except that any person associated with a Participant whose functions are solely clerical or ministerial shall not be included in the meaning of such term for purposes of these Rules.
- (6) The term “**bid**” means a limit order to buy one or more ~~Securities~~securities.
- (7) The term “**broker**” shall have the same meaning as in Section 3(a)(4) of the Act.
- (8) The term “**BSTX**” means the facility of the Exchange for executing transactions in ~~Securities~~securities.
- (9) The term “**BSTX Market Data Blockchain**” means the private, permissioned blockchain network ~~through which a BSTX Participant may access~~that records certain order and transaction data related to trading activity on BSTX.
- (10) The term “**BSTX Book**” means the electronic book of orders on each ~~Security~~security maintained by the BSTX System.
- (11) The term “**BSTX Operations Center**” refers to the provider of market support for Participants trading on BSTX during the trading day.
- (12) The term “**BSTX Participant**” is a Participant or Options Participant (as defined in the Rule 100 Series) that is authorized to trade ~~Securities~~securities on the Exchange.
- (13) The term “**BSTX Participation Agreement**” means the agreement to be executed by BSTX Participants to qualify to participate in trading on the BSTX System.
- (14) The term “**BSTX Regulation Center**” means the Exchange’s U.S. based facilities in which, pursuant to procedures established by the Board, Exchange Officials and personnel shall monitor, conduct surveillance of, and regulate the conduct of ~~Security~~securities business on BSTX, in order to ensure the maintenance of a fair and orderly market.
- (15) The term “**BSTX System**” means the automated trading system used by BSTX for the trading of ~~Securities~~securities.
- (16) The term “**Commission**” means the Securities and Exchange Commission.
- (17) The term “**customer**” shall not include a broker or dealer.
- (18) The term “**dealer**” shall have the same meaning as in Section 3(a)(5) of the Act.

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- (19) The term “**designated self-regulatory organization**” means a self-regulatory organization, other than the Exchange, designated by the Commission under Section 17(d) of the Act to enforce compliance by BSTX Participants with Exchange Rules.
- (20) The term “**Designated Market Maker**” or “**DMM**” refers to a BSTX Participant registered as a DMM pursuant to the Rule 25200 Series.
- (21) The term “**Exchange**” or “**BOX**” means BOX Exchange LLC and its facilities.
- (22) The terms “**FINRA**” or “**NASD**” mean, collectively, Financial Industry Regulatory Authority and its subsidiaries.
- (23) The term “**Market Maker**” means a BSTX Participant that acts as a Market Maker pursuant to Rule 25200 Series.
- (24) NBB, NBO, and NBBO: The term “**NBB**” shall mean the national best bid, the term “**NBO**” shall mean the national best offer, and the term “**NBBO**” shall mean the national best bid or offer, as set forth in Rule 600(b) of Regulation NMS under the Exchange Act.
- (25) The term “**offer**” means a limit order to sell one or more ~~Securities~~securities.
- (26) The term “**order**” means a firm commitment to buy or sell a ~~Security~~security.
- (27) The term “**person**” means any natural person, company, government, or political subdivision, agency, or instrumentality of a government.
- (28) The term “**Pre-Opening Phase**” means the time between 8:30 a.m. and 9:30 a.m. Eastern Time.
- (29) The term “**Regular Trading Hours**” means the time between 9:30 a.m. and 4:00 p.m. Eastern Time.
- (30) The term “**Rules**” means the Exchange By-Laws, the Exchange LLC Agreement, and these Rules of the Exchange, including the Rule 100 to Rule 16000 Series.
- (31) The term “**Security**” means a NMS stock, as defined in Rule 600(b)(47) of the Exchange Act, trading on the BSTX System. References to a “security” or “securities” in the Rules may include Securities, as the context requires.

17010 Applicability

- (a) The Rules contained in Rule 17000 Series to Rule 29000 Series herein are the Exchange Rules applicable to the trading of ~~Securities~~securities by BSTX Participants approved for such trading, the listing of ~~Securities~~securities, and other matters relating to trading

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~~Securities~~securities.

- (b) Except to the extent that specific Rules relating to ~~Securities~~securities govern or unless the context otherwise requires, the provisions of the Exchange Rules shall be applicable to BSTX Participants and to the trading of ~~Securities~~securities on the BSTX System and, for purposes of their application with respect to BSTX Participants and ~~Security~~security trading shall be interpreted in light of the nature of equities trading and the BSTX System, and the fact that ~~Securities~~securities on the BSTX System shall be traded electronically. To the extent that the provisions of the Rules relating to the trading of ~~Securities~~securities contained in Rule 17000 Series to Rule 29000 Series are inconsistent with any other provisions of the Exchange Rules, the Rules relating to ~~Security~~security trading shall control.

17020. BSTX Market Data Blockchain

- (a) *General.* The Exchange will make certain market data related to trading activity occurring on BSTX available ~~to BSTX Participants~~ through the use of a private, permissioned blockchain.
- (b) *BSTX Market Data Blockchain Addresses.* The Exchange will assign each BSTX Participant a BSTX Blockchain Market Data address that corresponds to the BSTX Participant's trading activity. The Exchange will also issue login credentials to each ~~BSTX Participant~~user (including non-BSTX Participants) through which the ~~BSTX Participant~~user may ~~access~~view the BSTX Market Data Blockchain through an application programming interface.
- (c) *BSTX Market Data Blockchain Information.* The BSTX Market Data Blockchain will allow a ~~BSTX Participant~~user to observe the market data described below related to trading activity on BSTX for Regular Trading Hours.
- (1) Market Data Specific to a BSTX Participant's Trading Activity. A BSTX Participant may see the following with respect to all orders and messages submitted by the BSTX Participant and any executions of such orders (as applicable):
- i. Symbol, side (buy/sell), limit price, quantity, time-in-force
 - ii. Order type (e.g., limit order, ISO)
 - iii. Order capacity (principal/agent)
 - iv. Short/long sale order marking
 - v. Message type (e.g., order, modification, cancellation)
- (2) Anonymized Market Data Relating to All Trading Activity on BSTX. A BSTX Participant or non-BSTX Participant may see the following with respect to all trading activity occurring on BSTX:

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~~i. All displayed orders, modifications, cancellations, and executions occurring on BSTX in an anonymized format.~~

i. In an anonymized format, all displayed orders, modifications, cancellations, and executions occurring on BSTX (i.e., the user may see the symbol, side (buy/sell), limit price, quantity, and message type).

ii. Administrative data and other information from the Exchange.

- (3) The information available on the BSTX Market Data Blockchain does not act as a substitute for any recordkeeping obligations of a BSTX Participant.
- (d) *Periodic Audit of the BSTX Market Data Blockchain.* The Exchange shall audit the BSTX Market Data Blockchain periodically, but in no case less than bi-annually, to ensure that that the BSTX Market Data Blockchain accurately captures order and transaction data on BSTX.

18000 – PARTICIPATION ON BSTX**18000 BSTX Participation**

- (a) These Rules establish a new category of Exchange member participation called “BSTX Participant.” Only BSTX Participants may transact business on the BSTX System. BSTX Participants may trade ~~Securities~~securities for their own proprietary accounts or, if authorized to do so under applicable law, and consistent with these Rules and with applicable law and SEC rules and regulations, may conduct business on behalf of customers.
- (b) A prospective BSTX Participant must:
- (1) Complete a BSTX Participant Application, BSTX Participant Agreement, and BSTX User Agreement in the form prescribed by the Exchange;
 - (2) Be an existing Participant or Options Participant or become a Participant or Options Participant of the Exchange, pursuant to the Rule 2000 Series, and continue to abide by all applicable requirements of the Rule 2000 Series;
 - (3) Provide such other information as required by the Exchange.
- (c) Upon completion of the application, the Exchange, or person(s) designated by the Exchange (“designee”) shall consider whether to approve the application, unless there is just cause for delay. In its consideration process, the Exchange may conduct such investigation as it deems appropriate and may take such steps as it deems necessary to confirm the information provided by the applicant. Within thirty (30) days after the Exchange or its designee has completed its consideration of an application, it shall provide written notice of the action of the Exchange, specifying in the case of disapproval of an application the grounds therefore.
- (d) BSTX Participant status cannot be leased or transferred except in the event of a change in control or corporate reorganization involving a BSTX Participant. In such a

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case, BSTX Participant status may be transferred to a qualified affiliate or successor upon written notice to the Exchange or its designee.

18010. Requirements for BSTX Participants

- (a) *Organization.* BSTX Participants may be corporations, partnerships, limited liability companies or sole proprietorships organized under the laws of a jurisdiction of the United States, or such other jurisdictions as the Exchange may approve.
- (b) *General Requirements.* No registered broker or dealer shall be admitted as, or be entitled to continue as, a BSTX Participant if such broker or dealer:
- (1) fails to comply with either the financial responsibility requirements established by Rule 15c3-1 under the Act, or such other financial responsibility and operational capability requirements as may be established by the Rules;
 - (2) fails to adhere to Rules relating to the maintenance of books and records or those rules of other self-regulatory organizations of which such broker or dealer is or was a member/participant;
 - (3) fails to demonstrate to the Exchange adequate systems capability, capacity, integrity, and security necessary to conduct business on the Exchange;
 - (4) is not a member/participant of a registered clearing agency, or does not clear ~~Security~~security transactions executed on the Exchange through another BSTX Participant that is a member/participant of a registered clearing agency;
 - (5) is subject to any unsatisfied liens, judgments, or unsubordinated creditor claims of a material nature, which, in the absence of a reasonable explanation therefor, remain outstanding for more than six months;
 - (6) has been subject to any bankruptcy proceeding, receivership, or arrangement for the benefit of creditors within the past three years; or
 - (7) has engaged in an established pattern of failure to pay just debts or has defaulted, without a reasonable explanation, on an obligation to a self-regulatory organization, or any member/participant of a self-regulatory organization.

18020. Persons Associated with BSTX Participants

Associated persons of a BSTX Participant shall be bound by the Exchange Rules. The Exchange may discipline, suspend or terminate the registration with the Exchange of any person associated with a BSTX Participant for violation of the Rules of the Exchange.

19000 – BUSINESS CONDUCT FOR BSTX PARTICIPANTS**19000. Just and Equitable Principles of Trade**

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No BSTX Participant shall engage in acts or practices inconsistent with just and equitable principles of trade. Persons associated with Participants shall have the same duties and obligations as Participants under this Rule 19000 Series.

19010. Adherence to Law

No BSTX Participant shall engage in conduct in violation of the Rules, the Exchange Act or the rules or regulations thereunder, or any policy or written interpretation of the Rules by the Board or an appropriate Board committee. Every BSTX Participant shall so supervise persons associated with the BSTX Participant as to assure compliance with those requirements.

19020. Use of Fraudulent Devices

No BSTX Participant shall effect any transaction in, or induce the purchase or sale of, any security by means of any manipulative, deceptive, or other fraudulent device or contrivance.

19030. False Statements

No BSTX Participant or applicant for membership, or person associated with a BSTX Participant or applicant for membership, shall make any false statements or misrepresentations in any application, report or other communication to the Exchange. No BSTX Participant or person associated with a BSTX Participant shall make any false statement or misrepresentation to any Exchange committee, officer, the Board or the BSTX Participant's designated examining authority pursuant to Section 17(d) of the Exchange Act in connection with any matter within the jurisdiction of the Exchange.

19040. Know Your Customer

BSTX Participants shall comply with FINRA Rule 2090 as if such rule were part of the Exchange Rules.

19050. Fair Dealing with Customers

All BSTX Participants have a fundamental responsibility for fair dealing with their customers. BSTX Participants who handle customer orders on the Exchange shall establish and enforce objective standards to ensure queuing and executing of customer orders in a fair and equitable manner. Practices that do not represent fair dealing include, but are not limited to, the following:

- (a) Recommending speculative securities to customers without knowledge of or an attempt to obtain information concerning the customers' other securities holdings, their financial situation, and other necessary data. This prohibition has particular application to high pressure telephonic sales campaigns;
- (b) Excessive activity in customer accounts (churning or overtrading) in relation to the objectives and financial situation of the customer;

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- (c) Establishment of fictitious accounts in order to execute transactions which otherwise would be prohibited or which are contrary to the BSTX Participant's policies;
- (d) Causing the execution of transactions which are unauthorized by customers or the sending of confirmations in order to cause customers to accept transactions not actually agreed upon;
- (e) Unauthorized use or borrowing of customer funds or securities; and
- (f) Recommending the purchase of securities or the continuing purchase of securities in amounts which are inconsistent with the reasonable expectation that the customer has the financial ability to meet such a commitment.

19060. Suitability

- (a) BSTX Participants and associated persons of BSTX Participants shall comply with FINRA Rule 2111 as if such rule were part of the Exchange Rules.
- (b) For purposes of this Exchange Rule:
 - (1) References to FINRA Rules 2111 and 4512 shall be construed as references to Exchange Rules 19060 and 20040, respectively;
 - (2) References to "FINRA's rules" shall be construed as references to "Exchange Rules";
 - (3) References to FINRA Rule 2214 shall be disregarded, and no comparable Exchange Rule shall apply to activities of BSTX Participants in connection with investment analysis tools.

19070. The Prompt Receipt and Delivery of Securities

- (a) Purchases. No BSTX Participant may accept a customer's purchase order for any security until it has first ascertained that the customer placing the order or its agent agrees to receive securities against payment in an amount equal to any execution, even though such an execution may represent the purchase of only a part of a larger order.
- (b) Sales. Sales. No BSTX Participant shall execute a sale order for any customer or for its own account in any security unless such sale complies with the applicable provisions of the Act, including Regulation SHO.

19080. Charges for Services Performed

Charges, if any, for services performed, including, but not limited to, miscellaneous services such as collection of monies due for principal, dividends, or interest; exchange or transfer of securities; appraisals, safe-keeping or custody of securities, and other services shall be reasonable and not unfairly discriminatory among customers.

EXHIBIT 4A**19090. Use of Information Obtained in Fiduciary Capacity**

A BSTX Participant who, in the capacity of paying agent, transfer agent, trustee, or in any other similar capacity, has received information as to the ownership of securities, shall under no circumstances make use of such information for the purpose of soliciting purchases, sales or exchanges except at the request and on behalf of the issuer.

19100. Publication of Transactions and Quotations

No BSTX Participant shall publish or circulate, or cause to be published or circulated, any notice, circular, advertisement, newspaper article, investment service, or communication of any kind which purports to report any transaction as a purchase or sale of any security unless such BSTX Participant believes that such transaction was a bona fide purchase or sale of such security; or which purports to quote the bid price or asked price for any security, unless such BSTX Participant believes that such quotation represents a bona fide bid for, or offer of, such security.

19110. Offers at Stated Prices

No BSTX Participant shall make an offer to buy from or sell to any person any security at a stated price unless such BSTX Participant is prepared to purchase or sell, as the case may be, at such price and under such conditions as are stated at the time of such offer to buy or sell.

19120. Payments Involving Publications that Influence the Market Price of a Security

- (a) Except as provided in paragraph (b), no BSTX Participant shall directly or indirectly, give, permit to be given, or offer to give anything of value to any person, or intimidate any person for the purpose of influencing or rewarding the action of such person in connection with the publication or circulation in any electronic or other public media, including any investment service or similar publication, website, newspaper, magazine or other periodical, radio, or television program of any matter which has, or is intended to have, an effect upon the market price of any security;
- (b) The prohibitions in paragraph (a) shall not apply to compensation paid to a person in connection with the publication or circulation of:
 - (1) a communication that is clearly distinguishable as paid advertising;
 - (2) a communication that discloses the receipt of compensation and the amount thereof in accordance with Section 17(b) of the Securities Act; or
 - (3) a research report, as that term is defined in FINRA Rule 2241.

19130. Customer Confirmations

A BSTX Participant, at or before the completion of each transaction with a customer, shall give or send to such customer such written notification or confirmation of the transaction as is required by Exchange Act Rule 10b-10.

EXHIBIT 4A**19140. Disclosure of Control Relationship with Issuer**

A BSTX Participant controlled by, controlling, or under common control with, the issuer of any security, shall, before entering into any contract with or for a customer for the purchase or sale of such security, disclose to such customer the existence of such control, and if such disclosure is not made in writing, it shall be supplemented by the giving or sending of written disclosure at or before the completion of the transaction.

19150. Discretionary Accounts

- (a) Excessive Transactions. No BSTX Participant shall effect with or for any customer's account in respect to which such BSTX Participant or its agent or employee is vested with any discretionary power any transactions of purchase or sale which are excessive in size or frequency in view of the financial resources and character of such account.
- (b) Authorization and Acceptance of Account. No BSTX Participant or associated person of a BSTX Participant shall exercise any discretionary power in a customer's account unless such customer has given prior written authorization to a stated individual or individuals and the account has been accepted by the BSTX Participant, as evidenced in writing by the BSTX Participant or the partner, officer or manager, duly designated by the BSTX Participant.
- (c) Approval and Review of Transactions. The BSTX Participant, or the person duly designated, shall approve promptly in writing each discretionary order entered and shall review all discretionary accounts at frequent intervals in order to detect and prevent transactions which are excessive in size or frequency in view of the financial resources and character of the account.
- (d) Exception. This Rule shall not apply to an order by a customer for the purchase or sale of a definite amount of a specified security which order gives the BSTX Participant discretion only over the time and price of execution.

19160. Improper Use of Customers' Securities or Funds and Prohibition against Guarantees and Sharing in Accounts

- (a) Improper Use. No BSTX Participant or person associated with a BSTX Participant shall make improper use of a customer's securities or funds.
- (b) Prohibition against Guarantees. No BSTX Participant or person associated with a BSTX Participant shall guarantee a customer against loss in connection with any securities transaction or in any securities account of such customer.

19170. Sharing in Accounts; Extent Permissible

- (a) Except as provided in paragraph (c), no BSTX Participant or person associated with a BSTX Participant shall share directly or indirectly in the profits or losses in any account of a customer carried by the BSTX Participant or any other BSTX Participant; provided, however, that a BSTX Participant or person associated with a BSTX

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Participant may share in the profits or losses in such an account if:

- (1) such person associated with a BSTX Participant obtains prior written authorization from the BSTX Participant employing the associated person;
 - (2) such BSTX Participant or person associated with a BSTX Participant obtains prior written authorization from the customer; and
 - (3) such BSTX Participant or person associated with a BSTX Participant shares in the profits or losses in any account of such customer only in direct proportion to the financial contributions made to such account by either the BSTX Participant or person associated with a BSTX Participant.
- (b) Exempt from the direct proportionate share limitation of paragraph (a)(3) are accounts of the immediate family of such BSTX Participant or person associated with a BSTX Participant. For purposes of this Rule, the term "immediate family" shall include parents, mother-in-law or father-in-law, husband or wife, children or any relative to whose support the Participant or person associated with a BSTX Participant otherwise contributes directly or indirectly.
- (c) Notwithstanding the prohibition of paragraph (a), a BSTX Participant or person associated with a BSTX Participant that is acting as an investment adviser may receive compensation based on a share in profits or gains in an account if:
- (1) such person associated with a BSTX Participant seeking such compensation obtains prior written authorization from the BSTX Participant employing the associated person;
 - (2) such BSTX Participant or person associated with a Participant seeking such compensation obtains prior written authorization from the customer; and
 - (3) all of the conditions in Rule 205-3 of the Investment Advisers Act of 1940 (as the same may be amended from time to time) are satisfied.

19180. Communications with ~~Customers and~~ the Public

BSTX Participants and persons associated with a BSTX Participant shall comply with FINRA Rule 2210 (except FINRA Rule 2210(c)) as if such FINRA Rule were part of the Exchange Rules. The Exchange and FINRA are parties to an agreement the pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, BSTX Participants are complying with this Exchange Rule 19180 by complying with FINRA Rule 2210 as written. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under this Exchange Rule 19180 are being performed by FINRA on the Exchange's behalf.

19190. Influencing or Rewarding Employees of Others; Gratuities

~~BSTX Participants shall comply with the requirements of Exchange Rule 3060 (Gratuities).~~

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- (a) No BSTX Participant or person associated with a BSTX Participant shall, directly or indirectly, give or permit to be given anything of value, including gratuities, in excess of one hundred dollars per individual per year to any person, principal, proprietor, employee, agent, or representative of another person where such payment or gratuity is in relation to the business of the employer of the recipient of the payment or gratuity. A gift of any kind is considered a gratuity.
- (b) This Rule shall not apply to contracts of employment with or to compensation for services rendered by persons enumerated in paragraph (a) provided that there is in existence prior to the time of employment or before the services are rendered, a written agreement between the BSTX Participant and the person who is to be employed to perform such services. Such agreement shall include the nature of the proposed employment, the amount of the proposed compensation, and the written consent of such person's employer or principal.
- (c) A separate record of all payments or gratuities in any amount known to the BSTX Participant, the employment agreement referred to in paragraph (b) and any employment compensation paid as a result thereof shall be retained by the BSTX Participant for the period specified by Rule 17a-4 of the Act.

19200. Telemarketing

BSTX Participants and persons associated with a BSTX Participant shall comply with FINRA Rule 3230 as if such rule were part of the Exchange's Rules.

19210. Mandatory Systems Testing

BSTX Participants shall comply with Exchange Rule 3180 (Mandatory Systems Testing).

19220. Short Interest Reporting

To the extent such information is not otherwise reported to FINRA in conformance with FINRA Rule 4560, BSTX Participants shall comply with FINRA Rule 4560, with respect to securities listed on BSTX, as if such rule were part of BSTX's Rules.

Information required to be reported pursuant to this Rule shall be reported to the Exchange in the form and manner specified by the Exchange.

20000 – FINANCIAL AND OPERATIONAL RULES FOR BSTX PARTICIPANTS**20000. Maintenance, Retention and Furnishing of Books, Records and Other Information**

- (a) BSTX Participants shall comply with the requirements of Exchange Rule 10000 (Maintenance, Retention and Furnishing of Books, Records, and Other Information).
- (b) BSTX Participants shall submit to the Exchange such Exchange-related order, market and transaction data as the Exchange by Information Circular may specify, in such form and on such schedule as the Exchange may require.

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(c) BSTX Participants and persons associated with a BSTX Participant shall comply with FINRA Rule 4511 as if such rule were part of the Exchange's Rules. For purposes of this BSTX Rule, references to "FINRA rules" shall be construed as references to "BSTX Rules" and references to "FINRA books and records" shall be construed as references to "BSTX books and records."

20010. Financial Reports

BSTX Participants shall comply with the requirements of Exchange Rule 10020 (Financial Reports).

20020. Capital Compliance

Each BSTX Participant subject to Rule 15c3-1 under the Exchange Act shall comply with the capital requirements prescribed therein and with the additional requirements of this Rule 20000 Series.

20030. "Early Warning" Notification Requirements

Every BSTX Participant subject to the reporting or notification requirements of Rule 17a-11 under the Exchange Act or the "early warning" reporting, business restriction or business reduction requirements of another national securities exchange, registered securities association or registered securities clearing organization shall promptly notify the Exchange in writing and shall thereafter file with the Exchange such reports and financial statements as may be required by the Exchange.

20040. Power of CRO to Impose Restrictions

Whenever it shall appear to the Chief Regulatory Officer of the Exchange that a BSTX Participant obligated to give notice to the Exchange under Rule 20030 is unable within a reasonable period to reduce the ratio of its aggregate indebtedness to net capital, or to increase its net capital, to a point where it is no longer subject to such notification obligations, or that such BSTX Participant is engaging in any activity which casts doubt upon its continued compliance with the net capital requirements, the Chief Regulatory Officer may impose such conditions and restrictions upon the operations, business and expansion of such BSTX Participant and may require the submission of, and adherence to, such plan or program for the correction of such situation as he determines to be necessary or appropriate for the protection of investors, other BSTX Participants and the Exchange.

20050. Margin

(a) A BSTX Participant shall not effect a securities transaction through the Exchange in a manner contrary to the regulations of the Board of Governors of the Federal Reserve System.

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- (b) The margin which must be maintained in margin accounts of customers shall be as follows:
- (1) 25% of the current market value of all securities “long” in the account; plus
 - (2) \$2.50 per share or 100% of the current market value, whichever amount is greater, of each security ~~or Security~~ “short” in the account selling at less than \$5.00 per share; plus
 - (3) \$5.00 per share or 30% of the current market value, whichever amount is greater, of each security ~~or Security~~ “short” in the account selling at \$5.00 per share or above; plus
 - (4) 5% of the principal amount or 30% of the current market value, whichever amount is greater, of each bond “short” in the account.

20060. Day Trading Margin

- (a) The term “day trading” means the purchasing and selling of the same security on the same day. A “day trader” is any customer whose trading shows a pattern of day trading.
- (b) Whenever day trading occurs in a customer’s margin account the margin to be maintained shall be the margin on the “long” or “short” transaction, whichever occurred first, as required pursuant to Exchange Rule 20050. When day trading occurs in the account of a day trader, the margin to be maintained shall be the margin on the “long” or “short” transaction, whichever occurred first, as required for initial margin by Regulation T of the Board of Governors of the Federal Reserve System, or as required pursuant to Exchange Rule 20050, whichever amount is greater.
- (c) No BSTX Participant shall permit a public customer to make a practice, directly or indirectly, of effecting transactions in a cash account where the cost of securities purchased is met by the sale of the same securities. No BSTX Participant shall permit a public customer to make a practice of selling securities with them in a cash account which are to be received against payment from another registered broker or dealer where such securities were purchased and are not yet paid for.

20070. Customer Account Information

BSTX Participants and persons associated with a BSTX Participant shall comply with FINRA Rule 4512 as if such rule were part of the Exchange’s Rules.

- (a) For purposes of this Exchange Rule:
- (1) References to NASD 2510 (or any successor FINRA rule) shall be construed as references to Exchange Rule 19150;

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- (2) References to FINRA Rules 2070, 2090, and 4512 shall be construed as references to Exchange Rules 22030, 19040, and 20070, respectively;
- (3) References to “a prior FINRA rule” shall be construed as references to “a FINRA rule in effect prior to the effectiveness of FINRA Rule 4512”;
- (4) The Exchange and FINRA are parties to an agreement pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, BSTX Participants are complying with Exchange Rule 20070 by complying with FINRA Rule 4512 as written, including, for example, providing information required by FINRA staff. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under Exchange Rule 20070 are being performed by FINRA on behalf of the Exchange.

20080. Record of Written Customer Complaints

BSTX Participants and persons associated with a BSTX Participant shall comply with FINRA Rule 4513 as if such rule were part of the Exchange’s Rules.

20090. Disclosure of Financial Condition

- (a) A BSTX Participant shall make available to inspection by any bona fide regular customer, upon request, the information relative to such BSTX Participant’s financial condition as disclosed in its most recent balance sheet prepared either in accordance with such BSTX Participant’s usual practice or as required by any state or federal securities laws, or any rule or regulation thereunder. In lieu of making such balance sheet available to inspection, a BSTX Participant may deliver the balance sheet to the requesting bona fide regular customer in paper or electronic form; provided that, with respect to electronic delivery, the customer must consent to receive the balance sheet in electronic form.
- (b) Any BSTX Participant who is a party to an open transaction or who has on deposit cash or securities of another BSTX Participant shall deliver upon written request of the other BSTX Participant, in paper or electronic form, a statement of its financial condition as disclosed in its most recent balance sheet prepared either in accordance with such BSTX Participant’s usual practice or as required by any state or federal securities laws, or any rule or regulation thereunder.
- (c) As used in paragraph (a) of this Exchange Rule 20090, the term “customer” means any person who, in the regular course of such BSTX Participant’s business, has cash or securities in the possession of such BSTX Participant.

21000 – SUPERVISION**21000. Written Procedures**

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Each BSTX Participant shall establish, maintain and enforce written procedures which will enable it to supervise properly the activities of associated persons of the BSTX Participant and to assure their compliance with applicable securities laws, rules, regulations and statements of policy promulgated thereunder, with the rules of the designated self-regulatory organization, where appropriate, and with Exchange Rules.

21010. Responsibility of BSTX Participants

Final responsibility for proper supervision shall rest with the BSTX Participant. The BSTX Participant shall designate a partner, officer or manager in each office of supervisory jurisdiction, including the main office, to carry out the written supervisory procedures. A copy of such procedures shall be kept in each such office.

21020. Records

Each BSTX Participant shall be responsible for making and keeping appropriate records for carrying out the BSTX Participant's supervisory procedures.

21030. Review of Activities

Each BSTX Participant shall review the activities of each office, which shall include the periodic examination of customer accounts to detect and prevent irregularities or abuses.

21040. Prevention of the Misuse of Material, Non-Public Information

- (a) Each BSTX Participant must establish, maintain and enforce written procedures reasonably designed, taking into consideration the nature of such BSTX Participant's business, to prevent the misuse of material, nonpublic information by such BSTX Participant or persons associated with such BSTX Participant. BSTX Participants for whom the Exchange is the Designated Examining Authority ("DEA") that are required to file SEC form X-17A-5 with the Exchange on an annual or more frequent basis must file contemporaneously with the submission for the calendar year end Insider Trading and Securities Fraud Enforcement Act of 1988 ("ITSFEA") compliance acknowledgements stating that the procedures mandated by this Rule have been established, enforced and maintained. Any BSTX Participant or associated person of a BSTX Participant who becomes aware of a possible misuse of material, non-public information must notify the Exchange's Surveillance Department.
- (b) For purposes of this Rule, conduct constituting the misuse of material, non-public information includes, but is not limited to, the following:
 - (1) Trading in any securities issued by a corporation, or in any related securities or related options or other derivative securities, while in possession of material, non-public information concerning that issuer; or

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- (2) Trading in a security or related options or other derivative securities, while in possession of material non-public information concerning imminent transactions in the security or related securities; or
 - (3) Disclosing to another person or entity any material, non-public information involving a corporation whose shares are publicly traded or an imminent transaction in an underlying security or related securities for the purpose of facilitating the possible misuse of such material, non-public information.
- (c) This Rule provides that, at a minimum, each BSTX Participant establish, maintain, and enforce the following policies and procedures:
- (1) All associated persons of the BSTX Participant must be advised in writing of the prohibition against the misuse of material, non-public information;
 - (2) All associated persons of the BSTX Participant must sign attestations affirming their awareness of, and agreement to abide by the aforementioned prohibitions. These signed attestations must be maintained for at least three years, the first two years in an easily accessible place;
 - (3) Each BSTX Participant must receive and retain copies of trade confirmations and monthly account statements for each account in which an associated person has a direct or indirect financial interest or makes investment decisions. The activity in such brokerage accounts should be reviewed at least quarterly by the BSTX Participant for the purpose of detecting the possible misuse of material, non-public information; and
 - (4) All associated persons must disclose to the BSTX Participant whether they, or any person in whose account they have a direct or indirect financial interest, or make investment decisions, are an officer, director or 10% shareholder in a company whose shares are publicly traded. Any transaction in the stock (or option thereon) of such company shall be reviewed to determine whether the transaction may have involved a misuse of material non-public information.

Maintenance of the foregoing policies and procedures will not, in all cases, satisfy the requirements and intent of this Rule; the adequacy of each BSTX Participant's policies and procedures will depend upon the nature of such BSTX Participant's business.

21050. Anti-Money Laundering Compliance Program

BSTX Participants shall comply with the requirements of Exchange Rule 10070 (Anti-Money Laundering Compliance Program).

22000 – MISCELLANEOUS PROVISIONS**22000. Comparison and Settlement Requirements**

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- (a) Every BSTX Participant who is a member of a registered clearing agency shall implement comparison and settlement procedures as may be required under the rules of such entity.
- (b) For purposes of this Rule, a registered clearing agency shall mean a clearing agency (as defined in the Exchange Act) which has agreed to supply the Exchange with data reasonably requested in order to permit the Exchange to enforce compliance by BSTX Participants with the provisions of the Exchange Act, the rules and regulations thereunder, and the rules of the Exchange.
- (c) Anything contained in paragraph (a) to the contrary notwithstanding, the Board may extend or postpone the time of the delivery of a BSTX transaction whenever, in its opinion, such action is called for by the public interest, by just and equitable principles of trade or by the need to meet unusual conditions. In such case, delivery shall be effected at such time, place and manner as directed by the Board.

22010. Failure to Deliver and Failure to Receive

- (a) Borrowing and deliveries shall be effected in accordance with Rule 203 of Regulation SHO, under the Exchange Act. The Exchange incorporates by reference Rules 200 and 203 of Regulation SHO, to this Rule 22020, as if they were fully set forth herein

22020. Forwarding of Proxy and Other Issuer-Related Materials; Proxy Voting

- (a) A BSTX Participant when so requested by an issuer and upon being furnished with: (1) sufficient copies of proxy material, annual reports, information statements or other material required by law to be sent to security holders periodically, and (2) satisfactory assurance that it will be reimbursed by such issuer for all out-of-pocket expenses, including reasonable clerical expenses, shall transmit promptly to each beneficial owner of securities (or the beneficial owner's designated investment adviser) of such issuer which are in its possession and control and registered in a name other than the name of the beneficial owner all such material furnished. In the event of a proxy solicitation, such material shall include a signed proxy indicating the number of shares held for such beneficial owner and bearing a symbol identifying the proxy with proxy records maintained by the BSTX Participant, and a letter informing the beneficial owner (or the beneficial owner's designated investment adviser) of the time limit and necessity for completing the proxy form and forwarding it to the person soliciting proxies prior to the expiration of the time limit in order for the shares to be represented at the meeting. A BSTX Participant shall furnish a copy of the symbols to the person soliciting the proxies and shall also retain a copy thereof pursuant to the provisions of Exchange Act Rule 17a-4. This paragraph shall not apply to beneficial owners residing outside of the United States of America though BSTX Participants may voluntarily comply with the provisions hereof in respect of such persons if they so desire.
- (b) No BSTX Participant shall give a proxy to vote stock that is registered in its name, unless: (i) such BSTX Participant is the beneficial owner of such stock; (ii) such proxy

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is given pursuant to the written instructions of the beneficial owner; or (iii) such proxy is given pursuant to the rules of any national securities exchange or association of which it is a member provided that the records of the BSTX Participant clearly indicate the procedure it is following.

- (c) Notwithstanding the foregoing, a BSTX Participant that is not the beneficial owner of a security registered under Section 12 of the Exchange Act is prohibited from granting a proxy to vote the security in connection with a shareholder vote on the election of a member of the board of directors of an issuer (except for a vote with respect to uncontested election of a member of the board of directors of any investment company registered under the Investment Company Act of 1940), executive compensation, or any other significant matter, as determined by the Commission, by rule, unless the beneficial owner of the security has instructed the BSTX Participant to vote the proxy in accordance with the voting instructions of the beneficial owner.
- (d) Notwithstanding the foregoing, a BSTX Participant may give a proxy to vote any stock registered in its name if such BSTX Participant holds such stock as executor, administrator, guardian, trustee, or in a similar representative or fiduciary capacity with authority to vote. A BSTX Participant that has in its possession or within its control stock registered in the name of another BSTX Participant and that desires to transmit signed proxies pursuant to the provisions of paragraph (a) of this Rule, shall obtain the requisite number of signed proxies from such holder of record. Notwithstanding the foregoing: (1) any BSTX Participant designated by a named Employee Retirement Income Security Act of 1974 (as amended) (“ERISA”) Plan fiduciary as the investment manager of stock held as assets of the ERISA Plan may vote the proxies in accordance with the ERISA Plan fiduciary responsibilities if the ERISA Plan expressly grants discretion to the investment manager to manage, acquire, or dispose of any plan asset and has not expressly reserved the proxy voting right for the named ERISA Plan fiduciary; and (2) any designated investment adviser may vote such proxies.
- (e) For purposes of this Rule, the term “designated investment adviser” is a person registered under the Investment Advisers Act of 1940, or registered as an investment adviser under the laws of a state, who exercises investment discretion pursuant to an advisory contract for the beneficial owner and is designated in writing by the beneficial owner to receive proxy and related materials and vote the proxy, and to receive annual reports and other material sent to security holders.
- (f) For purposes of this Rule, the term “state” shall have the meaning given to such term in Section 202(a)(19) of the Investment Advisers Act of 1940 (as the same may be amended from time to time).
- (g) The written designation must be signed by the beneficial owner; be addressed to the BSTX Participant; and include the name of the designated investment adviser.

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- (h) BSTX Participants that receive such a written designation from a beneficial owner must ensure that the designated investment adviser is registered with the SEC pursuant to the Investment Advisers Act, or with a state as an investment adviser under the laws of such state, and that the investment adviser is exercising investment discretion over the customer's account pursuant to an advisory contract to vote proxies and/or to receive proxy soliciting material, annual reports and other material. BSTX Participants must keep records substantiating this information.
- (i) Beneficial owners have an unqualified right at any time to rescind designation of the investment adviser to receive materials and to vote proxies. The rescission must be in writing and submitted to the BSTX Participant.

22030. Commissions

Nothing in the Exchange Rules or the Exchange practices shall be construed to require, authorize or permit any BSTX Participant, or any person associated with a BSTX Participant, to agree or arrange, directly or indirectly, for the charging of fixed rates of commission for transactions effected on, or effected by the use of the facilities of, the Exchange.

22040. Regulatory Services Agreements

The Exchange may enter into one or more agreements with another self-regulatory organization to provide regulatory services to the Exchange to assist the Exchange in discharging its obligations under Section 6 and Section 19(g) of the Exchange Act. Any action taken by another self-regulatory organization, or its employees or authorized agents, acting on behalf of the Exchange pursuant to a regulatory services agreement shall be deemed to be an action taken by the Exchange; provided, however, that nothing in this provision shall affect the oversight of such other self-regulatory organization by the Commission. Notwithstanding the fact that the Exchange may enter into one or more regulatory services agreements, the Exchange shall retain ultimate legal responsibility for, and control of, its self-regulatory responsibilities, and any such regulatory services agreement shall so provide.

22050. Transactions Involving Exchange Employees

- (a) When a BSTX Participant has actual notice that an Exchange employee has a financial interest in, or controls trading in, an account, the BSTX Participant shall promptly obtain and implement an instruction from the employee directing that duplicate account statements be provided by the BSTX Participant to the Exchange.
- (b) No BSTX Participant shall directly or indirectly make any loan of money or securities to any Exchange employee. Provided, however, that this prohibition does not apply to loans made in the context of disclosed, routine banking and brokerage agreements, or loans that are clearly motivated by a personal or family relationship.

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- (c) Notwithstanding the annual dollar limitation set forth in Rule 19200, no BSTX Participant shall directly or indirectly give, or permit to be given, anything of more than nominal value to any BOX employee who has responsibility for a regulatory matter that involves the BSTX Participant. For purposes of this subsection, the term “regulatory matter” includes, but is not limited to, examinations, disciplinary proceedings, membership applications, listing applications, delisting proceedings, and dispute-resolution proceedings that involve the BSTX Participant.

22060. Data Products

- (a) BSTX Depth-of-Book. BSTX Depth-of-Book is a data feed that contains all displayed orders for ~~Securities~~securities trading on the Exchange, order executions, order cancellations, order modifications, order identification numbers, ~~and~~ administrative messages, and auction information disseminated pursuant to Rule 25040 (Auctions).
- (b) BSTX Top-of Book. BSTX Top-of-Book is an uncompressed data feed that offers top of book quotations and execution information based on orders entered into the BSTX System as well as auction information disseminated pursuant to Rule 25040 (Auctions).
- (c) BSTX Last Sale. BSTX Last Sale is an uncompressed data feed that offers only execution information based on orders entered into the BSTX System.
- (d) BSTX Market Data Blockchain. The BSTX Market Data Blockchain provides historical market data with respect to trading on the BSTX System, as set forth in Rule 17020.

22070. Off-Exchange Transactions

- (a) No rule, stated policy, or practice of this Exchange shall prohibit or condition, or be construed to prohibit or condition, or otherwise limit, directly or indirectly, the ability of any BSTX Participant acting as agent to effect any transaction otherwise than on this Exchange with another person (except when such BSTX Participant also is acting as agent for such other person in such transaction) in any equity security listed on this Exchange or to which unlisted trading privileges on this Exchange have been extended.
- (b) No rule, stated policy or practice of this Exchange shall prohibit or condition, or be construed to prohibit or condition or otherwise limit, directly or indirectly, the ability of any BSTX Participant to effect any transaction otherwise than on this Exchange with another person in any security listed on this Exchange or to which unlisted trading privileges on this Exchange have been extended.

23000 – TRADING PRACTICE RULES**23000. Market Manipulation**

No BSTX Participant shall execute or cause to be executed or participate in an account for which there are executed purchases of any security at successively higher prices, or

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sales of any security at successively lower prices, or otherwise engage in activity, for the purpose of creating or inducing a false, misleading or artificial appearance of activity in such security on the Exchange or for the purpose of unduly or improperly influencing the market price for such security or for the purpose of establishing a price which does not reflect the true state of the market in such security.

23010. Fictitious Transactions

No BSTX Participant, for the purpose of creating or inducing a false or misleading appearance of activity in a security traded on the Exchange or creating or inducing a false or misleading appearance with respect to the market in such security shall:

- (1) execute any transaction in such security which involves no change in the beneficial ownership thereof, or
- (2) enter any order or orders for the purchase of such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the sale of such security, has been or will be entered by or for the same or different parties, or
- (3) enter any order or orders for the sale of any such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the purchase of such security, has been or will be entered by or for the same or different parties.

23020. Excessive Sales by a BSTX Participant

No BSTX Participant shall execute purchases or sales in any security traded on the Exchange for any account in which such BSTX Participant is directly or indirectly interested, which purchases or sales are excessive in view of the BSTX Participant's financial resources or in view of the market for such security.

23030. Manipulative Transactions

- (a) No BSTX Participant shall participate or have any interest, directly or indirectly, in the profits of a manipulative operation or knowingly manage or finance a manipulative operation.
- (b) Any pool, syndicate or joint account organized or used intentionally for the purpose of unfairly influencing the market price of a security shall be deemed to be a manipulative operation.
- (c) The solicitation of subscriptions to or the acceptance of discretionary orders from any such pool, syndicate or joint account shall be deemed to be managing a manipulative operation.

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- (d) The carrying on margin of a position in such security or the advancing of credit through loans to any such pool, syndicate or joint account shall be deemed to be financing a manipulative operation.

23040. Dissemination of False Information

Consistent with Exchange Rule 3080 (Rumors), no BSTX Participant shall make any statement or circulate and disseminate any information concerning any security traded on the Exchange which such BSTX Participant knows or has reasonable grounds for believing is false or misleading or would improperly influence the market price of such security.

23050. Prohibition against Trading Ahead of Customer Orders

- (a) Except as provided herein, a BSTX Participant that accepts and holds an order in an security from its own customer or a customer of another broker-dealer without immediately executing the order is prohibited from trading that security on the same side of the market for its own account at a price that would satisfy the customer order, unless it immediately thereafter executes the customer order up to the size and at the same or better price at which it traded for its own account.
- (b) A BSTX Participant must have a written methodology in place governing the execution and priority of all pending orders that is consistent with the requirements of this Rule. A BSTX Participant also must ensure that this methodology is consistently applied.
- (c) *Large Orders and Institutional Account Exceptions.* With respect to orders for customer accounts that meet the definition of an “institutional account” or for orders of 10,000 [Securities](#)[shares](#) or more (unless such orders are less than \$100,000 in value), a BSTX Participant is permitted to trade a security on the same side of the market for its own account at a price that would satisfy such customer order, provided that the BSTX Participant has provided clear and comprehensive written disclosure to such customer at account opening and annually thereafter that:
- (1) discloses that the BSTX Participant may trade proprietarily at prices that would satisfy the customer order, and
 - (2) provides the customer with a meaningful opportunity to opt in to the Rule 23050 protections with respect to all or any portion of its order.

If the customer does not opt in to the Rule 23050 protections with respect to all or any portion of its order, the BSTX Participant may reasonably conclude that such customer has consented to the BSTX Participant trading a security on the same side of the market for its own account at a price that would satisfy the customer’s order.

In lieu of providing written disclosure to customers at account opening and annually thereafter, a BSTX Participant may provide clear and comprehensive oral disclosure to

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and obtain consent from the customer on an order-by-order basis, provided that the BSTX Participant documents who provided such consent and such consent evidences the customer's understanding of the terms and conditions of the order.

For purposes of this Rule, "institutional account" shall mean the account of:

- i. a bank savings and loan association, insurance company or registered investment company;
- ii. an investment adviser registered either with the SEC under Section 203 of the Investment Advisers Act or with a state securities commission (or any agency or office performing like functions); or
- iii. any other person (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least \$50 million

(d) *No-Knowledge Exception.*

- (1) With respect to NMS stocks (as defined in Rule 600 under of the Securities and Exchange Commission's Regulation NMS), if a BSTX Participant implements and utilizes an effective system of internal controls, such as appropriate information barriers, that operate to prevent one trading unit from obtaining knowledge of customer orders held by a separate trading unit, those other trading units trading in a proprietary capacity may continue to trade at prices that would satisfy the customer orders held by the separate trading unit. A BSTX Participant that structures its order handling practices in NMS stocks to permit its proprietary and/or market-making desk to trade at prices that would satisfy customer orders held by a separate trading unit must disclose in writing to its customers, at account opening and annually thereafter, a description of the manner in which customer orders are handled by the BSTX Participant and the circumstances under which the BSTX Participant may trade proprietarily at its proprietary and/or market-making desk at prices that would satisfy the customer order.
- (2) If a BSTX Participant implements and utilizes appropriate information barriers in reliance on this exception, the BSTX Participant must uniquely identify such information barriers in place at the department within the BSTX Participant where the order was received or originated. Appropriate information barriers must, at minimum, comply with the requirements set forth in Rule 21040.
- (3) BSTX Participants must maintain records that indicate which orders rely on the No Knowledge Exception and submit these records to the Exchange upon request.

(e) *Riskless Principal Exception.* The obligations under this Rule shall not apply to a BSTX Participant's proprietary trade if such proprietary trade is for the purposes of facilitating the execution, on a riskless principal basis, of an order from a customer (whether its own

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customer or the customer of another broker-dealer) (the “facilitated order”), provided that the BSTX Participant:

- (1) submits a report, contemporaneously with the execution of the facilitated order, identifying the trade as riskless principal to the Exchange (or another self-regulatory organization if not required under Exchange rules); and
 - (2) has written policies and procedures to ensure that riskless principal transactions for which the BSTX Participant is relying upon this exception comply with applicable Exchange rules. At a minimum these policies and procedures must require that the customer order was received prior to the offsetting principal transaction, and that the offsetting principal transaction is at the same price as the customer order exclusive of any markup or markdown, commission equivalent or other fee and is allocated to a riskless principal or customer account in a consistent manner and within 60 seconds of execution. A BSTX Participant must have supervisory systems in place that produce records that enable the BSTX Participant and the Exchange to reconstruct accurately, readily, and in a time-sequenced manner all facilitated orders for which the BSTX Participant relies on this exception.
- (f) *ISO Exception.* A BSTX Participant shall be exempt from the obligation to execute a customer order in a manner consistent with this Rule with regard to trading for its own account that is the result of an Inter-market Sweep Order (“ISO”) routed in compliance with Rule 600(b)(~~34~~38) of Regulation NMS where the customer order is received after the BSTX Participant routed the ISO. Where a BSTX Participant routes an ISO to facilitate a customer order and that customer has consented to not receiving the better prices obtained by the ISO, the BSTX Participant also shall be exempt with respect to any trading for its own account that is the result of the ISO with respect to the consenting customer’s order.
- (g) *Odd Lot and Bona Fide Error Transaction Exceptions.* The obligations under this Rule shall not apply to a BSTX Participant’s proprietary trade that is (1) to offset a customer order that is in an amount less than a normal unit of trading; or (2) to correct a bona fide error. BSTX Participants are required to demonstrate and document the basis upon which a transaction meets the bona fide error exception. For purposes of this Rule, a bona fide error is:
- (1) the inaccurate conveyance or execution of any term of an order, including, but not limited to, price, number of shares or other unit of trading; identification of the security; identification of the account for which securities are purchased or sold; lost or otherwise misplaced order tickets; short sales that were instead sold long or vice versa; or the execution of an order on the wrong side of a market;
 - (2) the unauthorized or unintended purchase, sale, or allocation of securities or the failure to follow specific client instructions;

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- (3) the incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals, or securities positions reflected in an account; or
 - (4) a delay, outage, or failure of a communication system used to transmit market data prices or to facilitate the delivery or execution of an order.
- (h) *Minimum Price Improvement Standards.* The minimum amount of price improvement necessary for a BSTX Participant to execute an order on a proprietary basis when holding an unexecuted limit order in that same security, and not be required to execute the held limit order, is ~~\$0.01 for all securities traded on the BSTX System~~ as follows:
- (1) For customer limit orders priced greater than or equal to \$1.00, the minimum amount of price improvement required is \$0.01 for NMS stocks;
 - (2) For customer limit orders priced greater than or equal to \$0.01 and less than \$1.00, the minimum amount of price improvement required is the lesser of \$0.01 or one-half (1/2) of the current inside spread;
 - (3) For customer limit orders priced less than \$0.01 but greater than or equal to \$0.001, the minimum amount of price improvement required is the lesser of \$0.001 or one-half (1/2) of the current inside spread;
 - (4) For customer limit orders priced less than \$0.001 but greater than or equal to \$0.0001, the minimum amount of price improvement required is the lesser of \$0.0001 or one-half (1/2) of the current inside spread;
 - (5) For customer limit orders priced less than \$0.0001 but greater than or equal to \$0.00001, the minimum amount of price improvement required is the lesser of \$0.00001 or one-half (1/2) of the current inside spread;
 - (6) For customer limit orders priced less than \$0.00001, the minimum amount of price improvement required is the lesser of \$0.000001 or one-half (1/2) of the current inside spread; and
 - (7) For customer limit orders priced outside the best inside market, the minimum amount of price improvement required must either meet the requirements set forth above or the BSTX Participant must trade at a price at or inside the best inside market for the security.

In addition, if the minimum price improvement standards above would trigger the protection of a pending customer limit order, any better-priced customer limit order(s) must also be protected under this Rule, even if those better-priced limit orders would not be directly triggered under the minimum price improvement standards above.

- (i) *Order Handling Procedures.* A BSTX Participant must make every effort to execute a marketable customer order that it receives fully and promptly. A BSTX Participant that is

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holding a customer order that is marketable and has not been immediately executed must make every effort to cross such order with any other order received by the BSTX Participant on the other side of the market up to the size of such order at a price that is no less than the best bid and no greater than the best offer at the time that the subsequent order is received by the BSTX Participant and that is consistent with the terms of the orders. In the event that a BSTX Participant is holding multiple orders on both sides of the market that have not been executed, the BSTX Participant must make every effort to cross or otherwise execute such orders in a manner that is reasonable and consistent with the objectives of this Rule and with the terms of the orders. A BSTX Participant can satisfy the crossing requirement by contemporaneously buying from the seller and selling to the buyer at the same price.

23060. Joint Activity

No BSTX Participant, directly or indirectly, shall hold any interest or participation in any joint account for buying or selling a security traded on the Exchange, unless such joint account is promptly reported to the Exchange. The report should contain the following information for each account:

- (1) the name of the account, with names of all participants and their respective interests in profits and losses;
- (2) a statement regarding the purpose of the account;
- (3) the name of the BSTX Participant carrying and clearing the account; and
- (4) a copy of any written agreement or instrument relating to the account.

23070. Influencing Data Feeds

No BSTX Participant shall attempt to execute a transaction or transactions to buy or sell a security for the purpose of influencing any report appearing on any data feed providing information with respect to such security.

23080. Trade Shredding

No BSTX Participant or associated person of a BSTX Participant may engage in “trade shredding.” Trade shredding is conduct that has the intent or effect of splitting any order into multiple smaller orders for execution or any execution into multiple smaller executions for the primary purpose of maximizing a monetary or in-kind amount to be received by a BSTX Participant or associated person of a BSTX Participant as a result of the execution of such orders or the transaction reporting of such executions. For purposes of this Rule 23080, “monetary or in-kind amount” shall be defined to include, but not be limited to, any credits, commissions, gratuities, payments for or rebates of fees, or any other payments of value to a BSTX Participant or associated person of a BSTX Participant.

EXHIBIT 4A**23090. Best Execution**

In executing customer orders, a BSTX Participant is not a guarantor of “best execution” but must use the care of a reasonably prudent person in the light of all circumstances deemed relevant by the BSTX Participant and having regard for the BSTX Participant’s brokerage judgment and experience.

[As part of a BSTX Participant’s fiduciary obligation to provide best execution for its customer limit orders, the BSTX Participant shall refer to, and comply with, Rule 604 of the Exchange Act.](#)

23100. Publication of Transactions and Changes

- (a) The Exchange shall cause to be disseminated for publication on the data feed(s) relating to the effective transaction reporting plan for ~~Securities~~securities all last sale price reports of transactions executed through the facilities of the Exchange pursuant to the requirements of an effective transaction reporting plan approved by the Commission.
- (b) To facilitate the dissemination of such last sale price reports, each BSTX Participant shall cause to be reported to the Exchange, as promptly as possible after execution, all information concerning each transaction required by the effective transaction reporting plan for ~~Securities~~securities.
- (c) An official of the Exchange shall approve any corrections to reports transmitted over the data feed(s) relating to the effective transaction reporting plan for ~~Securities~~securities. Any such corrections shall be made within one day after detection of the error.

23110. Trading Ahead of Research Reports

- (a) No BSTX Participant shall establish, increase, decrease or liquidate an inventory position in a security or a derivative of such security based on non-public advance knowledge of the content or timing of a research report in that security.
- (b) BSTX Participant must establish, maintain and enforce policies and procedures reasonably designed to restrict or limit the information flow between research department personnel, or other persons with knowledge of the content or timing of a research report, and trading department personnel, so as to prevent trading department personnel from utilizing non-public advance knowledge of the issuance or content of a research report for the benefit of the BSTX Participant or any other person.

23120. Front Running of Block Transactions

- (a) BSTX Participants and persons associated with BSTX Participants shall comply with FINRA Rule 5270 as if such rule were part of the Exchange’s Rules.

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(b) Front Running of Non-Block Transactions. Although the prohibitions in FINRA Rule 5270 are limited to imminent block transactions, the front running of other types of orders that place the financial interests of a BSTX Participant or persons associated with a BSTX Participant ahead of those of its customers or the misuse of knowledge of an imminent customer order may violate other Exchange rules, including Rule 19000 and Rule 23050, and/or provisions of the federal securities laws.

23130. Disruptive Quoting and Trading Activity Prohibited

BSTX Participants shall comply with the requirements of Exchange Rule 3220 (Disruptive Quoting and Trading Activity Prohibited).

24000 – DISCIPLINE AND SUMMARY SUSPENSION

24000. Suspensions

The provisions of the Rule 11000 Series (Summary Suspension), 12000 Series (Discipline), 13000 Series (Review of Certain Exchange Actions), and 14000 Series (Arbitration) of the Exchange Rules shall be applicable to BSTX Participants and trading on the BSTX System.

24010. Penalty for Minor Rule Violations

The following BSTX Rule and policy violations may be determined by the Exchange to be minor in nature. If so, the Exchange may, with respect to any such violation, proceed under Rule 12140 (Imposition of Fines for Minor Violations) and impose the fine set forth below. The Exchange is not required to proceed under said Rules as to any rule violation and may, whenever such action is deemed appropriate, commence a disciplinary proceeding under the Rule 12000 Series as to any such violation. A subsequent violation is calculated on the basis of a rolling ~~24~~12-month period ~~(“Period”)~~.

(a) Fine schedule pursuant to Rule 24010:

Occurrence (within a rolling 1*	Individual	BSTX Participant
First Offense	\$100	\$500
Second Offense	\$300	\$1,000
Third Offense	\$500	\$2,500 <u>2,500</u>

* Within a “rolling” 12-month period.

(b) Violations Appropriate for Dispositions under Rule 24010:

(1) Rule 19180 – Communications with the Public

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- (~~1~~2) Rule 20000 – Maintenance, Retention and Furnishing of Records
- (~~2~~3) Rule 25070 – Consolidated Audit Trail
- (~~4~~4) Rule 25130 – Locking or Crossing Quotations in NMS Stocks
- (~~3~~5) Rule 25210(a)(1) – BSTX Market Maker Two-Sided Quote Obligation
- (~~4~~6) Rule 25120 – Short Sales.

For failures to comply with the Consolidated Audit Trail Compliance Rule requirements of Rules 25070 (which in turn incorporates by reference the Rule 16000 Series), the Exchange may impose a minor rule violation fine of up to \$2,500. For more serious violations, other disciplinary action may be sought.

25000 – TRADING RULES**25000. Access to and Conduct on the BSTX Marketplace**

- (a) *Access to BSTX.* Unless otherwise provided in the Rules, no one but a BSTX Participant approved for trading on the BSTX System or a person associated with such a BSTX Participant shall effect any transactions on the BSTX System.
- (b) *Authorized Traders.* A BSTX Participant shall maintain a list of authorized traders who may obtain access to the BSTX System on behalf of the BSTX Participant. The BSTX Participant shall update the list of authorized traders as necessary. BSTX Participants must provide the list of authorized traders to the Exchange upon request.
 - (1) BSTX Participants must have procedures in place that are reasonably designed to ensure that all authorized traders comply with all Exchange Rules and all other procedures related to the BSTX System.
 - (2) A BSTX Participant must suspend or withdraw a person's status as an authorized trader if the Exchange has determined that the person caused the BSTX Participant to fail to comply with the Rules of the Exchange and the Exchange has directed the BSTX Participant to suspend or withdraw the person's status as an authorized trader.
 - (3) A BSTX Participant must have reasonable procedures to ensure that authorized traders maintain the physical security of the equipment for accessing the facilities of the Exchange to prevent the improper use or access to the systems, including unauthorized entry of information into the systems.
 - (4) To be eligible to become an authorized trader of a BSTX Participant, a person must register as an associated person of the BSTX Participant pursuant to Exchange Rule 2050.
- (c) *Exchange Conduct.* BSTX Participants and persons employed by or associated with any BSTX Participant, while using the facilities of the Exchange, including BSTX, shall not

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engage in conduct:

- (1) inconsistent with the maintenance of a fair and orderly market;
 - (2) likely to impair public confidence in the operations of the Exchange; or
 - (3) inconsistent with the ordinary and efficient conduct of business.
- (d) Activities that shall violate the provisions of paragraph (b) include, but are not limited to, the following:
- (1) failure of a BSTX Market Maker to comply with the requirements in Rule 25200 Series;
 - (2) failure of a BSTX Participant to adequately supervise a person employed by or associated with such BSTX Participant to ensure that person's compliance with paragraph (c).
 - (3) failure to maintain adequate procedures and controls that permit the BSTX Participant to effectively monitor and supervise the entry of orders by users to prevent the prohibited practices set forth in paragraph (c) and the Rule 23000 Series;
 - (4) failure to abide by a determination of the Exchange;
 - (5) effecting transactions that are manipulative as provided in the Rule 23000 Series and any Exchange policy;
 - (6) refusal to provide information requested by the Exchange (See Rules 10000 and 12010); and
 - (7) failure to abide by the provisions of the Rule 23000 Series related to limitations on orders.
- (e) Subject to the Rules, the Exchange will provide access to the BSTX System to Participants in good standing that wish to conduct business on BSTX.
- (f) Pursuant to the Rules, the Exchange may:
- (1) suspend a Participant's access to the BSTX System following a warning which may be made in writing or verbally (and subsequently confirmed in writing); or
 - (2) terminate a Participant's access to the BSTX System by notice in writing.

25010. Days and Hours of Business

- (a) The Board shall determine the days BSTX shall be open for business (referred to as "business days") and the hours of such days during which transactions may be made on BSTX. No Participant shall make any bid, offer, or transaction on BSTX before or after such hours, except as provided in Rule 25040.
- (b) The Exchange shall not be open for business on the following holidays: New Year's Day,

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Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. When any holiday observed by the Exchange falls on a Saturday, the Exchange will not be open for business on the preceding Friday. When any holiday observed by the Exchange falls on a Sunday, the Exchange will not be open for business on the following Monday, unless unusual business conditions exist at the time.

- (c) Orders may be executed on the BSTX System between 9:30 a.m. and 4:00 p.m. Eastern Time.
- (d) The Chief Executive Officer, President, or Chief Regulatory Officer of the Exchange, or his designee, who must be a senior officer of the Exchange, shall have the power to halt, suspend trading in any and all Securities traded on BSTX, to close some or all BSTX facilities, and to determine the duration of any such halt, suspension, or closing, when he deems such action necessary for the maintenance of fair and orderly markets, the protection of investors, or otherwise in the public interest including special circumstances such as (1) actual or threatened physical danger, severe climatic conditions, civil unrest, terrorism, acts of war, or loss or interruption of facilities utilized by BSTX, (2) a request by a governmental agency or official, or (3) a period of mourning or recognition for a person or event. No such action shall continue longer than a period of two days, or as soon thereafter as a quorum of Directors can be assembled, unless the Board approves the continuation of such suspension.

25020. Securities Eligible for Trading and Units of Trading

(a) The Exchange shall designate securities for trading. Any class of securities listed on the Exchange shall be eligible to become designated for trading on the Exchange in accordance with the Rules 26000 and 28000 Rule Series. All securities designated for trading are eligible for odd-lot, round-lot, and mixed-lot executions, unless otherwise indicated by the Exchange or limited pursuant to the Rules.

(b) One hundred (100) shares shall constitute a "round lot" or "normal unit of trade," any amount less than 100 shares shall constitute an "odd lot," and any amount greater than 100 shares that is not a multiple of a round lot shall constitute a "mixed lot."

(c) The minimum unit of trading on the BSTX System shall be one ~~Security~~share.

25030. Minimum Price Variant ("MPV")

Bids, offers, orders, or indications of interest in securities traded on BSTX shall not be made in an increment smaller than ~~\$0.01~~:

(a) \$0.01 if those bids, offers or indications of interests are priced equal to or greater than \$1.00 per share; or

(b) \$0.0001 if those bids, offers or indications of interests are priced less than \$1.00 per share and the security is an NMS stock pursuant to Commission Rule 600(b)(54) and is trading on the Exchange; or

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(c) Any other increment established by the Commission for any security which has been granted an exemption from the minimum price increment requirements of Commission Rule 612(a) or 612(b).

25040. Opening the Market Auctions

(a) *Opening the Market for BSTX-Listed Securities.*

- (1) *Pre-Opening Phase.* Starting at 8:30 a.m. Eastern Time, the BSTX System will accept orders. During this period, known as the Pre-Opening Phase, orders are placed on the BSTX Book but do not generate trade executions. Orders may not be canceled ~~but not~~ or modified: from 9:28 a.m. to 9:30 a.m. Orders received during the 10 seconds prior to the Opening Auction are rejected.
- (2) *Calculation of Theoretical Opening Price.* From the time that the BSTX System commences accepting orders at the start of the Pre-Opening Phase, the BSTX System will calculate and provide the Theoretical Opening Price (“TOP”) for the current resting orders on the BSTX Book during the Pre-Opening Phase. The TOP is ~~that~~the price at which the ~~opening match~~Opening Auction would occur at the current time, if that time were the opening, according to the ~~opening match~~Opening Auction procedures described in paragraph (4) below. The quantity that would trade at this price is also calculated.

A TOP can only be calculated if an opening trade is possible. An opening trade is possible if the BSTX Book is crossed (highest bid is higher than the lowest offer) or locked (highest bid equals the lowest offer).

- (3) *Broadcast Information During Pre-Opening Phase.* The BSTX System will disseminate certain information to all BSTX Participants about any orders sent in before the Opening ~~Match~~Auction via electronic means. This broadcast will include (“Broadcast Information”):
 - i. The TOP;
 - ii. The “Paired ~~Securities~~Orders,” which is the quantity of ~~Securities~~shares that would execute at the TOP;
 - iii. The “Imbalance Quantity,” which is the number of ~~Securities~~shares that may not be matched with other orders at the TOP at the time of dissemination;
 - iv. The “Imbalance Side,” which is the buy/sell direction of any imbalance at the time of dissemination.

Any orders which are at a price better (*i.e.*, bid higher or offer lower) than the TOP will be shown only as a total quantity on the BSTX Book at a price equal to the TOP (*i.e.*, shown as Paired Orders).

- (4) *Timing of Dissemination of Broadcast Information.* Broadcast Information is re-

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calculated and disseminated every ~~time a new order is received or cancelled and where such event causes the TOP or Paired Securities to change~~ five (5) seconds.

- (5) *Collar Price Range*. The term “Collar Price Range” shall mean the range from a set percentage below the Collar Midpoint (as defined below) to above the Collar Midpoint, such set percentage being dependent on the value of the Collar Midpoint at the time of the ~~opening match~~ Opening Auction, as described below. Specifically, the Collar Price Range will be determined as follows: where the Collar Midpoint is \$25.00 or less, the Collar Price Range shall be the range from 10% below the Collar Midpoint to 10% above the Collar Midpoint; where the Collar Midpoint is greater than \$25.00 but less than or equal to \$50.00, the Collar Price Range shall be the range from 5% below the Collar Midpoint to 5% above the Collar Midpoint; and where the Collar Midpoint is greater than \$50.00, the Collar Price Range shall be the range from 3% below the Collar Midpoint to 3% above the Collar Midpoint.
- i. For all applicable auctions other than an Initial Security Offering in an ETP, the Collar Midpoint will be the midpoint of the NBBO for a particular ~~Security~~ security where the NBBO is a “Valid NBBO.” A NBBO is a Valid NBBO where: (i) there is both a NBB and NBO for the security; (ii) the NBBO is not crossed; and (iii) the midpoint of the NBBO is less than the “Maximum Percentage” away from both the NBB and the NBO. The Maximum Percentage will be determined by the Exchange and will be published in a circular distributed to BSTX Participants with reasonable advance notice prior to initial implementation and any change thereto. Where the NBBO is not a Valid NBBO, the price of the Final Last Sale Eligible Trade will be used. In the case of an Initial Security Offering ~~that is not an ETP~~, the Collar Midpoint is the Initial Security Offering Reference Price, defined below.
 1. For an Initial Security Offering in an ETP, the Collar Midpoint shall be the issue price of the ETP.
 - ii. The “Final Last Sale Eligible Trade” shall mean the last round lot trade (i.e., 100 shares) occurring during Regular Trading Hours on the Exchange ~~or, for which price shall also be the~~ “BSTX Official Closing Price.” For Halt Auctions, the Final Last Sale Eligible Trade shall mean the last round lot trade prior to trading in the security being halted. If there is no such qualifying trade for the current day, the ~~closing price on~~ BSTX Official Closing Price from the previous trading day will be used, ~~which is the final print for the Security~~.
- (6) *Opening ~~Match~~ Auction*. The “Opening Auction” is the process of crossing orders in BSTX-listed securities to open the market, as set forth below.
- i. The “BSTX Official Opening Price” is the price resulting from the Opening Auction. The BSTX System will establish the ~~opening~~

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~~price~~BSTX Official Opening Price at the time of the ~~opening match~~Opening Auction at 9:30 a.m. Eastern Time. ~~The opening price, which~~ is the TOP at the moment of the ~~opening match that is~~Opening Auction match, provided that the resulting price must be within the Collar Price Range. The ~~TOP/opening price is~~Opening Auction occurs at the “market clearing” price which will leave bids and offers which cannot trade with each other. In determining the priority of orders to be filled, ~~the BSTX System will give priority to Limit Orders whose price is better than the opening orders priced at or more aggressively than the BSTX Official Opening Price will be executed on the basis of~~ price ~~first~~priority. Consistent with Rule 25080, among multiple orders at the same price, execution priority during the ~~opening match~~Opening Auction is determined based on the time the order was received by the BSTX System.

- ii. The BSTX ~~System will determine a~~Official Opening Price is therefore the single price at which a particular ~~Security~~security will be opened through the Opening Auction that is within the Collar Price Range. BSTX will calculate the optimum number of ~~Securities~~shares that could be matched at a price, taking into consideration all the orders on the BSTX Book.
1. The ~~opening match price~~BSTX Official Opening Price is the price which will result in the matching of the highest number of ~~Securities~~shares.
 2. Should two or more prices satisfy the maximum quantity criteria, the price which will leave the fewest resting ~~Securities~~shares in the BSTX Book will be selected as the ~~opening price~~BSTX Official Opening Price.
 3. Should there still be two or more prices which meet both criteria in subparagraphs (1) and (2) above, the price which is closest to the previous day’s ~~closing price~~BSTX Official Closing Price will be selected as the ~~opening match price~~BSTX Official Opening Price. For Initial Security Offerings, BSTX will utilize the price assigned to the Security by the underwriter for the offering (“Initial Security Offering Reference Price”).
- (7) *Transition to Normal Trading.* As the ~~opening price~~BSTX Official Opening Price is determined and the matched shares are executed in the Opening Auction, the BSTX System will proceed to move the Security from the Pre-Opening Phase to the continuous or regular trading phase and disseminate the opening trade price, if any. At this point, the BSTX ~~system~~System is open for trading and all orders are accepted and processed according to these Rules. Any orders that remain unexecuted in the ~~opening match~~Opening Auction, including any remaining portion of a partially executed order, shall be moved onto the BSTX Order Book

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for the regular trading phase and shall retain their price/time priority consistent with Rule 25080. When the BSTX System cannot determine an opening price from the Opening Auction, the Security will nevertheless move from Pre-Opening Phase to the continuous trading phase with all orders received during the Pre-Opening Phase being moved to the BSTX Book for regular hours trading. In such case the BSTX Official Opening Price shall be the Final Last Sale Eligible Trade.

- (8) Orders marked IOC submitted during the Pre-Opening Phase are rejected.
- (b) *Auctions for the Initial Public Offering of a Security.* An initial public offering of a Security (“Initial Security Offering”) will follow the same general process described above in paragraph (a) subject to the following:
- (1) *Quote-Only Period.* In advance of an auction related to an Initial Security Offering (“Initial Security Offering Auction”), the Exchange shall announce a “Quote-Only Period” that shall be between fifteen (15) and thirty (30) minutes plus a short random period prior to the Initial Security Offering Auction. Limit orders with time-in-force of DAY submitted during the Quote Only Period shall be eligible to participate in the Initial Security Offering Auction. Orders may not be submitted to participate in an Initial Security Offering until the beginning of the Quote-Only Period. During the Quote Only Period, orders may be canceled, but not modified. Orders marked IOC submitted during the Quote-Only Period are rejected. All orders associated with Initial Security Offering Auction must be received prior to the end of the Quote-Only Period in order to participate in the auction.
- (2) *Extending the Quote Only Period.* The Quote-Only Period may be extended where:
- i. There is no TOP;
 - ii. The underwriter requests an extension;
 - iii. The TOP moves the greater of 10% or fifty (50) cents in the fifteen (15) seconds prior to the initial cross; or
 - iv. In the event of a technical or systems issue at the Exchange that may impair the ability of BSTX Participants to participate in the Initial Security Offering Auction or of the Exchange to complete the Initial Security Offering Auction.
- (3) *Broadcast Information.* The Exchange will disseminate Broadcast Information as described in paragraph (a)(3) above beginning at the commencement of the Quote Only Period. Broadcast Information is re-calculated and disseminated every ~~time a new order is received or cancelled and where such event causes the TOP price or Paired Securities to change~~ five (5) seconds.

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- (4) *Notification of Extensions of the Quote-Only Period* ~~and Trading Pauses~~. In the event of any extension to the Quote-Only Period as set forth in paragraph (b)(2) above, the Exchange will notify market participants regarding the circumstances and length of the extension. ~~If a trading pause is triggered by the Exchange or if the Exchange is unable to reopen trading at the end of the trading pause due to a systems or technology issue, the Exchange will immediately notify the single plan processor responsible for consolidation of information for the security pursuant to Rule 603 of Regulation NMS under the Securities Exchange Act of 1934.~~
- (5) *Determination of Initial Security Offering Price and Transition to Normal Trading*. Orders will be matched and executed ~~pursuant to~~ in a manner consistent with paragraph (a)(6) above at the conclusion of the Quote-Only Period, rather than at 9:30 a.m. Eastern Time. Following the initial cross at the end of the Quote-Only Period, the Exchange will transition to normal trading pursuant to paragraph (a)(7) above. The Initial Security Offering Auction price will be BSTX Official IPO Opening Price.
- (6) Orders marked IOC submitted during the Pre-Opening Phase of an Initial Security Offering Auction are rejected.
- (c) *Halt Auctions* ~~in BSTX Listed Securities~~. “Halt Auctions” are used to re-open trading in a ~~BSTX-listed Security~~ security trading on the exchange following a trading ~~pause~~ halt or a LULD ~~trading halt~~ Trading Pause pursuant to Rule 25050.
- (1) *Quote-Only Period*. In advance of reopening after a trading halt ~~or LULD Trading Pause~~, the Exchange shall announce a “Quote-Only Period” that shall be five (5) minutes prior to the Halt Auction. Limit orders with time-in-force of DAY submitted during the Quote Only period shall be eligible to participate in Halt Auction. Orders may not be submitted to participate in a Halt Auction until the beginning of the Quote-Only Period. During the Quote-Only Period, orders may be canceled, but not modified. Orders marked IOC submitted during the Quote-Only Period are rejected. All orders associated with the Halt Auction must be received prior to the end of the Quote-Only Period in order to participate in the auction.
- (2) *Incremental Quote Period Extensions for Halt Auctions Following a Regulatory Halt*. The Quote-Only Period with respect to a Halt Auction shall commence five (5) minutes prior to such Halt Auction. The Quote-Only Period shall be extended for an additional five (5) minutes ~~should~~ in the event that a Halt Auction ~~beis~~ is unable to be performed due to the absence of a TOP, ~~before being adjusted for Halt Auction Collars, is~~ or where the TOP is outside the applicable Halt Auction Collars (before any adjustments to the Halt Auction Collars through additional extensions of the Quote-Only Period) set forth in subparagraphs (i) and (ii) below (an “Impermissible Price”) (“Initial Extension Period”). After the Initial Extension Period, the Quote-Only Period shall be extended for additional five (5) minute periods should a Halt Auction be unable to be performed due to ~~absence of~~

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~~a-TOP~~an Impermissible Price (“Additional Extension Period”) until a Halt Auction occurs. The Exchange shall attempt to conduct a Halt Auction during the course of each Additional Extension Period.

i. Initial Halt Auction Collars shall be calculated as follows:

i. For Halt Auctions following a LULD Trading Pause, the Halt Auction Reference Price shall equal the price of the Upper or Lower Price Band that triggered the halt. If the Halt Auction Reference Price is the Lower (Upper) Price Band, the initial lower (upper) Halt Auction Collar shall be five (5) percent less (greater) than the Halt Auction Reference Price, rounded to the nearest minimum price variation and the upper (lower) Halt Auction Collar shall be the Upper (Lower) Price Band. For securities with a Halt Auction Reference Price of \$3.00 or less, the initial lower (upper) Halt Auction Collar shall be \$0.15 less (greater) than the Halt Auction Reference Price, rounded to the nearest minimum price variation and the upper (lower) Halt Auction Collar shall be the Upper (Lower) Price Band.

2. For Halt Auctions following ~~Non-LULD Regulatory Halt~~trading halt, the Halt Auction Reference Price shall equal the price of the Final Last Sale Eligible Trade. The initial lower (upper) Halt Auction Collar shall be five (5) percent less (greater) than the Halt Auction Reference Price, rounded to the nearest minimum price variation. For securities with a Halt Auction Reference Price of \$3.00 or less, the initial lower (upper) Halt Auction Collar shall be \$0.15 less (greater) than the Halt Auction Reference Price, rounded to the nearest minimum price variation.

ii. At the beginning of the Initial Extension Period the upper (lower) Halt Auction Collar shall be increased (decreased) by five (5) percent in the direction of the Impermissible Price, rounded to the nearest minimum price variation. For securities with a Halt Auction Reference Price of \$3.00 or less, the Halt Auction Collar shall be increased (decreased) in \$0.15 increments in the direction of the Impermissible Price. At the beginning of each Additional Extension Period, the Halt Auction Collar shall be widened in accordance with this paragraph by the same amount as the Initial Extension Period.

(3) *Broadcast Information.* The Exchange will disseminate Broadcast Information for a Halt Auction as described in paragraph (a)(3) above beginning at the commencement of the Quote Only Period. Broadcast Information is re-calculated and disseminated every ~~time a new order is received or cancelled and where such event causes the TOP price or quantity to change.~~five (5) seconds. In addition, the Exchange will disseminate the Halt Auction Reference Price and the applicable Halt Auction Collar to market participants along with the Broadcast

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- (4) *Notification of Extensions of the Quote-Only Period and Trading ~~Pauses~~Halts during the Quote-Only Period.* In the event of any extension to the Quote-Only Period as set forth in paragraph (c)(2) above, the Exchange will notify market participants regarding the circumstances and length of the extension and the number of extensions. If a trading ~~pause~~halt is triggered by the Exchange or if the Exchange is unable to reopen trading at the end of the trading ~~pause~~halt due to a systems or technology issue, the Exchange will immediately notify the single plan processor responsible for consolidation of information for the security pursuant to Rule 603 of Regulation NMS under the Securities Exchange Act of 1934.
- (5) *Determination of Halt Auction Price and Transition to Normal Trading.* Orders will be matched and executed ~~pursuant to~~in a manner consistent with paragraph (a)(6) and at a price within the Halt Auction Collars above at the conclusion of the Quote-Only Period for the Halt Auction. Following the initial cross at the end of the Quote-Only Period, the Exchange will transition to normal trading pursuant to paragraph (a)(7) above.
- (d) *Contingency Procedures.* When a disruption occurs that prevents the execution of an Initial Security Offering Auction or Halt Auction, including any extensions thereof, as set forth above, the Exchange shall apply the following “Contingency Procedures”:
- (1) For an Initial Security Offering Auction, the Exchange will publicly announce that the Quote-Only Period for the Initial Security Offering Auction will reset for the subject ~~Security~~security. The Exchange will then cancel all orders on the BSTX Book and disseminate a new scheduled time for the Quote-Only Period and opening match.
 - (2) For a Halt Auction, the Exchange will publicly announce that no Halt Auction will occur. All orders in the halted ~~Security~~security on the BSTX Book will be canceled, and the Exchange will open the ~~Security~~security for trading without an auction.
- (e) *Opening the Market for Non-BSTX-Listed Securities.*
- (1) *Order Entry and Cancellation before the Opening Process.* Prior to the beginning of Regular Trading Hours, BSTX Participants who wish to participate in the opening process may enter orders to buy or sell. The Exchange will accept orders and quotes for inclusion in the BSTX Book but such orders and quotes cannot execute until the termination of the Pre-Opening Phase (“Opening Process”). Orders cancelled before the Opening Process will not participate in the Opening Process.
 - i. The Exchange will open by attempting to execute all orders eligible for the Opening Process.
 - (2) *Performing the Opening Process.* The Exchange will attempt to perform the

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Opening Process and will match buy and sell orders that are executable at the midpoint of the NBBO as described in paragraph (3) below. All orders eligible to trade at the midpoint will be processed in time sequence, beginning with the order with the oldest time stamp. Matches will occur until there is no remaining volume or there is an imbalance of orders (the “Opening ~~Match~~Process”). An imbalance of orders on the buy side or sell side may result in orders that are not executed in whole or in part. Such orders may, in whole or in part, be placed on the BSTX Book, cancelled, or executed. If no matches can be made, the Opening Process will conclude with all orders that participated in the Opening Process being placed in the BSTX Book, cancelled, or executed.

- (3) *Determining the ~~price~~Price of the Opening Process.* The price of the Opening Process will be at the midpoint of the: ~~(i) first NBBO subsequent to the first two-sided quotation published by the listing exchange after 9:30:00 a.m. Eastern Time; or (ii) then prevailing NBBO when the first two-sided quotation is published by the listing exchange after 9:30:00 a.m. Eastern Time, but before 9:45:00 a.m. Eastern Time if no first trade is reported by the listing exchange within one second of publication of the first two-sided quotation by the listing exchange.~~
- (4) *Contingent Open.* If the conditions to establish the price of the Opening Process set forth above do not occur by 9:45:00 a.m. Eastern Time, orders will be handled in time sequence, beginning with the order with the oldest time stamp, and will be placed on the BSTX Book, cancelled, or executed in accordance with the terms of the order.
- (5) *Re-Opening After a Halt.* While a non-BSTX-listed security is subject to a halt, suspension, or pause in trading, the Exchange rejects orders until there is a resumption of trading in the security ~~for participation in the re-opening process.~~ Once the trading halt, suspension, or pause is lifted and the Exchange has received the price bands for the security from the plan processor, BSTX Participants may resume submitting ~~order~~orders to BSTX.
- (f) Whenever, in the judgment of the Exchange, the interests of a fair and orderly market so require, the Exchange may adjust the timing of or suspend the auctions set forth in this Rule with prior notice to BSTX Participants.
- (g) For purposes of Rule 611(b)(3) of Regulation NMS, orders executed pursuant to the Opening Auction, Initial Security Offering Auction, and Halt Auction may trade through any other trading center’s manual or protected quotations if the transaction that constituted the trade-through was a single-priced opening, reopening, or closing transaction by the trading center.

25050. Limit Up-Limit Down Plan and Trading Halts

- (a) ~~This rule~~The provisions of paragraphs (a) through (f) of this Rule shall be in effect during a pilot period ~~to coincide with the pilot period for the Regulation NMS Plan to Address~~

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~~Extraordinary Market Volatility~~ that expires at the close of business on March 18, 2022. If the pilot is not either extended or approved permanently at the end of the pilot period, the Exchange will amend this ~~rule~~ Rule. The remaining provisions of this Rule are not subject to a pilot period and are in effect unless and until amended. The Exchange shall halt trading in all Securities and shall not reopen for the time periods specified in this Rule 25050 if there is a Level 1, 2, or 3 Market Decline.

- (1) For purposes of this Rule, a Market Decline means a decline in price of the S&P 500® Index between 9:30 a.m. and 4:00 p.m. Eastern Time on a trading day as compared to the closing price of the S&P 500® Index for the immediately preceding trading day. The Level 1, Level 2, and Level 3 Market Declines that will be applicable for the trading day will be publicly disseminated before 9:30 a.m. Eastern Time.
 - (2) A “Level 1 Market Decline” means a Market Decline of 7%.
 - (3) A “Level 2 Market Decline” means a Market Decline of 13%.
 - (4) A “Level 3 Market Decline” means a Market Decline of 20%.
- (b) *Halts in Trading.*
- (1) If a Level 1 Market Decline or a Level 2 Market Decline occurs after 9:30 a.m. Eastern Time and up to and including 3:25 p.m., or in the case of an early scheduled close, 12:25 p.m., the Exchange shall halt trading in all ~~Securities~~ securities for 15 minutes after a Level 1 or Level 2 Market Decline. The Exchange shall halt trading based on a Level 1 or Level 2 Market Decline only once per trading day. The Exchange will not halt trading if a Level 1 Market Decline or a Level 2 Market Decline occurs after 3:25 p.m. or, in the case of an early scheduled close, after 12:25 p.m.
 - (2) If a Level 3 Market Decline occurs at any time during the trading day, the Exchange shall halt trading in all ~~Securities until the primary listing market opens the next~~ securities for the remainder of the trading day.
- (c) If a primary listing market halts trading in all ~~Securities~~ securities, the Exchange will halt trading in all ~~Securities~~ securities until trading has resumed on the primary listing market or notice has been received from the primary listing market that trading may resume. If the primary listing market does not reopen a ~~Security~~ security within 15 minutes following the end of the 15-minute halt period, the Exchange may resume trading in that ~~Security~~ security.
- (d) *Acceptance of Orders.* BSTX does not accept any orders in a non-BSTX-listed security subject to a trading halt for the duration of the trading halt. Any order submitted during a halt in a non-BSTX-listed security will be rejected by the BSTX System. All orders and trading interest resting on the BSTX book during any trading halt, including both non-BSTX listed securities and BSTX listed ~~Securities~~ securities will be canceled. Orders may be accepted by BSTX only following a broadcast message to BSTX Participants

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indicating a forthcoming re-opening of trading, as described in paragraph (e) below.

- (e) *Re-opening of Trading.* The re-opening of trading following a Level 1 or 2 trading halt in a BSTX-Listed ~~Security~~security shall follow the procedures set forth in Rule 25040(c). The re-opening of trading following a Level 1 or 2 trading halt in a non-BSTX-Listed security shall follow the procedures set forth in Rule 25040(e)(5).
- (f) Nothing in this Rule should be construed to limit the ability of the Exchange to otherwise halt, suspend, or pause the trading in any ~~Security or Securities~~security traded on the Exchange in circumstances in which the Exchange deems it necessary to protect investors and the public interest, or pursuant to any other Exchange rule or policy.
- (g) **Limit Up-Limit Down Mechanism**
- (1) **Definitions.**
- i. The term “Plan” or “Limit Up-Limit Down Plan” or “LULD” means the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act, as amended from time to time.
- ii. All capitalized terms not otherwise defined in this paragraph (~~eg~~) shall have the meanings set forth in the Plan or Exchange rules, as applicable.
- (2) *Exchange Participation in the Plan.* As of the time trading commences on BSTX, the Exchange is a Participant in, and subject to the applicable requirements of, the Plan, which establishes procedures to address extraordinary volatility in NMS Stocks.
- (3) *Participant Compliance.* BSTX Participants shall comply with the applicable provisions of the Plan.
- (4) *Exchange Compliance with the Plan.* The BSTX System shall not display or execute buy (sell) interest above (below) the Upper (Lower) Price Bands, unless such interest is specifically exempted under the Plan.
- (5) *Re-pricing and Cancellation of Interest.* The BSTX System does not reprice orders. An ~~orders~~order that is priced or that could be executed above (below) the Upper (lower) Price Band shall be canceled back to the BSTX Participant that submitted the order.
- (6) *Trading Pause during a Straddle State.* The Exchange may declare a trading pause in accordance with Section VII of the Limit Up-Limit Down Plan (“Trading Pause”) for a ~~Security~~security listed on the Exchange when (i) the National Best Bid (Offer) is below (above) the Lower (Upper) Price Band and the ~~Security~~security is not in a Limit State; and (ii) trading in that ~~Security~~security deviates from normal trading characteristics.
- (7) *Re-opening of Trading following a Trading Pause.* At the end of the Trading

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Pause, the Exchange shall re-open the security pursuant in a manner similar to the procedures set forth in Rule 25040(c).

(h) All times referenced in this Rule 25050 shall be Eastern Time.

25060. Order Entry

(a) Orders can be submitted to the BSTX System from commencement of pre-opening until market close. Submitted orders, once validated by the BSTX System, are time-stamped to within one millisecond.

(b) On BSTX:

- (1) a bid is represented as an order to buy (“buy order”);
- (2) an offer is represented as an order to sell (“sell order”); and
- (3) an execution, or trade, is defined as the matching of a buy order and sell order in the BSTX Book.

(c) The following types of orders may be submitted to the BSTX System:

- (1) *Limit Order*. Limit Orders entered into the BSTX Book are executed at the price stated or better. Any residual volume left after part of a Limit Order has traded is retained in the BSTX Book until it is withdrawn by the BSTX Participant or the BSTX System at the end of the trading day, or traded (unless a designation described in paragraph (d) below is added which prevents the untraded part of a limit order from being retained). All Limit Orders are automatically withdrawn by the BSTX System at market close. If a BSTX Participant fails to specify a limit price with respect to its limit order, such order shall be rejected.
- (2) *Inter-market Sweep Orders*. The System will accept incoming Intermarket Sweep Orders (“ISO”) (as such term is defined in Regulation NMS). Incoming ISOs are immediately executable against orders in the BSTX System to which they are marketable. In order to be eligible for treatment as an Inter-market Sweep Order, the limit order must be marked “ISO” and the individual entering the order must simultaneously route one or more additional limit orders marked “ISO,” as necessary, to away markets to execute against the full displayed size of any protected quotation for the security with a price that is superior to the limit price of the ISO entered. Such orders, if they meet the requirements of the foregoing sentence, may be executed at one or multiple price levels in the BSTX System without regard to protected quotations at away markets consistent with Regulation NMS (i.e., may trade through such quotations). The Exchange relies on the marking of an order as an ISO when handling such order, and thus, the BSTX Participant entering the order, not the Exchange, has the responsibility to comply with the requirements of Regulation NMS relating to Intermarket Sweep Orders. An ISO:

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- i. Must be a limit order.
 - ii. Must have a time-in-force of IOC.
 - iii. Is not eligible for routing.
 - iv. Must be submitted with a limit price.
 - v. May be submitted during Regular Trading Hours.
- (d) Where no order type is specified, the BSTX System will reject the order.
- (1) All orders, including those submitted during the Pre-Opening Phase, have a default time-in-force of “DAY.” DAY orders may queue during the Pre-Opening Phase or before the resumption of trading following a trading halt. DAY orders are only available for trading during Regular Trading Hours. Any DAY orders remaining unexecuted at the time of the BSTX close (4:00 p.m. Eastern Time) are canceled.
 - (2) The following optional designations can be added to the order types referred to in paragraph (c) above:
 - i. Immediate-or-cancel (“IOC”). Orders entered into the BSTX System marked IOC are executed on BSTX in whole or in part, as soon as such order is received, and the portion not so executed is canceled. Orders marked IOC are never posted to the BSTX Book. Orders marked IOC are not accepted during the Pre-Opening Phase. Marking an order as IOC overrides the default time-in-force of DAY.
- (e) The identity of BSTX Participants who submit orders to the BSTX System will remain anonymous to market participants at all times, except during error resolution or through the normal settlement process.
- (f) Orders can be cancelled but not modified once they are held in the BSTX Book. The cancellation and submission of a new order will result in a time stamp being associated with the order for purposes of BSTX Book priority.
- (g) All orders will be canceled at market close.
- (h) A BSTX Participant may submit an order with a preference for same day (T+0) settlement (“Order with a T+0 Preference”) or next trading day (T+1) settlement (“Order with a T+1 Preference”).
- (1) An Order with a T+0 Preference will execute against any order against which it is marketable and BSTX will transmit the matched order information to a registered clearing agency for settlement on a standard settlement cycle (T+2) pursuant to the rules, policies and procedures of the registered clearing agency except where:
 - i. The Order with a T+0 Preference executes against another Order with a T+0 Preference, in which case BSTX will transmit the matched order information to a registered clearing agency for settlement on the

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trade date as may be permitted under the rules, policies and procedures of the registered clearing agency subject to the limitations in subparagraph (h)(3) of this Rule; or

ii. The Order with a T+0 Preference executes against an Order with a T+1 Preference, in which case BSTX will transmit the matched order information to a registered clearing agency for settlement on the next trading day after the trade date (i.e., T+1) as may be permitted under the rules, policies and procedures of the registered clearing agency.

(2) An Order with a T+1 Preference will execute against any order against which it is marketable with settlement occurring on a standard settlement cycle (T+2) except where:

i. The Order with a T+1 Preference executes against another Order with a T+1 Preference or an Order with a T+0 Preference, in which case BSTX will transmit the matched order information to a registered clearing agency for settlement on the next trading day after the trade date (i.e., T+1) as may be permitted under the rules, policies and procedures of the registered clearing agency.

(3) *Cut-Off Time for T+0 Executions.* For an Order with a T+0 Preference to be eligible to be transmitted by BSTX to a registered clearing agency for settlement on the trade date, the relevant Orders with a T+0 Preference that execute against each other must be executed on the BSTX System prior to the T+0 Cut-Off Time. The “T+0 Cut-Off Time” shall be one minute before any applicable cut-off time established by the registered clearing agency for inclusion of T+0 settling trades in its continuous net settlement process established pursuant to its rules, policies and procedures. The BSTX System will not accept new Orders with a T+0 Preference after the T+0 Cut-Off Time. An Order with a T+0 Preference resting on the BSTX Book after the T+0 Cut-Off Time may still execute against orders against which it is marketable pursuant to subparagraph (h)(1) of this Rule.

25070. Consolidated Audit Trail

BSTX Participants shall comply with the Rule 16000 Series related to the Consolidated Audit Trail.

~~(a) *Order Identification.* When entering orders on the BSTX System, each BSTX Participant shall submit order information in such form as may be prescribed by the Exchange in order to allow BSTX to properly prioritize and match orders pursuant to Rule 25080 and report resulting transactions. A BSTX Participant must ensure that each order received from a Customer for execution on BSTX is recorded and time-stamped immediately. The order must be time-stamped again upon execution and also at the time of any modification or cancellation of the order by the Customer.~~

~~(b) Order tickets relating to orders submitted to the BSTX System must contain the following~~

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~~information at a minimum:~~

- ~~(1) a unique order identification;~~
 - ~~(2) the Security;~~
 - ~~(3) Participant identification;~~
 - ~~(4) Participant capacity;~~
 - ~~(5) customer identification;~~
 - ~~(6) buy/sell;~~
 - ~~(7) quantity;~~
 - ~~(8) price or price limit;~~
 - ~~(9) special instructions; and~~
 - ~~(10) such other information as may be required by the Exchange.~~
- ~~(c) A BSTX Participant that employs an electronic system for order routing or order management which complies with Exchange requirements will be deemed to be complying with the requirements of this Rule if the required information is recorded in electronic form rather than in written form.~~
- ~~(d) In addition to any related requirement under applicable securities laws, information recorded pursuant to this Rule must be retained by Participants for a period of no less than three (3) years after the date of the transaction.~~
- ~~(e) While the identity of the individual/terminal completing the order ticket and the customer identification (the specific customer or account number) are not submitted in the order entry system, this type of specific information should be maintained as part of the BSTX Participant's books and records requirements, and if requested, must be provided to the Exchange.~~

25080. Execution and Price/Time Priority

Subject to the restrictions under these Exchange Rules or the Act and the rules and regulations thereunder, orders shall be matched for execution in accordance with this Rule.

- (a) *Ranking.* Orders of BSTX Participants shall be ranked and maintained in the BSTX Book according to price-time priority, such that within each price level, all orders shall be organized by the time of entry.
- (b) *Execution Against the BSTX Book.* For purposes of this Rule any order falling within the parameters of this paragraph shall be referred to as “executable.” An order will be canceled back to the BSTX Participant if, based on the market conditions, BSTX Participant instructions, applicable Exchange Rules and/or the Act and the rules and regulations thereunder, such order is not executable and cannot be posted to the BSTX

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Book.

- (1) *Compliance with Regulation SHO.* For any execution of a short sale order to occur on the Exchange when a short sale price test restriction is in effect, the price must be better than the NBB, unless the sell order was initially displayed by the System at a price above the then current NBB or is marked “short exempt” pursuant to Regulation SHO.
- (2) *Compliance with Regulation NMS and Trade-Through Protection.* The BSTX System will ensure that for any execution that occurs during the Regular Trading Hours, the price must be equal to or better than the Protected NBBO, unless the order is marked ISO or unless the execution falls within another exception set forth in Rule 611(b) of Regulation NMS.
- (3) *Compliance with the Limit Up-Limit Down Plan.* For any executions to occur during Regular Trading Hours, such executions must comply with the Limit Up-Limit Down Plan, as set forth in Rule 25050.
- (4) *Execution Against the BSTX Book.* An incoming order will attempt to be matched for execution against orders in the BSTX Book, as described below.
 - i. Buy Orders. An incoming order to buy will be automatically executed to the extent that it is priced at an amount that equals or exceeds the resting price of any order to sell in the BSTX Book and is executable, as defined above. Such order to buy shall be executed at the price(s) of the lowest priced order(s) to sell having priority in the BSTX Book.
 - ii. Sell Orders. An incoming order to sell will be automatically executed to the extent that it is priced at an amount that equals or is less than the resting price of any other order to buy in the BSTX Book and is executable, as defined above. Such order to sell shall be executed at the price(s) of the highest priced order(s) to buy having priority in the BSTX Book.

25090. BSTX Risk Controls

- ~~(a) *Maximum Order Size.* The BSTX System will prevent orders from executing or being placed on the BSTX Book if the size of the order exceeds the size protection designated by the BSTX Participant. The Exchange may provide default values and mandatory minimum levels for this size protection.~~
- (a) The Exchange offers certain risk controls applicable to a BSTX Participant’s activities on the Exchange. The risk settings currently offered by the Exchange include:
- (1) Controls related to the size of an order (including restrictions on the maximum notional value per order and maximum shares per order);
 - (2) Controls related to the price of an order (including percentage-based and dollar-based controls);

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- (3) Controls related to the order types or modifiers that can be utilized (e.g., short sales);
 - (4) Controls to prohibit duplicative orders;
 - (5) Controls to restrict the types of securities transacted (including restricted securities and easy to borrow securities as well as restricting activity to test symbols only);
 - (6) Controls to restrict the overall rate of orders; and
 - (7) Controls related to the size of an order as compared to the average daily volume of the security (including the ability to specify the minimum average daily volume of the securities for which such controls will be activated); and
 - (8) Credit controls measuring net exposure that warn when approached and, when breached, prevent submission of either all new orders.
- (b) ~~Cancel-on-Disconnect.~~ The Exchange also offers risk functionality that permits BSTX Participants ~~may elect for the BSTX System to cancel all resting orders of a BSTX Participant if~~ to block new orders submitted, to cancel all open orders, or to both block new orders and cancel all open orders. Furthermore, the Exchange offers risk functionality that automatically cancels a BSTX Participant's orders to the extent the BSTX Participant ~~disconnects from the BSTX System~~ loses its connection to the Exchange.
- ~~(e) Price Protection for Limit Orders. Price Protection for Limit Orders is a feature that prevents incoming Limit Orders from being accepted if the order price is more than a specific amount or percentage outside the National Best Bid or Offer in the marketplace. The specific amount and percentage is provided by the BSTX Participant, and the Exchange may provide default values and mandatory minimum levels.~~
- (c) The Exchange offers batch cancel functionality that permits a BSTX Participant to simultaneously cancel all or a subset of its orders in one or more symbols by requesting the Exchange to effect such cancellation.
- (d) The risk controls described in this Rule are meant to supplement, and not replace, a BSTX Participant's own internal systems, monitoring, and procedures related to risk management and are not designed for compliance with Rule 15c3-5 under the Exchange Act. Responsibility for compliance with all Exchange and SEC rules remains with the BSTX Participant.
- ~~(d) Maximum Order Rate. The Maximum Order Rate will reject an incoming order if the rate of orders received by the BSTX System from a BSTX Participant exceeds the BSTX Participant provided maximum order rate. The Exchange may provide default values and mandatory minimum levels~~

25100. Trade Execution, Reporting, and Dissemination of Quotations

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- (a) *Dissemination of Last Sale Information.* Executions occurring as a result of orders matched against the BSTX Book, pursuant to Rule 25080, shall be collected and ~~disseminated~~ made available to last sale vendors for dissemination and shall be reported by the Exchange to an appropriate consolidated transaction reporting system to the extent required by the Exchange Act and the rules and regulations thereunder. The Exchange will maintain connectivity and access to the Consolidated Tape Association (“CTA”) Plan and Unlisted Trading Privileges (“UTP”) Plan (collectively, “the SIPs”) for dissemination of last sale information. The Exchange shall promptly notify Users of all executions of their orders as soon as such executions take place.
- (b) The Exchange shall identify all trades executed pursuant to an exception or exemption from Rule 611 of Regulation NMS in accordance with specifications approved by the operating committee of the relevant national market system plan for an NMS stock. If a trade is executed pursuant to both the inter-market sweep order exception of Rule 611(b)(5) of Regulation NMS and the self-help exception of Rule 611(b)(1) of Regulation NMS, such trade shall be identified as executed pursuant to the inter-market sweep order exception.
- (c) *Display and Quotation Dissemination.* The BSTX System will operate as an “automated ~~market~~ trading center” within the meaning of Regulation NMS, ~~an~~ and in furtherance thereof, will display “automated quotations” within the meaning of Regulation NMS at all times except in the ~~even~~ event that a systems malfunction renders the BSTX System incapable of displaying automated quotations. All non-marketable Limit Orders are eligible to be displayed.
- (1) The aggregate of the best-ranked non-marketable Limit Order(s), pursuant to Rule 25080, to buy and the best-ranked non-marketable Limit Order(s) to sell in the BSTX Book shall be collected and made available to quotation vendors for dissemination pursuant to the requirements of Rule 602 of Regulation NMS. The Exchange will maintain connectivity and access to the ~~Consolidated Tape Association (“CTA”) Plan and Unlisted Trading Privileges (“UTP”) Plan (collectively, “the SIPs”)~~ for dissemination of quotation information.
- (2) Pursuant to Rule 602 of Regulation NMS, the Exchange will transmit for display to the appropriate SIP for each security:
- i. the highest price to buy wherein the aggregate size of all displayed buy interest in the BSTX System greater than or equal to that price is one round lot (i.e., 100 shares) or greater;
 - ii. the aggregate size of all displayed buy interest in the BSTX System greater than or equal to the price in subparagraph (i), rounded down to the nearest round lot;
 - iii. the lowest price to sell wherein the aggregate size of all displayed sell interest in the BSTX System less than or equal to that price is one round lot or greater; and

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iv. the aggregate size of all displayed sell interest in the BSTX System less than or equal to the price in subparagraph (iii) above, rounded down to the nearest round lot.

- (d) *Trade Execution and Settlements.* Executions occurring as a result of orders matched against the BSTX Book, pursuant to Rule 25080, shall be transmitted by BSTX to a registered clearing agency to clear and settle pursuant to the rules, policies and procedures of the registered clearing agency.
- (e) *Obligation to Honor System Trades.*
- (1) If a BSTX Participant, or clearing member/participant acting on a BSTX Participant's behalf, is reported by the BSTX System, or shown by the activity reports generated by the BSTX System, as constituting a side of a BSTX System trade, such BSTX Participant, or clearing member/participant acting on its behalf, shall honor such trade on the scheduled settlement date.
 - (2) The Exchange shall have no liability if a BSTX Participant, or a clearing member acting on the BSTX Participant's behalf, fails to satisfy the obligations in paragraph (1).

25110. Clearly Erroneous Executions

- (a) *Definition.* For purposes of this Rule, the terms of a transaction executed on the BSTX System are "clearly erroneous" when there is an obvious error in any term, such as price, number of ~~Securities~~shares or other unit of trading, or identification of the ~~Security~~security. A transaction made in clearly erroneous error and canceled by both parties or determined by the Exchange to be clearly erroneous will be removed from the Consolidated Tape. Executions as a result of a Halt Auction under Rule 25040(c) are not eligible for a request to review as clearly erroneous under paragraph (b) of this Rule.
- (b) *Request and Timing of Review.* A BSTX Participant that receives an execution on an order that was submitted erroneously to the Exchange for its own or customer account may request that the Exchange review the transaction under this Rule. An officer of ~~BSTX~~the Exchange or such other employee designee of ~~BSTX~~the Exchange ("Official") shall review the transaction under dispute and determine whether it is clearly erroneous, with a view toward maintaining a fair and orderly market and the protection of investors and the public interest. Such request for review shall be made in writing via e-mail or other electronic means specified from time to time by the Exchange in a circular distributed to BSTX Participants.
- (1) *Requests for Review.* Requests for review must be received by the Exchange within thirty (30) minutes of execution time and shall include information concerning the time of the transaction(s), security symbol(s), number of ~~Securities~~shares, price(s), side (bought or sold), and factual basis for believing that the trade is clearly erroneous. Upon receipt of a timely filed request that satisfies the numerical guidelines set forth in paragraph (c)(1) of this Rule, the counterparty to the trade, if any, shall be notified by the Exchange as soon as

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practicable, but generally within thirty (30) minutes. An Official may request additional supporting written information to aid in the resolution of the matter. If requested, each party to the transaction shall provide any supporting written information as may be reasonably requested by the Official to aid resolution of the matter within thirty (30) minutes of the Official's request. Either party to the disputed trade may request supporting written information provided by the other party on the matter.

(2) *Routed Executions.* Other market centers will generally have an additional thirty (30) minutes from receipt of their participant's timely filing, but no longer than sixty (60) minutes from the time of the execution at issue, to file with the Exchange for review of transactions routed to the Exchange from that away market center and executed on the Exchange.

(c) *Thresholds.* Determinations of whether an execution is clearly erroneous will be made as follows:

(1) Subject to the provisions of paragraph (c)(3) below, a transaction executed during Regular Trading Hours shall be found to be clearly erroneous if the price of the transaction to buy (sell) that is the subject of the complaint is greater than (less than) the Reference Price by an amount that equals or exceeds the Numerical Guidelines set forth below. The Reference Price will be equal to the consolidated last sale immediately prior to the execution(s) under review except for ~~in:~~ (A) Multi-Stock Events involving twenty or more securities, as described in paragraph (c)(2) below; and (B) in other circumstances, such as, for example, relevant news impacting a security or securities, periods of extreme market volatility, sustained illiquidity, or widespread system issues, where use of a different Reference Price is necessary for the maintenance of a fair and orderly market and the protection of investors and the public interest.

Reference Price, Circumstance or Product	Regular Trading Hours Numerical Guidelines (Subject transaction's % difference from the Reference Price):
Greater than \$0.00 up to and including \$25.00	10%
Greater than \$25.00 up to and including \$50.00	5%
Greater than \$50.00	3%
Multi-Stock Event Filings involving five or more, but less than twenty, securities whose executions occurred within a period of five	10%

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minutes or less.	
Multi-Stock Event Filings involving twenty or more securities whose executions occurred within a period of five minutes or less.	30% subject to the terms of paragraph (c)(2) below
Leveraged ETP Securities	Regular Trading Hours Numerical Guidelines multiplied by the leverage multiplier (e.g., 2x)

- (2) Multi-Stock Events Involving Twenty or More Securities. During Multi-Stock Events involving twenty or more securities the number of affected transactions may be such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest. In such circumstances, the Exchange may use a Reference Price other than consolidated last sale. To ensure consistent application across trading centers when this paragraph is invoked, the Exchange will promptly coordinate with the away trading centers to determine the appropriate review period, which may be greater than the period of five minutes or less that triggered application of this paragraph, as well as select one or more specific points in time prior to the transactions in question and use transaction prices at or immediately prior to the one or more specific points in time selected as the Reference Price. The Exchange will nullify as clearly erroneous all transactions that are at prices equal to or greater than 30% away from the Reference Price in each affected security during the review period selected by the Exchange and other markets consistent with this paragraph.
- (3) Additional Factors. ~~An~~Except in the context of a Multi-Stock Event involving five or more securities, an Official may also consider additional factors to determine whether an execution is clearly erroneous, including but not limited to, system malfunctions or disruptions, volume and volatility for the security, derivative securities products that correspond to greater than 100% in the direction of a tracking index, news released for the security, whether trading in the security was recently halted/resumed, whether the security is an initial public offering, whether the security was subject to a stock-split, reorganization, or other corporate action, overall market conditions, validity of the ~~reported~~consolidated tape trades and quotes, consideration of primary market indications, and executions inconsistent with the trading pattern in the stock. Each additional factor shall be considered with a view toward maintaining a fair and orderly market and the protection of investors and the public interest.
- (d) Outlier Transactions. In the case of an Outlier Transaction, an Official may, in his or her sole discretion, and on a case-by-case basis, consider requests received pursuant to paragraph (b) of this Rule after thirty (30) minutes, but not longer than sixty (60) minutes

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after the transaction in question, depending on the facts and circumstances surrounding such request.

- (1) An “Outlier Transaction” means a transaction where the execution price of the security is greater than three times the current Numerical Guidelines set forth in paragraph (c)(1) of this Rule.
 - (2) If the execution price of the security in question is not within the Outlier Transaction parameters set forth in paragraph (d)(1) of this Rule but breaches the 52-week high or 52-week low, the Exchange may consider Additional Factors as outlined in paragraph (c)(~~2~~3), in determining if the transaction qualifies for further review or if the Exchange shall decline to act.
- (e) *Review Procedures*

- (1) *Determination by Official.* Unless both parties to the disputed transaction agree to withdraw the initial request for review, the transaction under dispute shall be reviewed, and a determination shall be rendered by the Official. If the Official determines that the transaction is not clearly erroneous, the Official shall decline to take any action in connection with the completed trade. In the event that the Official determines that the transaction in dispute is clearly erroneous, the Official shall declare the transaction null and void. A determination shall be made generally within thirty (30) minutes of receipt of the complaint, but in no case later than the start of Regular Trading Hours on the following trading day. The parties shall be promptly notified of the determination.
- (2) *Appeals.* If a BSTX Participant affected by a determination made under this Rule so requests within the time permitted below, ~~the Chief Regulatory Officer of BSTX~~a Clearly Erroneous Execution Panel (“CEE Panel”) will review decisions made by the Official under this Rule, including whether a clearly erroneous execution occurred and whether the correct determination was made; provided however that the ~~Chief Regulator Officer of BSTX~~CEE Panel will not review decisions made by an Officer under paragraph (f) of this Rule if such Officer also determines under paragraph (~~f~~d) of this Rule that the number of the affected transactions is such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest, and further provided that with respect to rulings made by the Exchange in conjunction with one or more additional market centers, the number of affected transactions is similarly such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest and, hence, are also non-appealable.
 - i. The CEE Panel will be comprised of the Exchange’s Chief Regulatory Officer (“CRO”), or a designee of the CRO, and representatives from two (2) BSTX Participants.
 - ii. The Exchange shall designate at least ten (10) representatives of BSTX Participants to be called upon to serve on the CEE Panel as needed.

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In no case shall a CEE Panel include a person affiliated with a party to the trade in question. To the extent reasonably possible, the Exchange shall call upon the designated representatives to participate on a CEE Panel on an equally frequent basis.

iii. A request for review on appeal must be made in writing via e-mail or other electronic means specified from time to time by BSTX in a circular distributed to BSTX Participant within thirty (30) minutes after the party making the appeal is given notification of the initial determination being appealed. The ~~Chief Regulatory Officer of BSTX~~CEE Panel shall review the facts and render a decision as soon as practicable, but generally on the same trading day as the execution(s) under review. On requests for appeal received between 3:00 p.m. Eastern Time and the close of trading, a decision will be rendered as soon as practicable, but in no case later than the trading day following the date of the execution under review.

iv. The ~~Chief Regulatory Officer of BSTX~~CEE Panel may overturn or modify an action taken by the Official under this Rule. All determinations by the ~~Chief Regulatory Officer of BSTX~~CEE Panel shall constitute final action by the Exchange on the matter at issue.

v. If the CEE Panel votes to uphold the decision made pursuant to paragraph (e)(1) above, the Exchange will assess a \$500.00 fee against the BSTX Participant(s) who initiated the request for appeal. In addition, in instances where the Exchange, on behalf of a BSTX Participant, requests a determination by another market center that a transaction is clearly erroneous, the Exchange will pass any resulting charges through to the relevant BSTX Participant.

vi. Any determination by an Official or by the ~~Chief Regulatory Officer~~CEE Panel shall be rendered without prejudice as to the rights of the parties to the transaction to submit their dispute to arbitration.

(f) *System Disruption or Malfunctions.* In the event of any disruption or a malfunction in the operation of any electronic communications and trading facilities of BSTX in which the nullification of transactions may be necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest exist, an Officer of ~~BSTX~~the Exchange or other senior level employee designee, on his or her own motion, may review such transactions and declare such transactions arising out of the operation of such facilities during such period null and void. In such events, the Officer of ~~BSTX~~the Exchange or such other senior level employee designee will rely on the provisions of paragraph (c) of this Rule, but in extraordinary circumstances may also use a lower Numerical Guideline if necessary to maintain a fair and orderly market, protect investors and the public interest. Absent extraordinary circumstances, any such action of the Officer of ~~BSTX~~the Exchange or other senior level employee designee pursuant to this paragraph (f) shall be taken within thirty (30) minutes of detection of the erroneous

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transaction. When extraordinary circumstances exist, any such action of the Officer of ~~BSTX~~the Exchange or senior level employee designee must be taken by no later than the start of Regular Trading Hours on the trading day following the date of execution(s) under review. Each BSTX Participant involved in the transaction shall be notified as soon as practicable by BSTX, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above.

- (g) *Officer Acting on Own Motion.* An Officer of ~~BSTX~~the Exchange or senior level employee designee, acting on his or her own motion, may review potentially erroneous executions and declare trades null and void or shall decline to take any action in connection with the completed trade(s). In such events, the Officer of ~~BSTX~~the Exchange or such other senior level employee designee will rely on the provisions of paragraph (c) of this Rule. Absent extraordinary circumstances, any such action of the Officer of ~~BSTX~~the Exchange or other senior level employee designee shall be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the Officer of ~~BSTX~~the Exchange or other senior level employee designee must be taken by no later than the start of Regular Trading Hours on the trading day following the date of execution(s) under review. When such action is taken independently, each party involved in the transaction shall be notified as soon as practicable by BSTX, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above.
- (h) *Securities Subject to Limit Up-Limit Down Plan.* For purposes of this paragraph, the phrase “Limit Up-Limit Down Plan” shall mean the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act. The provisions of paragraphs (a) through (g) above and (i) through (j) below shall govern all Exchange transactions, including transactions in securities subject to the Plan, other than as set forth in this paragraph (h). If as a result of an Exchange technology or systems issue any transaction occurs outside of the applicable price bands disseminated pursuant to the Plan, an Officer of the Exchange or senior level employee designee, acting on his or her own motion or at the request of a third party, shall review and declare any such trades null and void. Absent extraordinary circumstances, any such action of the Officer of the Exchange or other senior level employee designee shall be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the Officer of the Exchange or other senior level employee designee must be taken by no later than the start of Regular Market Hours on the trading day following the date on which the execution(s) under review occurred. Each BSTX Participant involved in the transaction shall be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above. In the event that a single plan processor experiences a technology or systems issue that prevents the dissemination of price bands, the Exchange will make the determination of whether to nullify transactions based on paragraphs (a) through (g) above and (i) through (j) below.
- (i) *Multi-Day Event.* A series of transactions in a particular ~~Security~~security on one or more trading days may be viewed as one event if all such transactions were effected based on

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the same fundamentally incorrect or grossly misinterpreted issuance information resulting in a severe valuation error for all such transactions (the “Event”). An Officer of ~~BSTX~~the Exchange or senior level employee designee, acting on his or her own motion, shall take action to declare all transactions that occurred during the Event null and void not later than the start of trading on the day following the last transaction in the Event. If trading in the ~~Security~~security is halted before the valuation error is corrected, an Officer of ~~BSTX~~the Exchange or senior level employee designee shall take action to declare all transactions that occurred during the Event null and void prior to the resumption of trading. Notwithstanding the foregoing, no action can be taken pursuant to this paragraph with respect to any transactions that have reached settlement date or that result from an initial public offering of a ~~Security~~security. To the extent transactions related to an Event occur on one or more other market centers, the Exchange will promptly coordinate with such other market center(s) to ensure consistent treatment of the transactions related to the Event, if practicable. Any action taken in connection with this paragraph will be taken without regard to the Numerical Guidelines set forth in this Rule. Each BSTX Participant involved in a transaction subject to this paragraph shall be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above.

- (j) *Trading Halts.* In the event of any disruption or malfunction in the operation of the electronic communications and trading facilities of BSTX or the responsible single plan processor in connection with the transmittal or receipt of a regulatory trading halt, suspension or pause, an Officer of ~~BSTX~~the Exchange or senior level employee designee, acting on his or her own motion, shall nullify any transaction in a security that occurs after the primary listing market for such security declares a regulatory trading halt, suspension or pause with respect to such security and before such regulatory trading halt, suspension or pause with respect to such security has officially ended according to the primary listing market. In addition, in the event a regulatory trading halt, suspension or pause is declared, then prematurely lifted in error and is then re-instituted, an Officer of ~~BSTX~~the Exchange or senior level employee designee shall nullify transactions that occur before the official, final end of the halt, suspension or pause according to the primary listing market. Any action taken in connection with this paragraph shall be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction and in no circumstances later than the start of Regular Trading Hours on the trading day following the date of execution(s) under review. Any action taken in connection with this paragraph will be taken without regard to the Numerical Guidelines set forth in this Rule. Each BSTX Participant involved in a transaction subject to this paragraph shall be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above.

25120. Short Sales

- (a) *Marking.* All sell orders entered into the Exchange must be marked long, short, or short exempt.

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- (b) *Definitions.* For purposes of this Rule, the terms “covered security,” “listing market,” and “national best bid” shall have the same meaning as in Rule 201 of Regulation SHO.
- (c) *Short Sale Price Test.* The BSTX System shall not execute or display a short sale order not marked short exempt with respect to a covered security at a price that is less than or equal to the current national best bid if the price of that security decreases by 10% or more, as determined by the listing market for the covered security, from the covered security's closing price on the listing market as of the end of Regular Trading Hours on the prior day (the “Trigger Price”).
- (d) *Determination of Trigger Price.* For covered securities, the BSTX System shall determine whether a transaction in a covered security has occurred at a Trigger Price and shall immediately notify the responsible single plan processor.
- (1) If a covered security did not trade on BSTX on the prior trading day (due to a trading halt, trading suspension, or otherwise), BSTX’s determination of the Trigger Price shall be based on the last sale price on the BSTX System for that ~~Security~~security on the most recent day on which the ~~Security~~security traded.
- (e) *Duration of Short Sale Price Test.* If the Short Sale Price Test is triggered by the listing market with respect to a covered security, the Short Sale Price Test shall remain in effect until the close of trading on the next trading day, as provided for in Regulation SHO Rule 201(b)(1)(ii) (the “Short Sale Period”).
- (1) If the Exchange determines pursuant to Rule 25110 that the Short Sale Price Test for a covered security was triggered because of a clearly erroneous execution, the Exchange may lift the Short Sale Price Test before the Short Sale Period ends for the ~~Securities~~securities for which the Exchange is the listing market or, for ~~Securities~~securities listed on another market, notify the other market of the Exchange’s determination that the triggering transaction was a clearly erroneous execution as soon as practicable following such determination. The Exchange may also lift the Short Sale Price Test before the Short Sale Period ends, for a covered security for which the Exchange is the listing market, if the Exchange has been informed by another exchange or a self-regulatory organization (“SRO”) that a transaction in the covered security that occurred at the Trigger Price was a clearly erroneous execution, as determined by the rules of that exchange or SRO.
 - (2) If the Exchange determines that the prior day’s ~~closing price~~BSTX Official Closing Price for a listed Security is incorrect in the System and resulted in an incorrect determination of the Trigger Price, the Exchange may correct the prior day’s ~~closing price~~BSTX Official Closing Price and lift the Short Sale Price Test before the Short Sale Period ends.

25130. Locking or Crossing Quotations in NMS Stocks

- (a) *Definitions.* For purposes of this Rule 25130, the following definitions shall apply:

- (1) The terms automated quotation, effective national market system plan, intermarket sweep order, manual quotation, NMS stock, protected quotation,

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regular trading hours, and trading center shall have the meanings set forth in Rule 600(b) of Regulation NMS.

- (2) The term crossing quotation shall mean the display of a bid for an NMS stock during regular trading hours at a price that is higher than the price of an offer for such NMS stock previously disseminated pursuant to an effective national market system plan, or the display of an offer for an NMS stock during regular trading hours at a price that is lower than the price of a bid for such NMS stock previously disseminated pursuant to an effective national market system plan.
 - (3) The term locking quotation shall mean the display of a bid for an NMS stock during regular trading hours at a price that equals the price of an offer for such NMS stock previously disseminated pursuant to an effective national market system plan, or the display of an offer for an NMS stock during regular trading hours at a price that equals the price of a bid for such NMS stock previously disseminated pursuant to an effective national market system plan.
- (b) *Prohibition.* Except for quotations that fall within the provisions of paragraph (d) of this Rule, the BSTX System shall not make available for dissemination, and BSTX Participants shall reasonably avoid displaying, and shall not engage in a pattern or practice of displaying, any quotations that lock or cross a protected quotation, ~~and any manual quotations that lock or cross a quotation~~ previously disseminated pursuant to an effective national market system plan.
- (c) *Exceptions.*
- (1) The locking or crossing quotation was displayed at a time when the trading center displaying the locked or crossed quotation was experiencing a failure, material delay, or malfunction of its systems or equipment.
 - (2) The locking or crossing quotation was displayed at a time when a protected bid was higher than a protected offer in the NMS stock.
 - ~~(3) The locking or crossing quotation was an automated quotation, and the BSTX Participant displaying such automated quotation simultaneously routed an intermarket sweep order to execute against the full displayed size of any locked or crossed protected quotation.~~
- (d) The BSTX System will reject any order or quotation that would lock or cross a protected quotation of another exchange at the time of entry.

25140. Clearance and Settlement, Anonymity

- (a) Each BSTX Participant must either (i) be a member of a registered clearing agency that uses a continuous net settlement (“CNS”) system, or (ii) clear transactions executed on

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the Exchange through another [BSTX](#) Participant that is a member of such a registered clearing agency. The Exchange will maintain connectivity and access to the Universal Trade Capture (“UTC”) of the National Securities Clearing Corporation (“NSCC”), a subsidiary of the Depository Trust & Clearing Corporation (“DTCC”), for transmission of executed transactions. If a BSTX Participant clears transactions through another BSTX Participant that is a member of a registered clearing agency (“clearing member”), such clearing member shall affirm to the Exchange in writing, through letter of authorization, letter of guarantee or other agreement acceptable to the Exchange, its agreement to assume responsibility for clearing and settling any and all trades executed by the BSTX Participant designating it as its clearing firm. The rules of any such clearing agency shall govern with respect to the clearance and settlement of any transactions executed by the BSTX Participant on the Exchange.

- (1) Solely at the discretion of the Exchange, a BSTX Participant may clear transactions executed on the Exchange through a non-BSTX Participant that is a member of a foreign clearing agency with which a registered clearing agency has an agreement of mutual recognition, and is permitted to clear transactions of the BSTX Participant in the registered clearing agency’s CNS system.
- (2) Each transaction executed within the BSTX System is executed on a locked-in basis and shall be automatically processed for clearance and settlement.
- (3) The transaction reports produced by the BSTX System will indicate the details of transactions executed in the BSTX System but shall not reveal contra party identities. Except as set forth in paragraph (4) below, transactions executed in the BSTX System will also be cleared and settled anonymously.
- (4) Except as required by any registered clearing agency, the Exchange will reveal the identity of a BSTX Participant or [BSTX](#) Participant’s clearing firm in the following circumstances:
 - i. For regulatory purposes or to comply with an order of a court or arbitrator; or
 - ii. When a registered clearing agency ceases to act for a BSTX Participant or [the](#) BSTX Participant’s clearing firm, and determines no to guarantee the settlement of the BSTX Participant’s trades.

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25200 - Market Making on BSTX**[25200. General Requirements of Market Makers and DMMs](#)**

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(a) No BSTX Participant will act as a Market Maker in any security unless such Market Maker is:

1. Registered as a Market Maker or a DMM in such security by the Exchange pursuant to this Rule 25200 Series; and
2. the Exchange has not suspended or canceled such registration.

Registered Market Makers and DMMs are designated as dealers on the Exchange for all purposes under the Exchange Act and the rules and regulations thereunder.

(b) An applicant for registration as a Market Maker or DMM will file an application in writing on such form as the Exchange may prescribe. Applications will be reviewed by the Exchange, which will consider the applicants's capital, operations, personnel, technical resources, and disciplinary history. After reviewing the application, the Exchange will either approve or disapprove the BSTX Participant's registration as a Market Maker or DMM.

(c) An applicant's registration as a Market Maker or DMM will become effective upon receipt by the BSTX Participant of notice of an approval of registration by the Exchange. In the event that an application is disapproved by the Exchange, the applicant will have an opportunity to be heard upon the specific grounds for the denial, in accordance with the provisions of the Rule 13000 Series.

(d) The registration of a Market Maker or DMM may be suspended or terminated by the Exchange upon a determination of any substantial or continued failure by such Market Maker to engage in dealings in accordance with Rule 25220 and 25240.

~~25200~~25210. Registration as a Non-DMM BSTX Market Maker

Quotations and quotation sizes may be entered into the BSTX System only by a BSTX Participant registered as a BSTX Market Maker or other entity approved by the Exchange to function in a market-making capacity on the BSTX System.

- (a) A BSTX Market Maker may become registered in a Security by entering a registration request via an Exchange-approved electronic interface with the BSTX System or by contacting the BSTX Operations Center. Registration shall become effective on the next trading day after the registration is entered. The Exchange may, in its discretion, provide for a registration to become effective on the day the registration is entered and will provide notice to the prospective BSTX Market Maker in such event.
- (b) A BSTX Market Maker's registration in an issue shall be terminated by the Exchange if the Market Maker fails to enter quotations in the issue within five (5) business days after the Market Maker's registration in the issue becomes effective.

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(c) In considering the approval of the registration of a Market Maker in a security, the Exchange may consider:

1. the financial resources available to the Market Maker;
2. the Market Maker's experience, expertise and past performance in making markets, including the BSTX Market Maker's performance in other securities;
3. the BSTX Market Maker's operational capability;
4. the maintenance and enhancement of competition among BSTX Market Makers in each security in which they are registered;
5. the existence of satisfactory arrangements for clearing the BSTX Market Maker's transactions;
6. the character of the market for the security, e.g., price, volatility, and relative liquidity.

(d) Voluntary Termination of Security Registration. A BSTX Market Maker, other than a DMM, may voluntarily terminate its registration in a security by providing the Exchange with a one-day written notice of such termination. A BSTX Market Maker that fails to give advanced written notice of termination to the Exchange may be subject to formal disciplinary action pursuant to the Rule 24000 Series.

(e) The Exchange may suspend or terminate any registration of a BSTX Market Maker in a security or securities under this Rule whenever, in the Exchange's judgment, the interests of a fair and orderly market are best served by such action.

(f) A BSTX Participant may seek review of any action taken by the Exchange pursuant to this Rule, including the denial of the application for, or the termination or suspension of, a BSTX Market Maker's registration in a security or securities, in accordance with the Rule 13000 Series or, in the case of a disciplinary action, the Rule 12000 Series.

~~25210~~25220. Market Maker Obligations

A BSTX Participant registered as a BSTX Market Maker shall engage in a course of dealings for its own account to assist in the maintenance, insofar as reasonably practicable, of fair and orderly markets in accordance with this Rule.

(a) *Quotation Requirements and Obligations*

(1) A Market Maker shall maintain continuous, two-sided trading interest in those ~~Securities~~securities in which the Market Maker is registered to trade ("Two-Sided Obligation").

- i. Two-Sided Quote Obligation. For each Securitysecurity in which a BSTX Participant is registered as a BSTX Market Maker, the BSTX

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Participant shall be willing to buy and sell such ~~Security~~security for its own account on a continuous basis during Regular Trading Hours and shall enter and maintain a two-sided trading interest (“Two-Sided Obligation”) that is identified to the Exchange as the interest meeting the obligation and is displayed on the BSTX System at all times. Interest eligible to be considered as part of a Market Maker’s Two-Sided Obligation shall have a displayed quotation size of at least one normal unit of trading; provided, however, that a BSTX Market Maker may augment its Two-Sided Obligation size to display limit orders priced at the same price as the Two-Sided Obligation. A “normal unit of trading” shall be one ~~Security~~hundred shares. After an execution against its Two-Sided Obligation, a BSTX Market Maker must ensure that additional trading interest exists on the BSTX Book to satisfy its Two-Sided Obligation either by immediately entering new interest to comply with this obligation to maintain continuous two-sided quotations or identifying to BSTX current resting interest that satisfies the Two-Sided Obligation.

- ii. Pricing Obligations. For ~~Securities~~securities, a BSTX Market Maker shall adhere to the pricing obligations established by this Rule during Regular Trading Hours; provided, however, that such pricing obligations (i) shall not commence during any trading day until after the first regular way transaction on the primary listing market in the ~~Security~~security, as reported by the responsible single plan processor, and (ii) shall be suspended during a trading halt, suspension, or pause, and will not re-commence until after the first regular way transaction on the primary listing market in the ~~Security~~security following such halt, suspension, or pause, as reported by the responsible single plan processor.

- A. Bid (Offer) Quotations. At the time of entry of bid (offer) interest satisfying the Two-Sided Obligation, the price of the bid (offer) interest shall be not more than the Designated Percentage ~~lower (higher) than the~~away from the then current National Best Bid (Offer), or if there is no National Best Bid (Offer), not more than the Designated Percentage away from the last reported sale from the responsible single plan processor. In the event that the National Best Bid(Offer) (or if no National Best Bid (Offer), the last reported sale) increases (decreases) to a level that would cause the bid (offer) interest of the Two-Sided Obligation to be more than the Defined Limit away from the National Best Bid (Offer) (or if no National Best Bid (Offer), the last reported sale), or if the bid (offer) is executed or canceled, the BSTX Market Maker shall enter new bid (offer) interest at a price not more than the Designated Percentage away from the then current National Best Bid (Offer) (or if no National Best Bid (Offer), the last reported sale), or identify to the Exchange current resting interest that satisfies the Two-Sided Obligation.

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- B. ~~For purposes of this Rule, the “Designated Percentage” shall be 30%.~~ The NBB and NBO shall be determined by the Exchange in accordance with its procedures for determining protected quotations under Rule 600 under Regulation NMS.
- C. For purposes of this Rule, the “Designated Percentage” shall be eight (8) percentage points for securities that are included in the S&P 500®, Russell 1000® Index, or a pilot list of Exchange Traded Products; 28% for securities with a price equal to or greater than \$1 per share that are not included in the S&P 500®, Russell 1000® Index, or a pilot list of Exchange Traded Products; and 30% for securities with a price less than \$1 per share that are not included in the S&P 500® Index, Russell 1000® Index, or a pilot list of Exchange Traded Products; except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, the Designated Percentage shall be 20% for securities that are included in the S&P 500®, Russell 1000® Index, or a pilot list of Exchange Traded Products, 28% for securities with a price equal to or greater than \$1 per share that are not included in the S&P 500®, Russell 1000® Index, or a pilot list of Exchange Traded Products, and 30% for securities with a price less than \$1 per share that are not included in the S&P 500® Index, Russell 1000® Index, or a pilot list of Exchange Traded Products. The Designated Percentage for rights and warrants shall be 30%.
- ~~D.~~ For purposes of this Rule, the “Defined Limit” shall be ~~31.5%.~~ 9.5% for securities that are included in the S&P 500®, Russell 1000® Index, or a pilot list of Exchange Traded Products; 29.5% for with a price equal to or greater than \$1 per share that are not included in the S&P 500®, Russell 1000® Index, or a pilot list of Exchange Traded Products; and 31.5% for securities with a price less than \$1 per share that are not included in the S&P 500® Index, Russell 1000® Index, or a pilot list of Exchange Traded Products; except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, the Defined Limit shall be 21.5% for securities that are included in the S&P 500®, Russell 1000® Index, or a pilot list of Exchange Traded Products; 29.5% for securities with a price equal to or greater than \$1 per share that are not included in the S&P 500®, Russell 1000® Index, or a pilot list of Exchange Traded Products; and 31.5% for securities with a price less than \$1 per share that are not included in the S&P 500® Index, Russell 1000® Index, or a pilot list of Exchange Traded Products.
- ~~E.~~ The minimum quotation increment for quotations ~~of \$1.00 or above in all securities~~ shall be \$0.01. The minimum quotation

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increment in the System for quotations below \$1.00 in securities shall be \$0.0001.

- iii. Nothing in this Rule shall preclude a BSTX Market Maker from entering trading interest at price levels that are closer to the National Best Bid (Offer) in the marketplace than the levels required by this Rule.
- (2) A Market Maker shall maintain adequate minimum capital in accordance with the provisions of Rule 15c3-1 under the Securities Exchange Act of 1934;
- (3) A Market Maker shall remain in ~~Good Standing~~good standing with the Exchange;
- (4) A Market Maker shall inform the Exchange of any material change in financial or operational condition or in personnel.
- (5) A Market Maker shall clear and settle transactions through the facilities of a registered clearing agency. This requirement may be satisfied by direct participation, use of direct clearing services, or by entry into a correspondent clearing arrangement with another BSTX Participant that clears trades through such agency.
- (6) *Firm Quotations.* All interests to buy and sell entered into the BSTX System by BSTX Market Makers are firm and automatically executable for their size in the BSTX System by all BSTX Participants.
- (b) A Market Maker must satisfy the responsibilities and duties as set forth in paragraph (a) of this Rule during the ~~Core~~Regular Trading Hours on all days in which the Exchange is open for business.
- (c) If the Exchange finds any substantial or continued failure by a BSTX Market Maker to engage in a course of dealings as specified in paragraph (a) of this Rule, such BSTX Market Maker will be subject to disciplinary action or suspension or revocation of the registration by the Exchange in one or more of the Securities in which the BSTX Market Maker is registered. Nothing in this Rule will limit any other power of the Board of Directors under the Bylaws, Rules, or procedures of the Exchange with respect to the registration of a BSTX Market Maker or in respect to any violation by a BSTX Market Maker of the provisions of this Rule. In accordance with the Rule 13000 Series, a BSTX Participant may seek review of actions taken by the Exchange pursuant to this Rule.
- (d) *Temporary Withdrawal.* A BSTX Market Maker, other than a DMM, may apply to the Exchange to withdraw temporarily from its BSTX Market Maker status in the Security in which it is registered. The BSTX Market Maker must base its request on demonstrated legal or regulatory requirements that necessitate its temporary withdrawal, or provide the Exchange an opinion of counsel certifying that such legal or regulatory basis exists. The Exchange will act promptly on such request and, if the request is granted, the Exchange may temporarily reassign the Security to another BSTX Market Maker.

25230. Obligations of Market Maker Authorized Traders (“MMATs”)

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- (a) General. MMATs are permitted to enter orders only for the account of the Market Maker or DMM for which they are registered.
- (b) Registration of Market Maker Authorized Traders. The Exchange may, upon receiving an application in writing from a BSTX Market Maker or DMM on a form prescribed by the Exchange, register a person as a MMAT.
- (1) MMATs may be officers, partners, employees or other associated persons of a BSTX Participant that are registered with the Exchange as Market Makers.
 - (2) To be eligible for registration as a MMAT, a person must successfully complete the Securities Trader Examination (Series 57) and complete any other training and/or certification program as may be required by the Exchange; provided, however, the requirement to complete the Series 57 Examination may be waived by the Exchange if the applicant MMAT has served as a dealer-specialist or market maker on a registered national securities exchange or association for at least two consecutive years within three years of the date of application.
 - (3) The Exchange may require a Market Maker or DMM to provide additional information the Exchange considers necessary to establish whether registration should be granted.
 - (4) The Exchange may grant a person conditional registration as a MMAT subject to any conditions it considers appropriate in the interests of maintaining a fair and orderly market.
 - (5) A BSTX Market Maker or DMM must ensure that a MMAT is properly qualified to perform market making activities, including but not limited to ensuring the MMAT has met the requirements set forth in paragraph (b)(2) of this Rule.
- (c) Suspension or Withdrawal of Registration.
- (1) The Exchange may suspend or withdraw the registration previously given to a person to be a MMAT if the Exchange determines that:
 - i. the person has caused the BSTX Market Maker or DMM to fail to comply with the securities laws, rules and regulations or the Rules and procedures of the Exchange;
 - ii. the person is not properly performing the responsibilities of a MMAT;
 - iii. the person has failed to meet the conditions set forth under paragraph (b) above; or
 - iv. the Exchange believes it is in the interest of maintaining fair and orderly markets.
 - (2) If the Exchange suspends the registration of a person as a MMAT, the Market Maker or DMM must not allow the person to submit orders into the Exchange.

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(3) The registration of a MMAT will be withdrawn upon the written request of the BSTX Participant for which the MMAT is registered. Such written request will be submitted on the form prescribed by the Exchange.

~~25220~~25240. Registration and Obligations of Designated Market Makers

- (a) *General.* BSTX-listed Securities may be assigned to a Designated Market Maker (“DMM”) and there will be no more than one DMM per BSTX-listed Security.
- (b) *Registration.* A Participant must be registered as a Market Maker and approved as a DMM to be eligible to receive an allocation as a DMM under Rule ~~25230~~25250.
- (1) Reserved.
 - (2) BSTX Market Makers must file an application in writing in such form as required by the Exchange to be considered eligible to receive an allocation as a DMM. In reviewing an application, the Exchange may consider the BSTX Market Maker’s market making ability, capital available for market making, and such other factors as the Exchange deems appropriate, including those set forth in Rules ~~25230~~25250(f) and ~~25240~~25260. After reviewing the application, the Exchange will either approve or disapprove the applicant BSTX Market Maker’s registration as a DMM.
 - (3) A BSTX Participant registered as a DMM in a Security may also be registered as a Market Maker in such Security pursuant to Rule 25200 only if such BSTX Participant maintains information barriers between the trading unit operating as a DMM and the trading unit operating as a BSTX Market Maker in the same Security.
 - (4) A DMM may apply to withdraw temporarily from its DMM status in one or more assigned Securities. The DMM must base its request on demonstrated legal or regulatory requirements that necessitate its temporary withdrawal, or provide the Exchange an opinion of counsel certifying that such legal or regulatory basis exists. The Exchange will act promptly on such request and, if the request is granted, the Exchange may temporarily reassign the Security or Securities to another DMM. The DMM temporarily assigned such Security or Securities will be subject to the obligations set forth in paragraph (c) of this Rule when acting as a temporary DMM in such Security or Securities. The Exchange is not required to assign a DMM if the Security has an adequate number of BSTX Market Makers assigned to such Security.
 - (5) A DMM may not be registered in a Security of an issuer, or a partner or subsidiary thereof, if such entity is an approved person or affiliate of the DMM.

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(c) *DMM Obligations.* In addition to meeting the obligations set forth in Rule ~~25210~~25220 DMMs must maintain a bid or an offer at the National Best Bid and National Best and Offer (“inside”) at least 25% of the day as measured across all BSTX-listed Securities that have been assigned to the DMM. Time at the inside is calculated as the average of the percentage of time the DMM unit has a bid or offer at the inside.

~~25230~~25250. DMM Security Allocation and Reallocation

(a) *Eligibility for Security Allocation and Reallocation.*

(1) Reserved.

(2) A Security may be allocated to a DMM when such Security:

- i. is initially listed on BSTX;
- ii. must be reassigned under this Rule; or
- iii. when a Security is currently listed without a DMM assigned.

(3) A DMM’s eligibility to participate in the allocation process is determined at the time the interview is scheduled by the Exchange.

(4) A DMM is eligible to participate in the allocation process of a listed Security if the DMM meets the quoting requirements specified in Rule ~~25220~~25240(c) (“DMM obligations”).

- i. If a DMM fails to meet the DMM obligations for a one-month period, the Exchange will issue an initial warning to the DMM advising it of the poor performance. The DMM must provide a written explanation and articulation of corrective action.
- ii. If the DMM fails to meet the DMM obligations for a second consecutive month, the DMM will be ineligible to participate in the allocation process for a minimum of two months following the second consecutive month of its failure to meet its quoting requirement (“Penalty Period”). The DMM must satisfy the DMM obligations for the two consecutive months of the Penalty Period.
- iii. If a DMM fails to meet the DMM obligations for the two consecutive months of the Penalty Period, the DMM will remain ineligible to participate in the allocation process until it has met DMM obligations for a consecutive two-calendar month period.

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- iv. The Exchange will review each DMM's trading on a monthly basis to determine whether the DMM has satisfied its DMM obligations.

(b) *Allocation Process.* The issuer may select its DMM directly, delegate the authority to the Exchange to select its DMM, or opt to proceed with listing without a DMM, in which case a minimum of ~~three~~four non-DMM Market Makers must be assigned to its Security consistent with Rule 26106. After the Exchange provides written notice to DMMs that the issuer is listing on BSTX, no individual associated with a DMM may contact such issuer, or the Exchange if applicable, until the allocation is made, except as otherwise provided below.

(1) Issuer Selection of DMM Unit by Interview

- i. The issuer may select multiple DMMs to interview from the pool of DMMs eligible to participate in the allocation process.
- ii. Interview Between the Issuer and DMMs
 - A. DMMs selected for an interview may provide material to the Exchange, which will be given to the issuer prior to the scheduled interview. Such material may include a corporate overview of the DMM. DMMs are prohibited from giving issuers information about other DMMs or any additional market performance data.
 - B. Within five business days after the issuer selects the eligible DMMs to be interviewed (unless the Exchange has determined to permit a longer time period in a particular case), the issuer will meet with representatives of each of the DMMs. At least one representative of the listing company must be a senior official of the rank of Corporate Secretary or above of that company, or a designee of such senior official. In the case of the listing of a structured product, a senior officer of the issuer may be present in lieu of the Corporate Secretary. Representatives of each eligible DMM must participate in the meeting. Meetings will normally be held at the Exchange, unless the Exchange has agreed that they may be held elsewhere.
 - C. Teleconference meetings will be permitted at the request of issuers in compelling circumstances.
 - D. Following its interview, a DMM may not have any contact with an issuer. If an issuer has a follow-up question regarding any DMM(s) it interviewed, it must be conveyed to the Exchange. The Exchange will contact the DMM(s) to which the question pertains and will provide any available information received from the

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DMM(s) to the listing company.

- E. Within two business days of the issuer's interviews with the DMMs, the issuer will select its DMM in writing, signed by a senior official of the rank of Corporate Secretary or higher, or in the case of a structured product listing, a senior officer of the issuer, duly authorized to so act on behalf of the company. The Exchange will then confirm the allocation of the Security to that DMM, at which time the Security will be deemed to have been so allocated. An issuer may request an extension from the Exchange if the issuer is unable to complete its selection within the specified period.

(2) Exchange Selection of DMM by Delegation

- i. If the issuer delegates authority to the Exchange to select its DMM, an Exchange Selection Panel ("ESP") will be convened to select a DMM. The ESP will consist of three Exchange employees designated by the CEO of the Exchange. Such issuer may choose to submit a letter to the ESP indicating its preference and supporting justification for a particular DMM. The ESP may consider such letter in performing its duty to select a DMM for the issuer. The ESP may also interview one or more individuals associated with a DMM.
- ii. The ESP will select the DMM and inform the issuer of its selection.

- (3) The DMM selected to receive the Security allocation will be required to remain the assigned DMM for one year from the date that the issuer begins trading on BSTX. ~~The Exchange may shorten such period upon compelling circumstances.~~

- (4) *Spin-Off or Related Company.* If a listing company is a spin-off of or a company related to a listed company, the listing company may remain with the DMM registered in the related listed company or be allocated through the allocation process under paragraph (b) of this Rule. The Exchange will honor a request by a spin-off company or company related to a listed company to have its DMM selected by the Exchange under paragraph (b)(2) of this Rule instead of being allocated to the DMM that is its listed company's DMM. A DMM that is ineligible to receive a new allocation due to its failure to meet the DMM obligations will remain eligible to receive the spin-off and listing of related companies.

- (5) *Warrants.* A warrant issued by a listed company and traded on BSTX is allocated to the DMM registered in the underlying Security of the listed company. Upon request by the issuer, the warrant may be allocated through the allocation process

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under paragraph (b) of this Rule.

- (6) *Rights*. Rights traded on BSTX are not subject to the provisions of this Rule and are assigned, when issued, to a DMM by the Exchange.
- (7) *Relistings*. Relistings are treated as new listings and may be allocated through the allocation process under paragraph (b) of this Rule. If the relisting chooses to have its DMM selected by the Exchange under paragraph (b)(2) of this Rule and requests not to be allocated to its former DMM, such request will be honored. A DMM that is ineligible to receive a new allocation due to its failure to meet the DMM obligations will remain eligible to receive an allocation under this paragraph.
- (8) *Equity Security listing after Preferred Security*. When a company applies to list an issue of equity Securities after having listed a preferred issue, the equity Security is referred for allocation through the allocation process under paragraph (b) of this Rule. A DMM that is ineligible to receive a new allocation due to its failure to meet the DMM obligations will remain eligible to receive an allocation under this paragraph.
- (9) *Listed Company Mergers*. When two Exchange-listed companies merge, the merged company may select one of the DMMs trading the merging companies without the Security being referred for reallocation, or it may request that the matter be referred for allocation through the allocation process under paragraph (b) of this Rule. A DMM that is ineligible to receive a new allocation due to its failure to meet the DMM obligations will remain eligible to be selected pursuant to this paragraph in its capacity as the DMM for one of the two pre-merger companies, but will not be eligible to participate in the allocation process if the post-merger listed company requests that the matter be referred for allocation through the allocation process under paragraph (b) of this Rule.
 - i. If the merging company chooses to have its DMM selected by the Exchange under paragraph (b)(2) of this Rule, the company may not request that the Exchange not allocate the Security to one of the DMMs trading the merging company. A DMM that is ineligible to receive a new allocation due to its failure to meet the DMM obligations will remain eligible to receive an allocation under this paragraph.
 - ii. In situations involving the merger of a listed company and an unlisted company, the merged company may choose to remain registered with the DMM that had traded the listed company entity in the merger, or it may request that the matter be referred for allocation through the allocation process under paragraph (b) of this Rule. A DMM that is ineligible to receive a new allocation due to its failure to meet the DMM obligations will remain eligible to be selected pursuant to this paragraph in

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its capacity as the DMM for the pre-merger listed company, but will not be eligible to participate in the allocation process if the post-merger listed company requests that the matter be referred for allocation through the allocation process pursuant to paragraph (b) of this Rule.

- iii. If the unlisted company chooses to have its DMM selected by the Exchange pursuant to paragraph (b)(2) of this Rule, the company may not request that the Exchange exclude from consideration the DMM that had traded the listed company. A DMM that is ineligible to receive a new allocation due to its failure to meet the DMM obligations will remain eligible to receive an allocation under this paragraph.

(10) *Target Security.*

- i. If a tracking (“target”) Security (or Securities) is issued by a listed company, the listed company may choose to have its newly-issued tracking Security (or Securities) stay with the DMM registered in the listed company that issued the tracking Security (or Securities) or be referred for allocation through the allocation process under paragraph (b) of this Rule. A DMM that is ineligible to receive a new allocation due to its failure to meet the DMM obligations will remain eligible to receive an allocation under this paragraph.
- ii. If the listed company chooses to have the DMM of the tracking Security (or Securities) selected by the Exchange pursuant to paragraph (b)(2) of this rule, the DMM registered in such Security prior to a separate listing will remain registered in such Security after its separate listing, unless the listing company requests that the matter be referred for allocation through the allocation process under paragraph (b) of this Rule. In such a case, the Exchange will honor the company’s request not to be allocated to the DMM that had traded the target Security. A DMM that is ineligible to receive a new allocation due to its failure to meet the DMM obligations will remain eligible to receive an allocation under this paragraph.

(11) *Closed-End Management Investment Companies (“Funds”).* Funds listing on BSTX will be subject to the allocation process under paragraph (b) of this Rule. If the issuer of an initial Fund lists additional funds within nine months from the date of its initial listing, the issuer may choose to maintain the same DMM for those subsequently listed funds or it may select a different DMM from the group of eligible DMMs that the issuer interviewed or reviewed in the allocation process for its initial fund. The fund may also delegate the selection of its DMM to the Exchange if it so chooses under paragraph (b)(2) of this Rule.

- i. If a DMM is ineligible from participating in an allocation at the

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time of a subsequent new Fund listing (within the designated nine-month period), that DMM will not be included for consideration for subsequent listings.

- ii. In any case where all the Funds in a group of closed-end management investment companies are being listed concurrently with a common investment adviser or investment advisers who are “affiliated persons” pursuant to the alternate criteria in Rule 26000 Series of the BSTX Listing Guide (for groups where one or more Funds do not meet the ordinary requirement for public market value of \$~~16,000,000~~ 15,000,000), the entire group should be allocated to one DMM, unless there are factors, such as the number of funds in the group, the types of funds, or the relative values of the funds, that the Exchange believes make allocation to more than one DMM appropriate.

(c) Reallocation Process.

- (1) A listed company may file with the Corporate Secretary of the Exchange a written notice (the “Issuer Notice”), signed by the company’s chief executive officer, that it wishes to request a change of DMM. The Issuer Notice will indicate the specific issues prompting this request. The Corporate Secretary will provide copies of the Issuer Notice to the DMM currently registered in the Security and the Exchange’s staff.

- i. Exchange staff will review the Issuer Notice and any DMM response and may request a review of the matter by the Exchange’s Regulatory Oversight Committee. No change of DMM may occur until Exchange staff makes a final determination that it is appropriate to permit such change. In making such determination, Exchange staff may consider all relevant regulatory issues, including without limitation whether the requested change appears to be in aid or furtherance of conduct that is illegal or violates Exchange rules, or in retaliation for a refusal by a DMM to engage in conduct that is illegal or violates Exchange rules. Notwithstanding Exchange staff review of any matter raised during the process described herein, the Exchange may at any time take any regulatory action that it may determine to be warranted.
- ii. At the completion of the Exchange staff review, the Security will be put up for allocation under paragraph (b) of this Rule.
- iii. No negative inference for allocation or regulatory purposes is to be made against a subject DMM in the event that a DMM is changed under paragraph (c) of this Rule. Similarly, the DMM will not be afforded preferential treatment in subsequent allocations as a result of a change pursuant to such provision.

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- (2) In any instance where a DMM's performance in a particular market situation was, in the judgment of the Exchange, so egregiously deficient as to call into question the Exchange's integrity or impair the Exchange's reputation for maintaining an efficient, fair, and orderly market, the CEO or his or her designee may immediately initiate a reallocation proceeding upon written notice to the DMM and the issuer specifying the reasons for the initiation of the proceeding.
- i. Following this decision, if the CEO or his or her designee makes a final determination that a Security should be referred for reallocation, the CEO or his or her designee will, in his or her expert business judgment, be responsible for reallocating the Security to one of the remaining DMMs eligible for allocation.
 - ii. The CEO or his or her designee will then make a final determination as to which one or more of the DMM's Security (or Securities) will be referred for reallocation. All determinations made by the CEO or his or her designee will be communicated in writing to the DMM, with a statement of the reasons for such determinations.
 - iii. A decision by the Exchange that one or more Securities should be reallocated will be final, subject to the DMM's right to have such decision reviewed by the Exchange's Board of Directors.
 - iv. In the event that a DMM asserts its right to review, no reallocation may occur until the Board of Directors completes its review.

(d) *Allocation Freeze Policy*. If a DMM:

- (1) loses its registration as a DMM in a Security as a result of proceedings under the Rule 12000 or 13000 Series as applicable;
- (2) or voluntarily withdraws its registration in a Security assigned to it as a result of possible proceedings under those rules, the DMM will be ineligible to apply for future allocations for the six month period immediately following the reassignment of the Security ("Allocation Prohibition").
 - i. Following the Allocation Prohibition, a second six-month period will begin during which a DMM may participate in the allocation process under Rule 25230(b), if Exchange staff determines that such DMM may participate in such allocation process. In making this determination, Exchange staff will consider the DMM's particular situation and may consider whether the DMM has taken one or more steps:
 - A. supplying additional manpower/experience;

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- B. making changes in professional staff;
 - C. attaining appropriate dealer participation;
 - D. enhancing back-office staff; and
 - E. implementing more stringent supervision/new procedures.
- (e) *Allocation Sunset Policy.* Allocation decisions will remain effective with respect to any initial public offering listing company that lists on BSTX within 18 months of such decision. In situations in which the selected DMM merges or is involved in a combination within the 18-month period, the company may choose whether to stay with the selected DMM, or be referred to allocation. If a listing company does not list within 18 months, the matter will be referred for allocation through the allocation process under paragraph (b) of this Rule.
- (f) Criteria for applicants that are not currently DMMs to be eligible to be allocated a Security as a DMM.
- (1) Since an entity seeking to enter the DMM business does not have a history directly comparable to that of existing DMMs, the Exchange considers the following criteria with respect to such Participants.
 - i. The proposed DMM must demonstrate that it understands the DMM business, including the needs of issuers.
 - ii. The proposed DMM must demonstrate an ability and willingness to trade as necessary to maintain fair and orderly markets. If the proposed DMM or any of its participants is currently a DMM or market maker on any exchange, performance during the prior 12 months, as evidenced by available data maintained by such exchange that evaluates the quality of performance of the unit or its participants as a DMM or market maker on such exchange, will be considered by the Exchange.
 - iii. Other factors that will be considered by the Exchange include any action taken or warning issued within the past 12 months by any regulatory or self-regulatory organization against the unit or any of its participants with respect to any capital or operational problem, or any regulatory or disciplinary matter.

2524025260. DMM Combination Review Policy

- (a) No DMM will complete a “proposed combination” (as defined below in paragraph (b) of this rule) with one or more other DMMs unless the combination has been approved by the Exchange.

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(b) For purposes of this rule, a “proposed combination” means:

- (1) a transaction in which two or more DMMs agree to merge or otherwise combine their businesses, with the result that the total number of existing independent DMMs will be reduced;
- (2) two or more DMMs agree to combine their businesses with the result that the existing number of DMMs will not be reduced, but one or more of the surviving units is substantially reduced in size; or
- (3) a DMM merges or otherwise combines with a non-DMM business resulting in a change of control of the existing DMM.

(c) Proponents of a DMM combination must make a written submission to the Office of the Corporate Secretary of the Exchange, discussing all the factors for review pursuant to subparagraph (d) below. The written submission should also address and discuss:

- (1) performance in any securities, including Securities, received through previous combinations or transfers of registrations during the preceding two years;
- (2) whether the proposed combined DMM will have a real-time surveillance system that monitors DMM trading and uses exception alerts to detect unusual trades or trading patterns;
- (3) whether the proposed combined DMM will have disaster recovery facilities for its computer network and software; and
- (4) whether the combined DMM will designate a senior staff member to be responsible for reviewing DMM performance data, with specific procedures for correcting any deficiencies identified.

(d) The Exchange will consider the following criteria in its review of a proposed combination:

- (1) the ability of the DMM resulting from the transaction to comply with Exchange rules, including Rules ~~25210 and~~ 25220 [and 25240](#);
- (2) whether the proposed combination minimizes both the potential for financial failure and the negative consequences of any such failure on the DMM system as a whole;
- (3) whether the proposed combination maintains or increases operational efficiencies;
- (4) the surviving DMM’s commitment to the BSTX market, including but not limited

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to whether the constituent DMM:

- i. works to support, strengthen and advance BSTX, its market and its competitiveness in relation to other markets;
 - ii. participates upon request in BSTX's marketing seminars, sales calls and other marketing initiatives seeking to attract order flow and new listings;
 - iii. accepts innovations in order-routing and other trade-support systems and willingness to make optimal use of the systems once they become fully operational;
 - iv. engages in efforts to streamline the efficiency of its own operations and its competitive posture;
 - v. The effect of the proposed combination on overall concentration of DMMs; and
- (e) Where a proposed combination involves an organization that is not a DMM, consideration will entail an assessment of whether the organization will work to support, strengthen and advance BSTX, and its competitiveness in relation to other markets.
- (f) The Exchange will approve or disapprove a proposed combination within 10 business days based on its assessment of the criteria pursuant to subparagraph (d) above and, in the case of a proposed combination involving a non-DMM, its assessment of the additional criterion pursuant to subparagraph (e) above. The Exchange reserves the right to extend its review process if the information submitted by the proponents of the DMM combination is inadequate or requires additional time to review to enable the Exchange to reach a decision.
- (1) The Exchange will approve a proposed combination if the proposed combination satisfies the criteria set forth in paragraph (d) of this Rule, and if the Exchange determines that the proposed combination would:
- i. not create or foster concentration in the DMM business detrimental to the Exchange and its markets;
 - ii. foster competition among DMMs; and
 - iii. enhance the performance of the constituent DMM and the quality of the markets in the Securities involved.
- (g) The Exchange may condition its approval upon compliance by the resulting DMM with any steps the Exchange may specify to address any concerns it may have in regard to

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considerations of the above criteria.

- (h) In any instance where the Exchange does not approve a proposed DMM combination, the proponents of such proposed combination have a right to have such decision reviewed by the Exchange's Board of Directors.

26000 – BSTX Listing Rules Other Than for Exchange Traded Products**26000. Definitions**

- (a) With respect to these BSTX Listing Standards, the following terms shall have the meanings specified in this Rule 26000. A term defined elsewhere in these Rules shall have the same meaning with respect to this Rule 26000 Series, unless otherwise defined below.
- (1) The term “BSTX Listing Standards” ~~of~~ for “BSTX Listing Requirements” refer to the Exchange's Rules, policies, and any supplemental material governing the listing of Securities on BSTX.
 - (2) The term “Covered Security” means a security described in Section 18(b) of the Securities Act of 1933.
 - (3) The term “Initial Security Offering” means the public offering of a company's equity Security ~~where~~ with such security being the company's Primary Equity Security.
 - (4) The terms “public distribution” and “public ~~Security holders~~ shareholders” as used herein include both shareholders of record and beneficial holders, but are exclusive of the holdings of officers, directors, controlling shareholders and other concentrated (i.e. 10% or greater), affiliated or family holdings.
 - (5) The term “Primary Equity Security” means a company's first class of common stock, equity ~~Securities, Ordinary Shares, Shares or Certifications of Beneficial Interest of Trust, Limited Partnership Interests~~ securities, ordinary shares, shares or certifications of beneficial interest of trust, limited partnership interests, or American ~~Depository Receipts~~ depository receipts (“ADRs”) or ~~Shares~~ shares (“~~ADRs~~ ADSs”).
 - (6) The term “Round Lot” means 100 ~~Securities of~~ shares of a particular issuer.
 - (7) The ~~term~~ terms “shareholder” ~~means~~ or “holder” or “security holder” ~~mean~~ a record owner or beneficial owner of a security, including a Security.

26101. General

The approval of an application for the listing of a ~~Security~~ security for trading on BSTX is a matter solely within the discretion of the Exchange. The Exchange has established certain minimum numerical standards, set forth below. The fact that an applicant may meet the Exchange's numerical standards does not necessarily mean that its application will be approved. Other factors which will also be considered include, but are not limited

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to, the nature of an issuer's business, the market for its products, its regulatory history, its past corporate governance activities, the reputation of its management, its historical record and pattern of growth, its financial integrity (including, but not limited to, any filing for protection under any provision of the federal bankruptcy laws or comparable foreign laws, the issuance by an issuer's independent accountants of a disclaimer opinion on financial statements required to be audited, or failure to provide a required certification along with financial statements), its demonstrated earning power and its future outlook.

For an Initial Security Offering on BSTX, a company's ~~Security~~security must meet the following requirements:

(a) Initial Listing Standard 1

- (1) Size—~~Security holder's~~Shareholder's equity of at least \$4,000,000.
- (2) Income—Pre-tax income from continuing operations of at least \$750,000 in its last fiscal year (with operating history of at least one year), or in two of its last three fiscal years.
- (3) Distribution— Meet the standard in Rule 26102(a).
- (4) Aggregate Market Value of Publicly Held ~~Securities~~Shares – ~~\$3,000,000~~5,000,000.
- (5) ~~Security~~Share Price/Market Value of ~~Securities~~Shares Publicly Held—See Rule 26102(b).

(b) Initial Listing Standard 2

- (1) History of Operations—Two years of operations.
- (2) Size—~~Security holder's~~Shareholder's equity of at least \$5,000,000.
- (3) Distribution— Meet the standard in Rule 26102(a).
- (4) Aggregate Market Value of Publicly Held ~~Securities~~Shares—\$15,000,000.
- (5) ~~Security~~Share Price/Market Value of ~~Securities~~Shares Publicly Held—See Rule 26102(b).

(c) Initial Listing Standard 3

- (1) Size—~~Security holder's~~Shareholder's equity of at least \$4,000,000.
- (2) Total Value of Market Capitalization—\$50,000,000 for the prior 90 consecutive days.
- (3) Aggregate Market Value of Publicly Held ~~Securities~~Shares—\$15,000,000.
- (4) Distribution— Meet the standard in Rule 26102(a).
- (5) ~~Security~~Share Price/Market Value of ~~Securities~~Shares Publicly Held—See Rule 26102(b).

(d) Initial Listing Standard 4

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- (1) Total Value of Market Capitalization—\$75,000,000; ~~or Total assets and total revenue—\$75,000,000 each in its last fiscal year, or in two of its last three fiscal years~~ for the prior 90 consecutive days.
 - (2) Aggregate Market Value of Publicly Held ~~Securities~~Shares—\$20,000,000.
 - (3) Distribution— Meet the standard in Rule 26102(a).
 - (4) ~~Security~~Share Price/Market Value of ~~Securities~~Shares Publicly Held—See Rule 26102(b).
- (e) For purposes of this Rule 26101(e), a “Reverse Merger” means any transaction whereby an operating company becomes an Exchange Act reporting company by combining directly or indirectly with a shell company which is an Exchange Act reporting company, whether through a reverse merger, exchange offer, or otherwise. However, a Reverse Merger does not include the acquisition of an operating company by a listed company which qualified for initial listing under Rule 26119. In determining whether a company is a shell company, the Exchange will consider, among other factors: whether the Company is considered a “shell company” as defined in Rule 12b-2 under the Exchange Act; what percentage of the company’s assets are active versus passive; whether the company generates revenues, and if so, whether the revenues are passively or actively generated; whether the company’s expenses are reasonably related to the revenues being generated; how many employees work in the company’s revenue-generating business operations; how long the company has been without material business operations; and whether the company has publicly announced a plan to begin operating activities or generate revenues, including through a near-term acquisition or transaction. In order to qualify for initial listing, a company that is formed by a Reverse Merger (a “Reverse Merger Company”) must comply with one of the initial listing standards set forth in Rules 26101 (a)—(d) and the applicable requirements of Rule 26102. In addition to satisfying all of the Exchange’s other initial listing requirements, a Reverse Merger Company shall be eligible to submit an application for initial listing only if the combined entity has, immediately preceding the filing of the initial listing application:
- (1) traded for at least one year in the U.S. over-the-counter market, on another national securities exchange or on a regulated foreign exchange following the consummation of the Reverse Merger and (i) in the case of a domestic issuer, has filed with the Commission a Form 8-K containing all of the information required by Item 2.01(f) of Form 8-K, including all required audited financial statements, after the consummation of the Reverse Merger, or (ii) in the case of a foreign private issuer, has filed all of the information described in (i) above on Form 20-F;
 - (2) maintained a closing security price equal to the ~~Security~~security price requirement applicable to the initial listing standard under which the Reverse Merger Company is qualifying to list for a sustained period of time, but in no event for less than 30 of the most recent 60 trading days prior to the filing of the initial listing application; and
 - (3) filed with the Commission all required reports since the consummation of the

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Reverse Merger, including the filing of at least one annual report containing all required audited financial statements for a full fiscal year commencing on a date after the date of filing with the Commission of the filing described in (1) above.

In addition, in order to qualify for listing, a Reverse Merger Company must have timely filed all required reports for the most recent 12-month period prior to the listing date.

In addition, a Reverse Merger Company will be required to maintain a closing [security](#) price equal to the ~~Security~~[security](#) price requirement applicable to the initial listing standard under which the Reverse Merger Company is qualifying to list for a sustained period of time, but in no event for less than 30 of the most recent 60 trading days prior to the date of the Reverse Merger Company's listing.

The Exchange may in its discretion impose more stringent requirements than those set forth above if the Exchange believes it is warranted in the case of a particular Reverse Merger Company based on, among other things, an inactive trading market in the Reverse Merger Company's securities, the existence of a low number of publicly held shares that are not subject to transfer restrictions, if the Reverse Merger Company has not had a Securities Act registration statement or other filing subjected to a comprehensive review by the Commission, or if the Reverse Merger Company has disclosed that it has material weaknesses in its internal controls which have been identified by management and/or the Reverse Merger Company's independent auditor and has not yet implemented an appropriate corrective action plan.

A Reverse Merger Company will not be subject to the requirements of this Rule 26101(e) if it is listing in connection with a firm commitment underwritten public offering where the proceeds to the Reverse Merger Company will be at least \$40,000,000 and the offering is occurring subsequent to or concurrently with the Reverse Merger. In addition, a Reverse Merger Company will not be subject to the requirement of this Rule 26101(e) that it must maintain a closing [security](#) price equal to the ~~Security~~[security](#) price requirement applicable to the initial listing standard under which the Reverse Merger Company is qualifying to list for at least 30 of the most recent 60 days prior to each of the filing of the initial listing application and the date of the Reverse Merger Company's listing, if it has satisfied the one-year trading requirement contained in paragraph (1) above and has filed at least four annual reports with the Commission which each contain all required audited financial statements for a full fiscal year commencing after filing the information described in paragraph (1) above. However, such companies will be required to (i) comply with the applicable [security](#) price requirement of Rule 26102(b) at the time of each of the filing of the initial listing application and the date of the Reverse Merger Company's listing and (ii) not be delinquent in their filing obligations with the Commission. In either of the cases described in this paragraph, the Reverse Merger Company will only need to meet the requirements of one of the financial initial listing standards in Rule 26101(a) in addition to all other applicable non-financial listing standard requirements, including, without limitation, the requirements of Rules 26102(a) and 26102(b) and the applicable corporate governance requirements of the Rule 26800 Series.

(f) Reserved.

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- (g) Closed-End Management Investment Companies—The Exchange will generally authorize the listing of a closed-end management investment company registered under the Investment Company Act of 1940 (a “Closed-End Fund”) that meets the following criteria:
- (1) Size—market value of publicly held ~~Securities or net assets~~shares of at least ~~\$20,000,000~~50,000,000 for the prior 90 consecutive days; or
 - (2) A Closed-End Fund which is part of a group of Closed-End Funds which are or will be listed on BSTX, and which are managed by a common investment adviser or investment advisers who are “affiliated persons” as defined in Section 2(a)(3) of the Investment Company Act of 1940 as amended (the “Group”), is subject to the following criteria:
 - i. The Group has a total market value of publicly held ~~Securities or net assets~~shares of at least \$75,000,000 for the prior 90 consecutive days;
 - ii. The Closed-End Funds in the Group have an average market value of publicly held ~~Securities~~shares or net assets of at least \$15,000,000; and
 - iii. Each Closed-End Fund in the Group has a market value of publicly held ~~Securities~~shares or net assets of at least \$10,000,000.
 - (3) Distribution—See Rule 26102(a).
- (h) Additional criteria applicable to various classes of ~~Securities~~securities and issuers are set forth below. Applicants should also consider the policies regarding conflicts of interest, independent directors and voting rights described in Rules 26120-26125.
- (i) Initial Listing Requirements for Secondary Classes of Common Stock.
- (1) When the Primary Equity Security is listed on BSTX or is a Covered Security, a company’s secondary class ~~as an equity Security~~of common stock must meet all of the requirements in Rules (i) through (iv) below in order to be listed.
 - i. Minimum bid price of at least \$4 per ~~Security~~share;
 - ii. At least 100 Round Lot holders and at least 50% of such Round Lot Holders must each hold shares that are not subject to resale restrictions for any reason and that have a market value of at least \$2,500;
 - iii. At least 200,000 publicly held ~~Securities; and~~shares that are not subject to resale restrictions for any reason;
 - iv. Market value of publicly held ~~Securities~~shares that are not subject to resale restrictions for any reason of at least \$3.5 million; and
 - v. if the security is trading in the U.S. over-the-counter market as of the date of application, such security must have a minimum average daily trading volume of 2,000 shares over the 30 trading day period prior to listing, with trading occurring on more than half of those 30 days, unless such security is listed on BSTX in connection with a firm commitment underwritten public offering of at least \$4 million.

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- (2) In the event the company's Primary Equity Security is not listed on BSTX or is not a Covered Security, the secondary class ~~as an equity Security~~of common stock may be listed on BSTX so long as it satisfies the initial listing criteria ~~for Securities~~ set forth in the initial listing standards outlined above in Rule 26101.
- (3) The listing requirements for preferred ~~Securities~~stock can be found in Rule 26103.
- (4) For the avoidance of doubt, the provisions of Rule 26102 shall not apply to this paragraph (i) of Rule 26101.

IM-26101-01 Corporate Governance Standards

In addition to the numerical listing standards, the Exchange has adopted certain corporate governance listing standards, which are set forth in Rule 26800 Series.

IM-26101-02

Reserved

26102. Equity Issues

(a) ~~Distribution—meet a least one~~Meet all of the following standards:

(a) Distribution

~~(1)~~ A minimum public distribution of 1,000,000 ~~Securities~~shares together with a minimum of 400 public ~~Security holders~~shareholders.

(b) Stock Price/Market Value of ~~Securities~~Shares Publicly Held—~~The Exchange requires a~~A minimum market price of \$4 per ~~Security~~share for applicants seeking to qualify for listing pursuant to Rule 26101.

(c) At least 300 Round Lot Holders.

~~(d)~~ Voting Rights—See Rule 26122.

26103. Preferred ~~Securities~~Stock

The listing of preferred issues is considered on a case by case basis, in light of the suitability of the issue for trading on BSTX.

The Exchange, as a general rule, will not consider listing the convertible preferred ~~Securities~~stock of a company unless current last sale information is available with respect to the underlying common stock ~~or equity Security~~ into which the preferred ~~Security~~stock is convertible.

Companies applying for listing of a preferred ~~Security~~stock are expected to meet the following criteria:

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- (a) Size and Earnings—The company appears to be in a financial position sufficient to satisfactorily service the dividend requirements for the preferred ~~Security~~stock and meets the size and earnings criteria set forth in Rule 26101 above.
- (b) Distribution—In the case of an issuer whose Primary Equity Security is listed on BSTX or is a Covered Security, the preferred ~~Security~~security must satisfy one of the following standards:

(1) Preferred ~~Security~~Stock Distribution Standard 1.

Securities Publicly Held <u>Shares</u>	100,000
Aggregate Public Market Value/Price	\$2,000,000/\$10

or

(2) Preferred ~~Security~~Stock Distribution Standard 2.

- i. Minimum bid price of at least \$4 per ~~Security~~share;
- ii. At least 100 Round Lot holders and at least 50% of such Round Lot Holders must each hold shares that are not subject to resale restrictions for any reason with a market value of at least \$2,500;
- iii. At least 200,000 ~~Publicly Held Securities; and~~ publicly held shares that are not subject to resale restrictions for any reason;
- iv. Market ~~Value of Publicly Held Securities~~ value of publicly held shares that are not subject to resale restrictions for any reason of at least \$3.5 million; ~~and~~
- v. If the security is trading in the U.S. over-the-counter as of the date of application, such security must have a minimum average daily trading volume of 2,000 shares over the 30 trading day period prior to listing, with trading occurring on more than half of those 30 days, unless such security is listed on BSTX in connection with a firm commitment underwritten public offering of at least \$4 million

To ensure adequate public interest in the preferred ~~Security~~stock of non-listed issuers, the Exchange has established the following standards, which shall apply to all subsections of this paragraph (b):

Preferred Securities <u>Shares</u> Publicly Held	400,000
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Public Round-Lot Security Holders <u>Shareholders</u>	800
Aggregate Public Market Value/ Minimum Bid Price	\$4,000,000/\$10

Alternatively, in the event the Company's Primary Equity Security is not listed on BSTX or is not a Covered Security, the preferred Security may be listed on BSTX so long as it satisfies the initial listing criteria for Securities set forth in the initial listing standards outlined above in Rule 26101.

(c) Voting Rights—See Rule 26124.

(d) Conversion Provisions—The Exchange will not list convertible preferred ~~Securities~~issues containing a provision which gives the company the right, at its discretion, to reduce the conversion price for periods of time or from time to time unless the company establishes a minimum period of ten business days within which such price reduction will be in effect.

26104. Reserved**26105. Warrant Securities**

The listing of warrant ~~Securities~~issues is considered on a case by case basis. The Exchange will not consider listing the warrant ~~Security~~issue of a company unless the ~~equity Security~~common stock or other ~~class of Securities~~security underlying the warrants are listed and in good standing on BSTX and there are at least 200,000 ~~warrant Securities~~warrants publicly held by not less than 100 public warrant holders; ~~provided such standards are met, the Exchange may also consider the listing of warrant Securities of a company if the security underlying the warrants is a Covered Security and in good standing on their primary market.~~ In addition, to be listed, warrant ~~Securities~~ issues are expected to meet the following criteria:

(a) Exercise Provisions—The Exchange will not list warrant ~~Securities~~issues containing provisions which give the company the right, at its discretion, to reduce the exercise price of the warrants for periods of time, or from time to time, during the life of the warrants unless (i) the company undertakes to comply with any applicable tender offer regulatory provisions under the federal securities laws, including a minimum period of 20 business days within which such price reduction will be in effect (or such longer period as may be required under the SEC's tender offer rules) and (ii) the company promptly gives public notice of the reduction in exercise price in a manner consistent with the Exchange's immediate release policy set forth in Rule 26401 and 26402 hereof. The Exchange will apply the requirements in the preceding sentence to the taking of any other action that has the same economic effect as a reduction in the exercise price of a listed warrant. This policy will not preclude the listing of warrant ~~Securities~~issues for which regularly scheduled and specified changes in the exercise price have been previously established at the time of issuance of the warrants.

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- (b) Warrant issuers are advised that the Exchange requires advance notice of any extension of the Expiration Date of the ~~Security~~warrants. It is suggested that warrant issuers provide at least two months notice in this regard, but in no event less than 20 days. (See Rule 26920.)
- (c) Whenever a company having warrants listed on BSTX effects a split of 3 for 2 or greater in the underlying ~~Security or security~~shares, the Exchange requires that a corresponding split be made in the warrants.

26106. Market Maker Requirement

- (a) ~~Unless otherwise provided, all~~All Securities listed pursuant to the BSTX Listing Standards must meet one of the following requirements:
- (1) DMM Requirement: a DMM must be assigned to the Security; or
 - (2) Active Market Maker Requirement:
 - ~~i. For initial inclusion the Security must have at least three registered and active Market Makers; and~~
 - ~~ii. For continued listing, a~~The Security must have at least ~~two~~four registered and active Market Makers, ~~one of which may be a Market Maker entering a stabilizing bid.~~

26107. Reserved**26108. Assessable Securities**

The Exchange will not accept applications to list assessable securities.

26109. Canadian Companies

The financial criteria for listing ~~Securities~~securities of Canadian companies are the same as for United States companies (see Rule 26101). With respect to public distribution (Rule 26102), consideration will be given to the total number of ~~Security holders~~shareholders and publicly held ~~Securities~~shares in Canada and the United States. Current U.S. market interest will also be considered in evaluating the suitability of the issue for trading on BSTX.

26110. ~~Reserved~~Securities of Canadian Companies

- (a) The Exchange recognizes that every corporate entity must operate in accordance with the laws and customary practices of its country of origin or incorporation. Therefore, in evaluating the eligibility for listing of a Canadian based entity, the Exchange will consider the laws, customs and practices of the applicant's country of domicile, to the extent not contrary to the federal securities laws (including but not limited to Rule 10A-3 under the Securities Exchange Act of 1934), regarding such matters as: (i) the election and composition of the Board of Directors; (ii) the issuance of quarterly earnings statements; (iii) shareholder approval requirements; and (iv) quorum requirements for shareholder meetings. A company seeking relief under these

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provisions should provide written certification from independent local counsel that the non-complying practice is not prohibited by home country law. Any foreign based entity that is a foreign private issuer (as defined in Exchange Act Rule 3b-4(c)) can avail itself of an exemption from the requirements of Section 805(c) hereof, but exemptive relief under Section 805(c) is not available to a foreign based issuer that is not a foreign private issuer. In addition, the company must provide English language disclosure of any significant ways in which its corporate governance practices differ from those followed by domestic companies pursuant to the Exchange's standards. This disclosure may be provided either on the company's web site and/or in its annual report it is required to file with the SEC that includes audited financial statements (including on Forms 10-K, 20-F, or 40-F). If the disclosure is only available on the web site, the annual report must so state and provide the web address at which the information may be obtained.

(b) Form of Security

(1) ADRs—Normally, shares of foreign companies are listed as "American Depository Receipts" (sometimes designated as "ADRs" or "American Shares") of an acceptable American bank or trust company, representing the deposit of an equivalent amount of underlying foreign shares.

Generally, the deposit agreement, under which ADRs are issued, should provide for the following:

- i. Release of Shares—The deposit agreement must permit the prompt release of shares deposited abroad on either mail or cable advice by the depository of the cancellation of equivalent American Depository Receipts, and the issuance of additional receipts in New York upon either mail or cable advice from the sub-depository abroad of the deposit of additional shares.
- ii. Interchangeability—Underlying shares will not be accepted for deposit or transfer if they are subject to any restrictions on sale or transfer and unless they are accompanied by all certifications required by the U.S. or the country of origin. The Exchange may, however, accept restrictions in the deposit agreement on interchangeability of certificates for a short period after the date of listing.
- iii. Dividends, Distributions and Reports—Dividends on deposited foreign shares underlying ADRs are collected by the U.S. depository (or its foreign correspondent or agent) and, in turn, paid in U.S. dollars by the depository to registered ADR owners. The depository is also usually contractually obligated to distribute financial statements and other reports issued by the company whose shares are represented by such ADRs.

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iv. Certificates—The American Depositary Receipts dealt in on the Exchange must conform to the customary standards as to form and printing, and must include a statement on the face of the certificate that title thereto is transferable with the same effect as in the case of an investment security under Article 8 of the Uniform Commercial Code.

(2) Actual Foreign Shares—The use of foreign share certificates will be considered when: (a) the certificate is printed in English and is in registered form; (b) the certificates are interchangeable and can be delivered and transferred in New York City as well as the country of origin; and (c) arrangements for distributing dividends and other rights and benefits to American holders are equivalent to those provided by the use of American Depositary Receipts.

(c) Citizenship Restrictions—The Exchange reserves the right not to approve the listing of shares which are subject to governmental or charter restrictions or limitations on interchangeability, or with respect to the total amount of the issue that may be owned or voted by residents outside the country of origin, or by the holders of American Depositary Receipts.

(d) Disclosure—The Exchange will require the company to: comply with the annual report publication requirements set forth in Rule 26610(a) below.

(e) Each listed foreign private issuer must, at a minimum, submit to the SEC a Form 6-K that includes (i) an interim balance sheet as of the end of its second fiscal quarter and (ii) a semi-annual income statement that covers its first two fiscal quarters. This Form 6-K must be submitted no later than six months following the end of the company's second fiscal quarter. The financial information included in the Form 6-K must be presented in English, but does not have to be reconciled to U.S. GAAP.

26111. One Product/One Customer ~~Complaints~~Companies

As indicated in Rule 26101, the character of the market for an applicant's products is an important element in considering original listing applications. Thus, even though a particular company meets all BSTX's numerical criteria, it may not be eligible for listing if it:

- (a) produces a single product or line of products or engages in a single service; and/or
- (b) sells such product or products to, or performs such service for, only one or a limited number of customers.

26112 - 26116 Reserved**26117. Paired Securities**

The Exchange may consider the listing of paired ~~Securities~~securities (that is, ~~Securities~~securities which may be transferred and traded only in combination with one another as a single economic

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unit) based on the ability of the combined entity to satisfy the size and earnings criteria set forth in Rule 26101.

In the event the pairing agreement is terminated, the entity which initially met the original listing standards need only satisfy the Exchange's continued listing standards in order to remain on BSTX. The other entity, however, which at the time of listing did not by itself qualify under Rule 26101, must, at the time of termination, meet both the financial (Rule 26101) and distribution (Rule 26102) standards in order to remain listed on BSTX.

26118. Reserved**26119. Listing of Companies Whose Business Plan Is to Complete One or More Acquisitions**

Generally, the Exchange will not permit the initial or continued listing of a company that has no specific business plan or that has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies.

However, in the case of a company whose business plan is to complete an initial public offering and engage in a merger or acquisition with one or more unidentified companies within a specific period of time, the Exchange will permit the listing if the company meets all applicable initial listing requirements, as well as the conditions described below.

- (a) At least 90% of the gross proceeds from the initial public offering and any concurrent sale by the company of equity ~~Securities~~securities must be deposited in a trust account maintained by an independent trustee, an escrow account maintained by an "insured depository institution", as that term is defined in Section 3(c)(2) of the Federal Deposit Insurance Act, or in a separate bank account established by a registered broker or dealer (collectively, a "deposit account").
- (b) Within 36 months of the effectiveness of its initial public offering registration statement, or such shorter period that the company specifies in its registration statement, the company must complete one or more business combinations having an aggregate fair market value of at least 80% of the value of the deposit account (excluding any deferred underwriter's fees and taxes payable on the income earned on the deposit account) at the time of the agreement to enter into the initial combination.
- (c) Until the company has satisfied the condition in paragraph (b) above, each business combination must be approved by a majority of the company's independent directors.
- (d) Until the company has satisfied the condition in paragraph (b) above, if the company holds a shareholder vote on a business combination for which the company must file and furnish a proxy or information statement subject to Regulation 14A or 14C under the Securities Exchange Act of 1934 in advance of the shareholder meeting, the business combination must be approved by a majority of the ~~Securities~~shares of common stock voting at the meeting at which the combination is being considered. If a shareholder vote

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on the business combination is held, public ~~Security holders~~shareholders voting against a business combination must have the right to convert their ~~Securities~~shares of common stock into a pro rata share of the aggregate amount then in the deposit account (net of taxes payable and amounts distributed to management for working capital purposes) if the business combination is approved and consummated. A company may establish a limit (set no lower than 10% of the ~~Securities~~shares sold in the initial public offering) as to the maximum number of ~~Securities~~shares with respect to which any shareholder, together with any affiliate of such shareholder or any person with whom such shareholder is acting as a “group” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934), may exercise such conversion rights. For purposes of this paragraph (d), public shareholder excludes officers and directors of the company, the company’s sponsor, the founding shareholders of the company, any family member or affiliate of any of the foregoing persons, and other concentrated holdings of 10% or more. For purposes of this Rule, “family member” means a person’s spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person’s home.

(e) Until the company has satisfied the condition in paragraph (b) above, if a shareholder vote on the business combination is not held for which the company must file and furnish a proxy or information statement subject to Regulation 14A or 14C under the Securities Exchange Act of 1934, the company must provide all shareholders with the opportunity to redeem all their ~~Securities~~shares for cash equal to their pro rata share of the aggregate amount then in the deposit account (net of taxes payable and amounts distributed to management for working capital purposes), pursuant to Rule 13e-4 and Regulation 14E under the Securities Exchange Act of 1934, which regulate issuer tender offers. The company must file tender offer documents with the Securities and Exchange Commission containing substantially the same financial and other information about the business combination and the redemption rights as would be required under Regulation 14A of the Securities Exchange Act of 1934, which regulates the solicitation of proxies.

(f) Until the company completes a business combination where all conditions in paragraph (b) above are met, the company must notify the Exchange on the appropriate form about each proposed business combination. Following each business combination, the combined company must meet the requirements for initial listing. If the company does not meet the requirements for initial listing following a business combination or does not comply with one of the requirements set forth above, the Exchange shall commence delisting proceedings under Rule 27010 to delist the company’s ~~Securities~~securities. The company shall not be eligible to follow the procedures to cure deficiencies outlined in Rule 27009.

26120. Certain Relationships and Transactions

Related party transactions must be subject to appropriate review and oversight by the company’s Audit Committee or a comparable body of the Board of Directors.

26121. Corporate Governance

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Each listed issuer must satisfy the Corporate Governance requirements of the Rule 26800 Series.

26122. Voting Rights

The following voting rights policy is based upon, but more flexible than, former SEC Rule 19c-4. Accordingly, the Exchange will permit corporate actions or issuances by listed companies that would have been permitted under Rule 19c-4, as well as other actions or issuances that are not inconsistent with the new Policy. In evaluating such other actions or issuances, the Exchange will consider, among other things, the economics of such actions or issuances and the voting rights being granted. The Exchange's interpretations under the Policy will be flexible, recognizing that both the capital markets and the circumstances and needs of listed companies change over time. The text of the Exchange's Voting Rights Policy is as follows:

Voting rights of existing shareholders of publicly traded common stock or equity ~~Securities~~securities registered under Section 12 of the Exchange Act cannot be disparately reduced or restricted through any corporate action or issuance. Examples of such corporate action or issuance include, but are not limited to, the adoption of time-phased voting plans, the adoption of capped voting rights plans, the issuance of super voting ~~Securities~~securities or stock, or the issuance of ~~Securities or~~ stock with voting rights less than the per share voting rights of the existing ~~equity Securities or~~ common stock through an exchange offer.

IM-26122-1 Companies with Dual Class Structures

The above restriction against the issuance of super voting stock ~~or Securities~~ is primarily intended to apply to the issuance of a new class of ~~Security or~~ stock, and companies with existing dual class capital structures would generally be permitted to issue additional ~~Securities or~~ shares of the existing super voting stock ~~or Securities~~ without conflict with this policy.

IM-26122-2 Consultation with the Exchange

Violation of the Exchange's Voting Rights Policy could result in the loss of an issuer's exchange market or public trading market. The Policy can apply to a variety of corporate actions and securities issuances, not just super voting or so-called "time phase" voting. While the Policy will continue to permit actions previously permitted under SEC Rule 19c-4, it is extremely important that listed companies communicate their intentions to their Exchange representatives as early as possible before taking any action or committing to take any action that may be inconsistent with the Policy. The Exchange urges listed companies not to assume, without first discussing the matter with the Exchange, that a particular issuance of equity or preferred ~~Securities~~stock, or the taking of some other corporate action will necessarily be consistent with the Policy. It is suggested that copies of preliminary proxy or other material concerning matters subject to the Policy be furnished to the Exchange for review prior to formal filing.

IM-26122-3 Review of Past Voting Rights Activities

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In reviewing an application for initial listing on the Exchange, the Exchange will review the issuer's past corporate actions to determine whether another SRO has found any of the issuer's actions to have been a violation or evasion of the SRO's voting rights policy. Based on such review, the Exchange may take any appropriate action, including the denial of the listing or the placing of restrictions on such listing. The Exchange will also review whether an issuer seeking initial listing on the Exchange has requested a ruling or interpretation from another SRO regarding the application of that SRO's voting rights policy with respect to a proposed transaction. If so, the Exchange will consider that fact in determining its response to any ruling or interpretation that the issuer may request on the same or similar transaction.

IM-26122-4 Non-U.S. Companies

The Exchange will accept any action or issuance relating to the voting rights structure of a non-U.S. company that is in compliance with the Exchange's requirements for domestic companies or that is not prohibited by the Company's home country law.

26123. Quorum

The Exchange expects that an appropriate quorum of the ~~Securities issued~~shares issued and outstanding and entitled to vote will be provided for by the by-laws of companies applying for the original listing of voting Securities. The Exchange recommends a quorum of at least 33 1/3%. If less is specified, the Exchange should be consulted before filing the original listing application.

26124. Preferred Voting Rights

- (a) Upon default—To be eligible for listing, the holders of a preferred Security stock should acquire the right, voting as a class, to elect at least two members of the company's board of directors no later than two years after an incurred default in the payment of fixed dividends.
- (b) In all cases—The Exchange may decline to list a preferred Security stock, unless preferred Security stock holders have the right, voting as a class, to vote on:

(1) Alteration of Existing Provisions:

- i. Approval by the holders of at least two-thirds of the outstanding preferred ~~Securities~~shares should be required for adoption of any charter or by-law amendment that would materially affect existing terms of the preferred Security stock.
- ii. If all series of a class of preferred Security stock are not equally affected by a proposed change to the existing terms of the preferred Security stock, a two-thirds approval of the class and a two-thirds approval of the series that will have a diminished status should be required to authorize such change.

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- iii. The charter should not hinder the preferred Securitystock holders' right to alter the terms of a preferred Securitystock by limiting modification to specific items, e.g., interest rate, redemption price.

(2) Creation of a Senior Issue:

- i. Creation of a senior issue should require approval of at least two-thirds of the outstanding preferred Securitiesshares. The board of directors may create a senior series of preferred Securitystock without a vote by an existing series if such action was authorized by preferred Security holdersshareholders at the time the existing series was created.
- ii. A vote by an existing class of preferred Securitystock is not required for the creation of a senior issue if the existing class received adequate notice of redemption to occur within 90 days. However, a vote by an existing class is required if all or part of the existing issue is being retired with proceeds from the sale of the new issue.

- (3) Increase in Authorized Amount or Creation of a Pari Passu Issue: An increase in the authorized amount of a class of preferred Securitystock or the creation of a pari passu issue should be approved by at least a majority of the outstanding Securitiesshares of the class or classes to be affected. The board of directors may increase the authorized amount of a series or create an additional series ranking pari passu without a vote by the existing series if such action was authorized by preferred Security holdersshareholders at the time the class of preferred Securitystock was created.

26125. Reserved**26126. Limited Partnerships**

No Securitysecurity issued in a limited partnership rollup transaction (as defined by Section 14(h) of the Exchange Act), shall be eligible for listing unless (i) the rollup transaction was conducted in accordance with procedures designed to protect the rights of limited partners as provided in Section 6(b)(9) of the Exchange Act, as it may from time to time be amended and (ii) a broker-dealer which is a member of a national securities association subject to Section 15A(b)(12) of the Exchange Act participates in the rollup transaction. The issuer shall further provide the Exchange with an opinion of counsel stating that such broker-dealer's participation in the rollup transaction was conducted in compliance with the rules of a national securities association designed to protect the rights of limited partners, as specified in the Limited Partnership Rollup Reform Act of 1993.

In addition to any other applicable requirements, each limited partnership listed on the Exchange shall have a corporate general partner or co-general partner which must satisfy the independent director and audit committee requirements of Rule 26803.

Note: The only currently existing national securities association subject to Section 15A(b)(12) of the Act is FINRA. Its rules designed to protect the rights of limited partners,

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pursuant to the Limited Partnership Rollup Reform Act of 1993, are specified in FINRA Rule 2310.

26127. Use of Discretionary Authority

The Exchange may use its authority under the BSTX Listing Standards, [including the BSTX Rules in this 26000 series and the BSTX Rules in the 27000 series](#), to deny initial or continued listing to an issuer when the issuer and/or an individual associated with the issuer has a history of regulatory misconduct. Such individuals are typically an officer, director, substantial security holder (as defined in IM-26127-1 below) or consultant to the issuer. In making this determination, the Exchange shall consider a variety of factors, including the severity of the violation; whether it involved fraud or dishonesty; whether it was securities-related; whether the investing public was involved; when the violation occurred; how the individual has been employed since the violation; whether there are continuing sanctions against the individual; whether the individual made restitution; whether the issuer has taken effective remedial action; and the totality of the individual's relationship to the issuer.

Based on this review, the Exchange may determine that the regulatory history rises to the level of a public interest concern, but may also consider whether remedial measures proposed by the issuer, if taken, would allay that concern. Examples of such remedial measures could include the individual's resignation from officer and director positions; divestiture of [stock](#) holdings; terminations of contractual arrangements between the issuer and the individual; or the establishment of a voting trust surrounding the individual's shares or Securities. Alternatively, the Exchange may conclude that a public interest concern is so serious that no remedial measure would be sufficient to alleviate it. In the event that the Exchange makes such a determination, the issuer may seek review of that determination through the procedures set forth in the Rule 27200 Series.

The Exchange may also use its discretionary authority, for example, when an issuer files for protection under any provision of the federal bankruptcy laws or comparable foreign laws, when an issuer's independent accountants issue a disclaimer opinion on financial statements required to be audited, or when financial statements do not contain a required certification.

In addition, pursuant to its discretionary authority, the Exchange shall review an issuer's past corporate governance activities. This review may include activities taking place while the issuer is listed on the Exchange or another marketplace that imposes corporate governance requirements, as well as activities taking place after a formerly listed issuer is no longer listed on the Exchange or such marketplace. Based on such review, and in accordance with Exchange listing requirements, the Exchange may take any appropriate action, including placing restrictions on or adding requirements for listing, or denying listing of a ~~Security~~[security](#) if the Exchange determines that there have been violations or evasions of corporate governance standards. Such determinations shall be made on a case-by-case basis as necessary to protect investors and the public interest.

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Although the Exchange has broad discretion to impose additional or more stringent criteria, the rules do not provide a basis for the Exchange to grant exemptions or exceptions from the enumerated criteria for initial or continued inclusion, which may be granted solely pursuant to rules explicitly providing such authority.

IM-26127-1

An interest consisting of more than either 5% of the number of shares of common stock ~~plus any Securities representing common equity~~ or 5% of the voting power outstanding of an issuer or party shall be considered a substantial interest and cause the holder of such an interest to be regarded as a substantial security holder.

26128. Reserved**26129. Reserved****26130. Original Listing Applications**

Applicants must register the ~~Security~~security to be listed under Section 12(b) of the Exchange Act (Rule 26210) and submit an original listing application (Rule 26211).

~~In addition, the applicant must provide a legal opinion that the applicant's Security is a security under applicable United States securities laws.~~

26131. Additional Listings; Cancellation of Listing Authority

Following listing, companies and their registrars are not permitted to issue or countersign any ~~Securities~~securities in excess of those authorized for listing, until the Exchange has approved an additional listing application covering the additional ~~Securities~~securities as described in Rules 26301-26306. Listing authority for a particular purpose may be cancelled as described in Rule 26350. In addition, where any unlisted company acquires a listed company, the criteria for original listing may be applicable as specified in Rule 26341.

26132. Listing Agreements

In addition to meeting the foregoing criteria, companies applying for listing enter into agreements with the Exchange and become subject to its rules, regulations and policies applicable to listed companies.

Among other things, listed companies are required to:

- (a) Timely Disclosure and Related Notices—Comply with the Exchange's timely disclosure policies and related notice requirements (Rules 26401-26404, 26920-26924);
- (b) Dividends, Splits and Distributions—Comply with the Exchange's regulations governing these transactions (Rules 26304, 26501-26507);

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(c) Accounting, Annual and Quarterly Reports—Furnish ~~Security holders~~shareholders with annual reports and release quarterly sales and earnings (Rules 26603-26624). (Companies not having common ~~stock or equity Securities listed~~stock listed on the Exchange are required to send annual *and* quarterly reports to ~~Security holders~~shareholders.);

(d) Shareholders' Meetings, Approval and Voting—Hold annual shareholders' meetings and submit certain proposed option plans and acquisitions to shareholders for approval (Rules 26701-26713); and

(e) Additional Information—The Exchange may request any additional information or documentation, public or non-public, deemed necessary to make a determination regarding a ~~Security's~~security's continued listing, including but not limited to, any material provided to or received from the SEC or other appropriate regulatory authority. A listed company may be delisted if it fails to provide such information within a reasonable period of time or if any communication (including communications made in connection with an initial listing application (See Rule 26211(e)) to the Exchange contains a material misrepresentation or omits material information necessary to make the communication to the Exchange not misleading.

26133. Delisting

Listed companies are subject to the Exchange's delisting rules, policies, and procedures (Rules 27001-27011 and 27201-27211).

26134. Filing Requirements

The Exchange's filing, notice and submission requirements to the Exchange are set forth in Rule 27101.

26135. Uniform Book-Entry Settlement

- (a) Each BSTX Participant shall use the facilities of a securities depository for the book-entry settlement of all transactions in depository eligible securities with another BSTX Participant or a member of a national securities exchange or a registered securities association.
- (b) Each BSTX Participant shall not effect a delivery-versus-payment or receipt-versus-payment transaction in a depository eligible security with a customer unless the transaction is settled by book-entry using the facilities of a securities depository.
- (c) For purposes of this rule, the term "securities depository" shall mean a securities depository registered as a clearing agency under Section 17A of the Securities Exchange Act of 1934.

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- (d) The term “depository eligible securities” shall mean securities that (i) are part of an issue (securities identified by a single CUSIP number) of securities that is eligible for deposit at a securities depository and (ii) with respect to a particular transaction, are eligible for book-entry transfer at the depository at the time of settlement of the transaction.
- (e) This rule shall not apply to transactions that are settled outside of the United States.
- (f) The requirements of this rule shall supersede any inconsistent requirements under other Exchange rules.
- (g) This rule shall not apply to any transaction where the securities to be delivered in settlement of the transaction are not on deposit at a securities depository and:
 - (1) if the transaction is for same-day settlement, the deliverer cannot by reasonable efforts deposit the securities in a securities depository prior to the cut-off time established by the depository for same-day crediting of deposited securities, or
 - (2) the deliverer cannot by reasonable efforts deposit the securities in a depository prior to a cut-off date established by the depository for that issue of securities.

26136. Direct Registration System Participation

All securities initially listing on BSTX, except securities which are book-entry only, must be eligible for a Direct Registration Program operated by a clearing agency registered under Section 17A of the Act. A foreign issuer, as defined under Rule 3b-4 under the Act, including a Foreign Private Issuer, shall not be subject to this requirement if it submits to the Exchange a written statement from an independent counsel in such Company's home country certifying that a law or regulation in the home country prohibits compliance.

26137. Depository Eligibility

Before any issue of ~~Securities~~securities of an issuer is listed on the Exchange, the Exchange shall have received a representation from the issuer that a CUSIP number identifying the ~~Securities~~securities has been included in the file of eligible issues maintained by a securities depository registered as a clearing agency under Section 17A of the Securities Exchange Act of 1934 (“securities depository” or “securities depositories”), except that this Rule shall not apply to a security if the terms of the security do not and cannot be reasonably modified to meet the criteria for depository eligibility at all securities depositories.

26138. Reserved**26139. Reserved****26140. Additional Requirements for BSTX-Listed Securities Issued by the Exchange or its Affiliates**

- (a) For purposes of this Rule 26140, the terms below are defined as follows:

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- (1) “Exchange Affiliate” means the Exchange and any entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Exchange, where “control” means that the one entity possesses, directly or indirectly, voting control of the other entity either through ownership of capital stock or other equity securities or through majority representation on the board of directors or other management body of such entity.
 - (2) “Affiliate Security” means any security ~~or Security~~ issued by an Exchange Affiliate or any Exchange-listed option on any such security.
- (b) Upon initial and throughout continued listing of the Affiliate Security on the Exchange, the Exchange shall:
- (1) file a report quarterly with the Commission detailing the Exchange’s monitoring of:
 - i. the Exchange Affiliate's compliance with the BSTX Listing Requirements; and
 - ii. the trading of the Affiliate Security, which shall include summaries of all related surveillance alerts, complaints, regulatory referrals, trades canceled or adjusted, investigations, examinations, formal and informal disciplinary actions, exception reports and trading data of such security.
 - (2) engage an independent accounting firm once a year to review and prepare a report on the Affiliate Security to ensure that the Exchange Affiliate is in compliance with the BSTX Listing Requirements and promptly forward to the Commission a copy of the report prepared by the independent accounting firm.

In the event that the Exchange determines that the Exchange Affiliate is not in compliance with any of the BSTX listing requirements, the Exchange shall file a report with the Commission within five business days of providing notice to the Exchange Affiliate of its non-compliance. The report shall identify the date of non-compliance, type of non-compliance and any other material information conveyed to the Exchange Affiliate in the notice of non-compliance. Within five business days of receipt of a plan of compliance from the Exchange Affiliate, the Exchange shall notify the Commission of such receipt, whether the plan of compliance was accepted by the Exchange or what other action was taken with respect to the plan and the time period provided to regain compliance with the BSTX Listing Requirements, if any.

26200 – Original Listing Procedures**26201. Confidential Pre-Application Review of Eligibility**

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A company seeking to list its ~~Securities~~[securities](#) for trading on BSTX must participate in a confidential pre-application eligibility review by the Exchange in order to determine whether it meets the Exchange's listing criteria. Once a company has cleared such review, it may file an original listing application pursuant to Rule 26202 seeking Exchange listing approval of its ~~Securities~~[securities](#).

Preliminary discussions with the Exchange on important matters in connection with the confidential pre-application eligibility review may be undertaken by company officials interested in listing with the assurance that careful security measures have been adopted by the Exchange to avoid revealing any confidential information which the company may disclose.

The information needed for the purpose of conducting a confidential pre-application eligibility review is set forth in Rule 26210 through Rule 26222.

26202. Original Listing Steps

There are normally seven steps in the original listing process following successful completion of the confidential pre-application eligibility review described in Rule 26201:

- (a) company files original listing application and supporting papers with Exchange;
- (b) company files Exchange Act registration statement and exhibits with SEC;
- (c) Exchange reserves ticker symbol;
- (d) Exchange approves listing;
- (e) Exchange allocates ~~Security~~[security](#) to a DMM (if applicable);
- (f) SEC Exchange Act registration statement becomes effective; and
- (g) Security is admitted to dealings.

26203. Reserved**26204. Ticker Symbol**

Applicants may request a particular trading symbol. Although every effort will be made to reserve the symbol requested, there is no assurance that it will be available. Request for a particular symbol should be made as early in the listing process as possible.

26205. Policy Regarding Allocation of Securities to DMMs

[The Exchange has adopted a procedure to increase company input into the allocation process.](#) A company may choose either to be assigned a DMM by the Exchange, or to select its own DMM. Alternatively, a company may elect, ~~or the Exchange may determine,~~ that in lieu of a DMM a

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minimum of ~~three~~four (34) market makers will be assigned to the Security upon initial listing and may be reduced in a manner consistent with Rule 26106.

The Exchange makes every effort to see that each ~~Security~~security is allocated in the best interests of the company and its shareholders, as well as that of the public and the Exchange. For information regarding the DMM Allocation Procedure, please contact the Exchange.

26206 – 26209. Reserved**26210. Registration under the Exchange Act**

- (a) SEC Forms—A ~~Security~~security approved for listing by the Exchange must be registered under Section 12(b) of the ~~Securities~~-Exchange Act ~~of 1934~~ before it may be admitted to trading on BSTX or subject to an exemption issued by the Commission that permits the listing of the security notwithstanding that it is not registered pursuant to Section 12(b) of the Exchange Act. Exchange Act registration (or an exemption therefrom) is required even though the applicant may have previously registered all or part of the ~~Securities~~securities under the Securities Act. However, a ~~Security~~security which has already been registered under Section 12(g) of the Exchange Act, or has recently been the subject of a public offering registered under the Securities Act, may normally be registered under Section 12(b) of the Exchange Act for Exchange trading on SEC Form 8-A. In addition, ~~Securities~~securities of an issuer which has another class or series of securities registered on another national securities exchange may also use SEC Form 8-A. If an applicant does not have a class of securities registered under Exchange Act Section 12(g) or another class of securities registered on a national securities exchange, SEC Form 10 may be required.

The Exchange will furnish a sample SEC Form 8-A with instructions. Applicants should prepare and file the SEC registration statement and exhibits concurrently with the Exchange listing application and exhibits.

- (b) Effective Date—Registration under Section 12(b) of the Exchange Act cannot become effective until after the issue has been approved for listing by the Exchange. Upon such approval, the Exchange is required to certify to the SEC that it has received its copy of the registration statement and has approved the particular Securities for listing and registration. Registration of a class of ~~Securities~~securities on Form 8-A becomes effective automatically upon the later of the filing of the Form 8-A with the SEC, the SEC's receipt of certification from the Exchange, or (if the class of ~~Securities~~securities is concurrently being registered under the Securities Act) the effectiveness of the related Securities Act registration statement. Registration other than on Form 8-A becomes effective automatically 30 days after receipt by the SEC of the Exchange's certification, but may become effective within a shorter period, by order of the SEC, on request for acceleration of the effective date made by the company to the SEC.
- (c) Copies—One manually signed copy of the Exchange Act registration statement, including exhibits, must be filed with the listing application.

EXHIBIT 4A**26211. Original Listing Application – General**

- (a) Form—A typewritten listing application (signed by an executive officer of the applicant), together with all appropriate attachments, as outlined below, and one copy only of each of the required exhibits, should be filed with the Exchange for examination. If any deficiencies are noted, or any changes are considered necessary in the form or contents of the application and exhibits, the applicant will be notified.
- (b) Incorporation by Reference—A copy of the following documents should be attached to each original listing application submitted and the information contained therein may be incorporated by reference (see Rule 26212):
- (1) latest Form 10-K Annual Report, Form 10-Q Quarterly Report(s) and Form 8-K Current Report(s) for periods subsequent to the latest Form 10-K (or comparable periodic reports filed with the appropriate regulatory agency of the applicant pursuant to the Securities Exchange Act of 1934), and latest proxy statement for annual meeting of shareholders; or
 - (2) a prospectus declared effective by the SEC which contains the latest audited financial statements of the applicant, Form 10-Q Quarterly Report(s) and Form 8-K Current Report(s) (or comparable periodic reports filed with the appropriate regulatory agency of the applicant pursuant to the Securities Exchange Act of 1934), for periods subsequent to the effective date of the prospectus, and latest available proxy statement for meeting of shareholders. In the event a Form 10-Q Quarterly Report (or comparable periodic report) for a quarter ended more than 45 days before the date of the listing application is not required to be filed with the SEC (or other appropriate regulatory agency), financial information comparable to that which would have been included in the Form 10-Q Quarterly Report shall be filed with the Exchange as part of the listing application; and
 - (3) latest annual report distributed to shareholders; and
 - (4) such other information, documents or materials as may be deemed appropriate by the Exchange for inclusion in the applicant’s listing application.
- (c) Listing Fee—A check should accompany the submission. (See the Exchange’s fee schedule for computation of amount.)
- (d) Accounting Review—A company’s financial statements may be submitted to the Exchange’s consulting accountants for review as to compliance with Exchange requirements and generally accepted accounting principles (“GAAP”).
- (e) The Exchange may request any additional information or documentation, public or non-public, deemed necessary to make a determination regarding a Security’s initial listing eligibility, including, but not limited to, any material provided to or received from the

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SEC or other appropriate regulatory authority. An issuer may be denied initial listing if it fails to provide such information within a reasonable period of time or if any communication to the Exchange contains a material misrepresentation or omits material information necessary to make a communication to the Exchange not misleading.

26212. Content of Original Listing Application—Securities

Each company must submit an application for original listing, in the form prescribed by the Exchange, together with supporting exhibits specified in Rule 26306 (See sample [application](#) ~~in~~ [Original Listing Application for Securities Listed on the BSTX Market in the](#) BSTX Listing Supplement).

26213. Exhibits to Be Filed with Original Listing Application—Securities

In support of the original listing application, a company must file one copy of the Listing Agreement, executed by an executive officer of the applicant, on a listing form supplied by the Exchange. In addition, the Exchange may request copies of such other documents as are necessary to complete its review of an issuer's eligibility for listing.

26214. Oil and Gas and Mining Companies—Additional Papers to Be Filed

Oil and Gas Companies—In addition to the exhibits required of all applicants, companies which have an interest in oil and gas properties as a material part of their business must submit the following:

Engineer's Reserve Report. Report of recent date, of qualified engineer, including estimate of proven reserves. The report shall be accompanied by a signed statement of the engineer's qualifications. The Exchange recommends and may, in fact, require the submission of the report of a qualified independent engineer not in the regular employ of the company.

Mining Companies—In addition to the exhibits required of all applicants, companies which own or operate mines as a material part of their business must submit the following:

Table of Lands. A tabular list of mineral and other lands (separate lists for producing and non-producing properties), each property designated by number or claim name. If any property is held under lease, specify terms. Submit separate lists for properties held directly and those held through subsidiaries.

Engineer's Mining and Reserve Report. Report, of recent date, of qualified engineer. The report shall be accompanied by a signed statement of the engineer's qualifications. (In certain cases, the Exchange may require the submission of the report of a qualified independent engineer not in the regular employ of the applicant.)

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In the case of mines which are developing, the engineer's report must contain:

- (a) recommendations regarding the development program;
- (b) estimate as to amount of additional funds which will be required to complete the development program as outlined; and
- (c) estimate of length of time required to complete such development program.

26215. Reserved

26216. Reserved

26217. Content of Original Listing Application – Security Warrants

Generally, an original listing application for a Security warrant issue will follow the format for all other Securities, as set forth in Rules 26211-26212.

26218 – 26219

26220 Original Listing Applications of Canadian Issuers

- (a) Registration under The Exchange Act of 1934—All securities (including ADRs) must be registered under Section 12(b) of the Exchange Act before they may be admitted to trading on the Exchange. This requirement applies regardless of whether the company previously registered any of its securities or ADRs in connection with a public offering in the U.S. or whether it previously registered such issues under Section 12(g) of the Exchange Act for purposes of over-the-counter trading. Companies registered under Section 12(g), or those having securities registered under the Securities Act, are able to file a short-form registration with the SEC incorporating previous Securities Act or Exchange Act filings by reference.

Registration under Section 12(b) of the Exchange Act for the securities or ADRs of foreign issuers should be made on Form 20-F. This Form, which must be prepared and signed by the foreign company, calls for general information as to the business, properties, capitalization, and management of the company and, if the securities are represented by ADRs, information concerning the depositary and the deposit agreement, but does not require some of the detailed information required to be furnished in an Exchange Act registration statement filed by a U.S. company. The requirements for the financial statements, schedules and accountants' certificates are, however, substantially the same as those applicable to a company which files a registration statement on Form 10 and annual report on Form 10-K. The required financial statements include audited consolidated balance sheets as of the end of each of the two most recent fiscal years together with audited consolidated statements of income and changes in financial position for each of the three fiscal years preceding the date of the most recent consolidated balance sheet.

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In any instance where a listing applicant has not previously registered its shares or ADRs with the SEC under either the Securities Act or the Exchange Act, draft registration statements and Form 20-F should be submitted to the SEC for preliminary review and comment in advance of filing the company's listing application.

- (b) Listing Fee—Canadian issuers are subject to the same original listing fees as domestic companies. Similarly, additional and annual fees for Canadian issuers are the same as charged for domestic companies.

26221 Content of Original Listing Application – Canadian Issuers

An application to list Canadian issues will be substantially the same as that for a similar domestic issue. The Exchange will file a rule change to detail the requirements of the application prior to the first original listing application to the Exchange of a Canadian issuer.

26222 Exhibits to Be Filed With Original Listing Application – Canadian Issuers

Generally, the exhibits to be filed in support of an original listing application of a Canadian issue will be substantially the same as those pertaining to an equivalent domestic issue. The Exchange will file a rule change to detail the requirements of the application prior to the first original listing application to the Exchange of a Canadian issuer.

Where an application is made to list ADRs, rather than the underlying securities, a copy of the Deposit Agreement and a specimen ADR certificate should also be filed in support of the listing application.

~~26218~~26223 – 26229. Reserved

26300 – Additional Listings**26301. Agreement to List Additional Securities**

A listed company is not permitted to issue, or to authorize its transfer agent or registrar to issue or register, additional ~~Securities~~securities of a listed class until it has filed an application for the listing of such additional ~~Securities~~securities and received notification from the Exchange that the ~~Securities~~securities have been approved for listing.

The Exchange's approval is contingent upon the ~~Securities~~securities being issued for the purpose, and under the terms and conditions, authorized by the company's Board of Directors and as specified in the listing application. If, after approval of listing by the Exchange, the company desires to make a change in the specified purpose of the issuance, or in the specified terms and conditions of the issuance, the Exchange may require an amendment to the prior application or cancel the previous listing approval and require a further listing application.

Registration of listed ~~Securities~~securities with the SEC or removal of transfer restrictions do not constitute changes pursuant to this rule and therefore would not require an amended application.

EXHIBIT 4A**26302. Purpose of Agreement**

The Exchange regards the agreement to list additional [Securities](#)[shares](#) as an essential safeguard for shareholders of listed companies.

An additional listing application supplies the Exchange pertinent information concerning the purpose for which the [Securities](#)[shares](#) are being issued, and updates information concerning the applicant.

The Exchange also reviews each additional application to determine if shareholder approval will be required as a condition to approval (see Rules 26711-26713). It is important to note that treasury [Securities](#)[shares](#) may not be reissued, without first obtaining shareholders approval, for any purpose where the rules or policies of the Exchange would require such approval had the [Securities](#)[shares](#) to be issued been previously authorized but unissued.

26303. Steps in the Additional Listing Process

There are normally four steps in the additional listing process. They are:

- (a) company decides to issue additional amounts of a listed [Security](#)[security](#) for any purpose whatsoever;
- (b) company submits an additional listing application, in the form prescribed by the Exchange, signed by an officer of the issuer, one to two weeks in advance of the date on which Exchange approval is necessary, together with supporting exhibits specified in Rule 26306 (See sample application in the BSTX Supplemental Listing Materials);
- (c) the Exchange reviews and, if necessary, comments on the additional listing application; and
- (d) the Exchange approves the application.

26304. Listing of Securities Pursuant to a Dividend or Forward Split

Securities to be issued in a forward split or dividend must be listed prior to the distribution date of such action. A company must complete the Reconciliation Sheet provided in the Exchange's form of application, as of the record date of the scheduled distribution.

26305. Listing of Securities Pursuant to a Reverse Split/Substitution Listing

A substitution listing application is necessary whenever a company engages in a reverse [split](#)[stock-split](#), re-incorporates, proposes to list a new class of [Securities](#)[securities](#) in substitution for a previously listed class of [Securities](#)[securities](#) or otherwise engages in a transaction which would require it to file a new Form 8-A with the SEC in regard to a previously listed security.

26306. Exhibits to Be Filed with Additional Listing Applications

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The following is a list of exhibits to be filed with additional listing applications.

(1) Contract. A copy of each executed contract, plan or agreement pursuant to which the additional ~~Securities~~securities applied for are to be issued.

(2) Financial Statements of Acquired Company. If the ~~Securities~~securities to be listed are to be issued in connection with the acquisition of a controlling interest in, or of substantially all of the assets subject to the liabilities of, another company, the most recent audited financial statements, supplemented by the latest interim statements. In cases where independently audited financial statements are not available, a manually signed statement certified by the chief accounting officer of such other company must be submitted.

(3) Engineering Report. If the ~~Securities~~securities applied for are to be issued in acquisition of a stock interest in another company, or properties or other assets, furnish one copy of any engineering, geological or appraisal report which may have been obtained in connection with the proposed acquisition.

(4) Listing Agreement. A company must execute a new listing agreement in support of every substitution listing except in the case of a reverse ~~split~~stock-split.

26307 – 26330 Reserved**26331. Time Schedule**

The Exchange considers additional listing applications as promptly as practicable after receipt (normally within 5 to 10 business days). The listing application must be approved by the Exchange prior to issuance of the additional amount, or the effective date of the change or modification, of the previously listed ~~Security~~security. Accordingly, applications should be filed at least one to two weeks in advance of the date by which the applicant wishes action taken. In the case of a proposed charter amendment under which a previously listed ~~Security~~security is to be changed into a new ~~Security~~security (“substitution listing”), the time schedule should be so arranged that the substitution of the new ~~Security~~security for the old ~~Security~~security may be effected without any interruption in trading.

When it is essential that the ~~Securities~~securities be fully qualified for admission to trading by a certain date, the Exchange should be consulted at the earliest possible moment in order that a satisfactory time schedule may be arranged. This is particularly important in the case of rights or exchange offerings.

26332. Fees for Listing Additional Securities

Upon receipt of the listing application in relation to any application for the listing of additional ~~Securities~~securities, the Exchange will send the listed company an invoice for the applicable listing fees (see the Exchange’s fee schedule for computation of amount). The listed company is

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required to promptly submit the applicable fee in the manner specified by the Exchange's invoice.

26333. Registration with the Securities and Exchange Commission

- (a) Securities Act of 1933—If required under the Securities Act, registration must be effective prior to the admission of the ~~Security~~security to dealings on the Exchange. If such registration covers additional ~~Securities~~shares or amounts of a previously listed ~~Security~~security, the listing application should be filed with the Exchange while the Securities Act registration is pending, so that the additional amount may be authorized for listing in advance of, and subject to, the effectiveness of such registration.
- (b) Securities Exchange Act of 1934—No application for registration under the Exchange Act on Form 8-A, or otherwise, is required to be filed with the SEC for additional ~~Securities~~shares or amounts of a previously listed and registered security. If the application covers a substitution listing, a registration statement (usually on Form 8-B) must be filed with the SEC and the Exchange.

26334 – 26339. Reserved**26340. Subscription Rights**

A listed company must promptly disclose any action taken by it with respect to the allotment of rights to subscribe or rights or benefits pertaining to the ownership of its ~~Securities~~securities. It is further required to give prompt notice of any such action to the Exchange to afford the holders of such ~~Securities~~securities a proper period within which to record their interests and exercise their rights. These requirements are further explained in paragraphs (a) through (h) below.

The Exchange will not admit subscription rights to dealings unless the underlying ~~Security~~security is or will be listed on BSTX.

- (a) Steps—Following is the sequence of steps to be taken in connection with the admission of subscription rights to dealings:
 - (1) submit timetable including:
 - i. date of filing with SEC of registration statement under Securities Act;
 - ii. date on which listing application will be filed with the Exchange;
 - iii. effective date of registration statement or offering circular;
 - iv. record date of ~~Security holders~~shareholders entitled to receive subscription rights;
 - v. mailing date of subscription rights to ~~Security holders~~shareholders,

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and name of bank which will mail rights; and

vi. expiration date of subscription offering, and name of bank which will act as subscription agent.

- (2) send two copies of preliminary prospectus or offering circular, and printer's proof copy of subscription rights to the Exchange;
 - (3) submit listing application covering listing of additional ~~Securities~~shares issuable upon exercise of subscription rights;
 - (4) notify Exchange as soon as Securities Act registration statement becomes effective.
- (b) Establishment of Record, Mailing, and Expiration Dates—The record date should be no earlier than one day prior to the time the registration statement or offering circular becomes effective.

The mailing of the subscription rights to ~~Security holders~~shareholders should occur as soon after the record date as possible. Most companies have their transfer agents mail the rights on the same date as the record date or, at the latest, on the business day following the record date.

The subscription period should be for at least 14 calendar days following the mailing date. (See Rules 26511-26522 for further explanation of “ex-rights” rule.)

- (c) Form of Subscription Rights and Issuance of Securities—The subscription rights should specify the number of rights represented by the warrant certificate rather than the number of ~~Securities~~shares to which the holder is entitled to subscribe. This eliminates the use of two separate types of warrants—one for full ~~Securities~~shares and the other for fractional ~~Securities~~shares.

Provision should be made for the issuance of certificates for ~~Securities~~securities subscribed for promptly upon exercise of the subscription privilege, and the subscription rights should contain a statement to that effect. Where, in addition to the usual subscription privilege, there is available an over-subscription privilege (subject to allotment) the issuance of the additional ~~Securities~~shares against exercise of the over-subscription privilege can be made promptly after the expiration date of the offering.

- (d) Dividend Declaration—No dividend should be declared having a record date during the subscription period. Otherwise, complications will develop in dealings in the rights. The record date for any dividend which otherwise would be a date during the subscription period should be either (i) the same date as the date of record of shareholders entitled to receive the subscription rights or a date prior to such subscription offering record date, or (ii) a date no earlier than the tenth day following the expiration date of the subscription

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offering. The record date specified in (i) would be established if the company does not wish to pay the current dividend on the [Securitiesshares](#) offered for subscription. The record date specified in (ii) would be established if the company wishes to pay the dividend on the [Securitiesshares](#) offered for subscription as well as on the [Securitiesshares](#) previously outstanding.

- (e) Dealings in Rights—No application is required to be filed with the Exchange for the listing of subscription rights or with the SEC for their registration under the Exchange Act. Under SEC Rule 12a-4, subscription rights are exempt from registration under the Exchange Act.

Transferable rights may be admitted to dealings on the Exchange as soon as notice is received that the company's Securities Act registration statement or offering circular has become effective. The normal procedure is to admit the rights to dealings at 10:00 a.m. on the day following the day the registration statement or offering circular has become effective. Accordingly, the company should arrange to have the registration statement or offering circular declared effective as of 4:00 p.m. on the date preceding the anticipated trading date. The company or its attorneys should notify the Exchange by telephone as soon as they learn of SEC clearance.

Trading in rights on the Exchange will cease at the close of business on the business day preceding the expiration date thereof. This facilitates open contracts to be settled and rights to be exercised on the final day.

- (f) Ex-Rights Date—As specified at Rule 26513(a), in general, [Securitiessecurities](#) are quoted “ex-rights” the day following the date on which the rights are admitted to dealings. This arrangement allows one full day's trading to take place in the rights to establish their market value for “ex-rights” purposes. Purchasers of the [Securitysecurity](#) beginning the fourth business day preceding the record date for and to and including the day before the “ex-rights” date for the [Securitysecurity](#) have been paying prices for their [Securitysecurity](#) which include the value of the rights. Since it may not be possible for such purchasers to become holders of record on the books of the company by the record date for the offering, the Exchange rules that the purchasers in such transactions (having paid a “rights on” price for their [Securitysecurity](#), i.e., a price including the value of the rights) are entitled to the rights and are, therefore, entitled to receive a due bill for the rights from the sellers of the [Securitysecurity](#). Such due bills are redeemed by the sellers when they receive their rights from the company. This arrangement is between the brokers for the purchasers and the sellers of the [Securitiessecurities](#), and does not involve the company. For a further explanation, see the Rule 26500 Series.
- (g) Application for Listing Additional [SecuritiesShares](#) Issuable Against Exercise of Subscription Rights—A company is required to file with the Exchange an application for the listing of the additional [Securitiesshares](#) issuable upon exercise of the rights. The Securities Act prospectus or offering circular relating to the subscription offering may be incorporated by reference. The listing application (see Rule 26303) should be filed with

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the Exchange as soon as possible after the company has filed its registration statement or offering circular with the SEC. The Exchange must have time to act on the application sufficiently prior to the date of the offering, so that appropriate listing authority will be in effect with respect to the Securitiesshares issuable when and as subscription rights are exercised.

- (h) Oversubscription Privilege—Where a subscription offering to Securitiesshareholders contains an oversubscription privilege, the number of Securitiesshares allocated to Securityholdersshareholders upon exercise of the oversubscription privilege should be in proportion to the number of Securitiesshares subscribed for by each Securityholdersshareholder on the original subscription offering, and should not be based on the number requested under the oversubscription privilege.

26341. Acquisition of a Listed Issuer by an Unlisted Entity

If a listed issuer engages in a Reverse Merger (as defined below), it will be eligible for continued listing on BSTX only if the post-transaction entity meets the standards for initial listing. The Exchange will refuse to list additional Securitiessecurities of a listed issuer in connection with a Reverse Merger unless the post-transaction entity meets the standards for initial listing and the listed issuer obtains shareholder approval of the issuance of such Securitiessecurities as required by Rule 26713(b). The applicable fees for additional listings and Reverse Mergers can be found in the Exchange's fee schedule.

The Exchange should be consulted whenever a listed issuer is contemplating a transaction or series of transactions that could constitute a Reverse Merger. If the Exchange determines that a transaction or series of transactions constitute a Reverse Merger, the listed issuer must submit an initial listing application for the post-transaction entity with sufficient time to allow the Exchange to complete its review before the effective date of the Reverse Merger. If the initial listing application has not been approved prior to the effective date of the Reverse Merger, the Exchange will issue an Exchange Determination Letter as set forth in Rule 27202 and begin delisting proceedings pursuant to the Rule 27200 Series.

IM-26341-1

For the purposes of this provision, a "Reverse Merger" is a transaction or series of transactions whereby a listed issuer combines with, or into, an entity not listed on BSTX, resulting in a change of control of the listed issuer and potentially allowing such unlisted entity to obtain a BSTX listing. In determining whether a change of control constitutes a Reverse Merger, the Exchange will consider all relevant factors, including, but not limited to, changes in the management, board of directors, voting power, ownership, and financial structure of the listed issuer. The Exchange will also consider the nature of the businesses and the relative size of both the listed issuer and the unlisted entity.

26342. Paired Securities

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Companies whose ~~Securities~~[securities](#) are “paired” may file a single additional listing application covering the ~~Securities~~[securities](#) to be issued by both companies. (See the Exchange fee schedule for computation of the fee.)

26343 – 26349. Reserved**26350. Cancellation Notice**

A company which has received authority to list ~~Securities~~[securities](#), upon official notice of issuance, for a particular purpose, and which no longer intends to issue all or a portion of such ~~Securities~~[securities](#) for that purpose, should cancel the listing authority by notifying the Exchange by letter (see sample letter ~~in the BSTX Listing Supplement~~[below](#)). The letter should specify the amount of ~~Securities~~[securities](#) to be cancelled and the reason for such request. ~~An example of such cancellation letter can be found in the BSTX Listing Supplement on the Exchange’s website.~~

Sample Letter

Ladies and Gentlemen:

Please cancel the listing authority covering _____ shares of our Common Stock, \$1 Par Value, reserved for issuance against the exercise of stock options, pursuant to Listing Application No. _____ dated _____. The option plan under which such shares were authorized for listing has expired according to its terms, and no additional options may be granted thereunder.

This cancellation reduces the total number of shares of Common Stock as to which listing authority is in effect for all purposes from _____ shares to _____ shares.

Sincerely,

26400 – Disclosure Policies**26401. Outline of Exchange Disclosure Policies**

The Exchange considers that the conduct of a fair and orderly market requires every listed company to make available to the public information necessary for informed investing and to take reasonable steps to ensure that all who invest in its ~~Securities~~[securities](#) enjoy equal access to such information. In applying this fundamental principle, the Exchange has adopted the following eight specific policies concerning disclosure, each of which is more fully discussed (in a Question and Answer format) in the ~~BSTX Supplemental Listing Information~~[Rule 26402](#):

- (a) Immediate Public Disclosure of Material Information—A listed company is required to make immediate public disclosure of all material information concerning its affairs, except in unusual circumstances (referred to as the Exchange’s “immediate release

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policy”). When such disclosure is to be made between 7:00 A.M. and 4:00 P.M., Eastern Time, it is essential that the Exchange be notified at least ten minutes prior to the announcement.

- (b) **Thorough Public Dissemination**—A listed company is required to release material information to the public by means of any Regulation FD compliant method (or combination of methods).
- (c) **Clarification or Confirmation of Rumors and Reports**—Whenever a listed company becomes aware of a rumor or report, true or false, that contains information that is likely to have, or has had, an effect on the trading in its ~~Securities~~securities, or would be likely to have a bearing on investment decisions, the company is required to publicly clarify the rumor or report as promptly as possible.
- (d) **Response to Unusual Market Action**—Whenever unusual market action takes place in a listed company’s ~~Securities~~securities, the company is expected to make inquiry to determine whether rumors or other conditions requiring corrective action exist, and, if so, to take whatever action is appropriate. If, after this review, the unusual market action remains unexplained, it may be appropriate for the company to issue a “no news” release—i.e., announce that there has been no material development in its business and affairs not previously disclosed or, to its knowledge, any other reason to account for the unusual market action.
- (e) **Unwarranted Promotional Disclosure**—A listed company should refrain from promotional disclosure activity which exceeds that necessary to enable the public to make informed investment decisions. Such activity includes inappropriately worded news releases, public announcements not justified by actual developments in a company’s affairs, exaggerated reports or predictions, flamboyant wording and other forms of overstated or over-zealous disclosure activity which may mislead investors and cause unwarranted price movements and activity in a company’s ~~Securities~~securities.
- (f) **Insider Trading**—Insiders should not trade on the basis of material information which is not known to the investing public. Moreover, insiders should refrain from trading, even after material information has been released to the press and other media, for a period sufficient to permit thorough public dissemination and evaluation of the information.
- (g) **Receipt of Written Delisting Notice**—A company is required to publicly disclose that it has received a written notice indicating that the Exchange has determined to remove the company’s ~~Securities~~securities from listing (or unlisted trading) as a result of non-compliance with the continued listing requirements. (See Rule 27009)
- (h) **Receipt of Audit Opinion with Going Concern Qualification** - A company is required to publicly disclose that it has received an audit opinion that contains a going concern qualification. (See Rule 26610(b))

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- (i) Reserved
- (j) Receipt of Written Notice of Noncompliance with a Continued Listing Requirement—A company is required to publicly disclose that it has received a written notice indicating that the Exchange has determined that the company is noncompliant and/or has failed to satisfy one or more continued listing requirements. (See IM-26402-02 to Rule 26402 and Rule 27009).

IM-26401-1

Listed companies must comply with the notification procedures in Rule 26401(a) and (b) with respect to all announcements relating to a dividend, stock distribution, or Security distribution when such disclosure is to be made between 7:00 A.M. and 4:00 P.M., Eastern Time. (Listed companies must also comply with the notification requirements of Rule 26501 with respect to all such announcements, including outside of the hours of operation of the immediate release policy.)

26402. Explanation of Exchange Disclosure Policies**(a) Immediate Public Disclosure of Material Information**

Q. What standard should be employed to determine whether disclosure should be made?

A. Immediate disclosure should be made of information about a company's affairs or about events or conditions in the market for its ~~Securities~~securities when either of the following standards are met:

- (i) where the information is likely to have a significant effect on the price of any of the company's ~~Securities~~securities; or
- (ii) where such information (including, in certain cases, any necessary interpretation by securities analysts or other experts) is likely to be considered important by a reasonable investor in determining a choice of action.

Q. What kinds of information about a company's affairs should be disclosed?

A. Any material information of a factual nature that bears on the value of a company's ~~Securities~~securities or on decisions as to whether or not to invest or trade in such ~~Securities~~securities should be disclosed. Included is information known to the company concerning:

- (i) its property, business, financial condition and prospects;
- (ii) mergers and acquisitions;
- (iii) dealings with employees, suppliers, customers and others; and

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(iv) information concerning a significant change in ownership of the company's [Securitiessecurities](#) by insiders, principal shareholders, or control persons.

In those instances where a company deems it appropriate to disclose internal estimates or projections of its earnings or of other data relating to its affairs, such estimates or projections should be prepared carefully, with a reasonable factual basis, and should be stated realistically, with appropriate qualifications. Moreover, if such estimates or projections subsequently appear to have been mistaken, they should be promptly and publicly corrected.

Q. What kinds of events and conditions in the market for a company's [Securitiessecurities](#) may require disclosure?

A. The price of a company's [Securitiessecurities](#) (as well as a reasonable investor's decision whether to buy or sell those [Securitiessecurities](#)) may be affected as much by factors directly concerning the market for the [Securitiessecurities](#) as by factors concerning the company's business. Factors directly concerning the market for a company's [Securitiessecurities](#) may include such matters as the acquisition or disposition by a company of a significant amount of its own [Securitiessecurities](#), an event affecting the present or potential dilution of the rights or interests of a company's [Securitiessecurities](#), or events materially affecting the size of the "public float" of its [Securitiessecurities](#).

While, as noted above, a company is expected to make appropriate disclosure about significant changes in insider ownership of its [Securitiessecurities](#), the company should not indiscriminately disclose publicly any knowledge it has of the trading activities of outsiders, such as trading by mutual funds or other institutions, for such outsiders normally have a legitimate interest in preserving the confidentiality of their [Securitysecurity](#) transactions.

Q. What are some specific examples of a company's affairs or market conditions typically requiring disclosure?

A. The following events, while not comprising a complete list of all the situations which may require disclosure, are particularly likely to require prompt announcements:

- a joint venture, merger or acquisition;
- the declaration or omission of dividends or the determination of earnings;
- a stock split or stock dividend;
- the acquisition or loss of a significant contract;
- a significant new product or discovery;
- a change in control or a significant change in management;
- a call of [Securitiessecurities](#) for redemption;

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- the borrowing of a significant amount of funds;
- the public or private sale of a significant amount of additional ~~Securities~~securities;
- significant litigation;
- the purchase or sale of a significant asset;
- a significant change in capital investment plans;
- a significant labor dispute or disputes with subcontractors or suppliers;
- an event requiring the filing of a current report under the Securities Exchange Act;
- establishment of a program to make purchases of the company's own shares;
- a tender offer for another company's securities;
- an event of technical default or default on interest and/or principal payments;
- board changes and vacancies; and
- receipt of an audit opinion that contains a going concern qualification (see also Section 610(b)).

Q. When may a company properly withhold material information?

A. Occasionally, circumstances such as those discussed below may arise in which— provided that complete confidentiality is maintained—a company may temporarily refrain from publicly disclosing material information. These situations, however, are limited and constitute an infrequent exception to the normal requirement of immediate public disclosure. Thus, in cases of doubt, the presumption must always be in favor of disclosure.

(i) When immediate disclosure would prejudice the ability of the company to pursue its corporate objectives.

Although public disclosure is generally necessary to protect the interests of investors, circumstances may occasionally arise where disclosure would prejudice a company's ability to achieve a valid corporate objective. Public disclosure of a plan to acquire certain real estate, for example, could result in an increase in the company's cost of the desired acquisition or could prevent the company from carrying out the plan at all. In such circumstances, if the unfavorable result to the company outweighs the undesirable consequences of non-disclosure, an announcement may properly be deferred to a more appropriate time.

(ii) When the facts are in a state of flux and a more appropriate moment for disclosure is imminent.

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Occasionally, corporate developments give rise to information which, although material, is subject to rapid change. If the situation is about to stabilize or resolve itself in the near future, it may be proper to withhold public disclosure until a firm announcement can be made, since successive public statements concerning the same subject (but based on changing facts) may confuse or mislead the public rather than enlighten it.

For example, in the course of a successful negotiation for the acquisition of another company, the only information known to each party at the outset may be the willingness of the other to hold discussions. Shortly thereafter, it may become apparent to the parties that it is likely an agreement can be reached. Finally, agreement in principle may be reached on specific terms. In such circumstances (and assuming the maintenance of strict confidentiality), a company need not issue a public announcement at each stage of the negotiations, describing the current state of constantly changing facts, but may await agreement in principle on specific terms. If, on the other hand, progress in the negotiations should stabilize at some other point, disclosure should then be made if the information is material.

Whenever material information is being temporarily withheld, the strictest confidentiality must be maintained, and the company should be prepared to make an immediate public announcement, if necessary. During this period, the market activity of the company's [Securities](#) should be closely watched, since unusual market activity frequently signifies that a "leak" may have occurred. This is one reason why it is important to keep the Exchange fully apprised of material corporate developments.

NOTE: Federal securities laws may restrict the extent of permissible disclosure before or during a public offering of securities or a solicitation of proxies. In such circumstances (as more fully discussed below), a company should discuss the disclosure of material information in advance with the Exchange and the Securities and Exchange Commission. It is the Exchange's experience that the requirements of both the securities laws and regulations and the Exchange's disclosure policy can be met even in those instances where their thrust appears to be different.

Q. What action is required if rumors occur while material information is being temporarily withheld?

A. If rumors concerning such information should develop, immediate public disclosure becomes necessary. (See also "Clarification or Confirmation of Rumors and Reports", Rule 26402(c).)

Q. What action is required if insider trading occurs while material information is being temporarily withheld?

A. Immediate public disclosure of the information in question must be effected if the company should learn that insider trading, as defined in Rule 26402(f) has taken or is taking place. In unusual cases, where the trading is insignificant and does not have any influence on the market, and where measures sufficient to halt insider trading and prevent its recurrence are taken, exemptions might be made following discussions with the Exchange. The Exchange can provide current information regarding market activity in the company's [Securities](#) and help assess the significance of such trading.

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Q. How can confidentiality best be maintained?

A. Information that is to be kept confidential should be confined, to the extent possible, to the highest possible echelons of management and should be disclosed to officers, employees and others on a "need to know" basis only. Distribution of paperwork and other data should be held to a minimum. When the information must be disclosed more broadly to company personnel or others, their attention should be drawn to its confidential nature and to the restrictions that apply to its use, including the prohibition on insider trading. It may be appropriate to require each person who gains access to the information to report any transaction which he effects in the company's [Securities](#) to the company. If counsel, accountants, financial or public relations advisers or other outsiders are consulted, steps should be taken to ensure that they maintain similar precautions within their respective organizations to maintain confidentiality.

In general, it is recommended that a listed company remind its employees on a regular basis of its policies on confidentiality.

(b) Thorough Public Dissemination

Q. What specific disclosure techniques should a company employ?

A. The steps required are as follows:

(i) Prior to Public Disclosure. The Exchange expects a company to call the Exchange at least ten minutes in advance of public disclosure of information which is non-routine or is expected to have an impact on the market for its [Securities](#) and such disclosure is to be made between 7:00 A.M. and 4:00 P.M., Eastern Time. The purpose of this communication is to inform the Exchange of the substance of the announcement and the Regulation FD-compliant method by which the company intends to comply with the immediate release policy and to provide the Exchange with the information necessary to locate the news upon publication. When the announcement is in written form, the company must also provide the text of such announcement to the Exchange at least ten minutes prior to release of the announcement via e-mail or web-based system as specified on the Exchange's website, except in emergency situations, when notification may instead be provided by telephone and confirmed by facsimile as specified by the Exchange on its website (and the Exchange shall promptly update and prominently display the applicable information on its website in the event that it ever changes). For purposes of this Rule 26402(b)(i), an emergency situation includes lack of computer or internet access; a technical problem on the systems of either the listed company or the Exchange; or an incompatibility between the systems of the listed company and the Exchange. The Exchange, with the benefit of all the facts provided by the company, will be able to consider whether a temporary halt in trading, pending an announcement, would be desirable. A temporary halt in trading is not a reflection on the company or its [Securities](#), but provides an opportunity for disseminating and evaluating the information released. Such a step frequently helps avoid rumors and market instability, as well as the unfairness to investors that may arise when material information has reached part, but not yet all, of the investing community. Thus, in

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appropriate circumstances, the Exchange can often provide a valuable service to investors and listed companies by arranging for such a halt.

* During the period prior to the opening of trading on the Exchange, the Exchange will institute a trading halt for dissemination of material news only at the request of the issuer. Notwithstanding the foregoing, however, if it appears that the dissemination of material news will not be complete prior to the opening of trading on the Exchange, the Exchange may temporarily halt trading in order to facilitate an orderly opening process. See IM-26402-2 for additional information about Exchange policies in relation to news-related trading halts.

(ii) At Time of Public Disclosure. Any public disclosure of material information should be made by means of any Regulation FD compliant method (or combination of methods). While not requiring them to do so, the Exchange encourages listed companies to comply with the immediate release policy by issuing press releases. To ensure adequate coverage, where a listed company is satisfying the Exchange's immediate release policy by issuing a press release, that press release should be given to Dow Jones & Company, Inc., Reuters Economic Services and Bloomberg Business News. While foreign private issuers are not required to comply with Regulation FD, foreign private issuers must comply with the Exchange's immediate public disclosure policy and may do so by any method (or combination of methods) that would constitute compliance with Regulation FD for a domestic U.S. issuer.

Companies may also wish to broaden their distribution to other news or broadcast media, such as those in the location of the company's plants or offices, and to trade publications. The information in question should always be given to the media in such a way as to promote publication by them as promptly as possible, i.e., by telephone, telecopy, or in writing (by hand delivery), on an "immediate release" basis. Companies are cautioned that some of these media may refuse to publish information given by telephone until it has been confirmed in writing or may require written confirmation after its publication.

Whenever difficulty is encountered or anticipated in having an announcement about a material development published, a company should contact the Exchange, which may be able to provide assistance. Finally, if despite all reasonable efforts, the announcement has not been published by one of the national news-wire services or one of the above-mentioned media, the company should attempt to have the announcement disseminated through other media, such as trade, industry or business publications, or local newspapers (especially those in the area where the company's principal offices or plants are located or where its stockholders are concentrated). In cases where the announcement is of particular importance, or where unusual difficulty in dissemination is encountered, the company should consider the use of paid advertisements, a letter to stockholders, or both.

Companies may also disseminate information on their website, as well as via social media, provided however that a company disseminating information on its website or via social media must comply with the SEC's guidelines applicable to Regulation FD communication via websites and social media.

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Q. How does the policy on thorough public dissemination apply to meetings with securities analysts, journalists, stockholders and others?

A. The Exchange recommends that companies observe an "open door" policy in dealing with analysts, journalists, stockholders and others. However, under no circumstances should disclosure of material corporate developments be made on an individual or selective basis to analysts, stockholders or other persons unless such information has previously been fully disclosed and disseminated to the public. In the event that material information is inadvertently disclosed on the occasion of any meetings with analysts or others, it must be publicly disseminated as promptly as possible by the means described above.

The Exchange also believes that even any appearance of preference or partiality in the release or explanation of information should be avoided. Thus, at meetings with analysts or other special groups, where the procedure of the group sponsoring the meeting permits, representatives of the news-wire services, the press, and other media should be permitted to attend.

(c) Clarification or Confirmation of Rumors and Reports

Q. What "rumors and reports" must be clarified or confirmed?

A. The public circulation by any means, whether by an article published in a newspaper, by a broker's market letter, or by word-of-mouth, of information, either correct or false, which has not been substantiated by the company and which is likely to have, or has had, an effect on the price of the company's ~~Securities~~securities or would be likely to have a bearing on investment decisions, must be clarified or confirmed.

If a false rumor or report is circulated among only a small number of persons and has not affected, and is not likely to affect, the market for the company's ~~Securities~~securities, public circulation would not be deemed to have taken place and clarification would not be necessary. However, as pointed out in Rule 26402(a), if the rumor or report concerns material information which is correct and has not been disclosed by the company and thoroughly disseminated, clarification and confirmation is necessary regardless of the extent of the public circulation of the rumor or report.

Q. What response should be made to rumors or reports?

A. In the case of a material rumor or report containing erroneous information which has been circulated, the company should prepare an announcement denying the rumor or report and setting forth facts sufficient to clarify any misleading aspects of the rumor. In the case of a material rumor or report containing information that is correct, an announcement setting forth the facts should be prepared for public release. In both cases, the announcement should then be publicly disseminated in accordance with the guidelines discussed above. In addition, in the case of a false report, a reasonable effort should be made to bring the announcement to the attention of the particular group that initially distributed it. In the case of an erroneous newspaper article, for example, by sending a copy of the announcement to the newspaper's financial editor, or in the case of an erroneous market letter by sending a copy to the broker responsible for the letter.

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In the case of a report predicting future sales, earnings or other data, no response from the company is ordinarily required. However, if such a report is based on erroneous information, or is wrongly attributed to a company source, the company should respond promptly to the supposedly factual elements of the report. Moreover, if a report contains a prediction that is clearly erroneous, the company should issue an announcement to the effect that the company itself has made no such prediction and currently knows of no facts that would justify making such prediction.

(d) Response to Unusual Market Activity

Q. What is the significance of unusual market activity from the standpoint of disclosure?

A. Where unusual market activity (in price movement, trading activity, or both) occurs without any apparent publicly available information which would account for the activity, it may signify trading by persons who are acting either on unannounced material information or on a rumor or report, whether true or false, about the company. Most often, of course, unusual market activity may not be traceable either to insider trading or to a rumor or report. Nevertheless, the market activity itself may be misleading to investors, who are likely to assume that a sudden and appreciable change in the price of a company's stock must reflect a parallel change in its business or prospects. Similarly, unusual trading volume, even when not accompanied by a significant change in price, tends to encourage rumors and give rise to speculative trading activity which may be unrelated to actual developments in the company's affairs.

Generally, unusual market activity will first be detected by either the Designated Market Maker in the company's ~~Securities~~[securities](#) or by the Exchange, which in turn, will contact company officials to apprise them of the activity. Where unusual activity or rumors may occur, the Exchange may contact the company to inquire about any company developments that have not been publicly announced, but that could be responsible for the activity. Where the market appears to reflect undisclosed information, the Exchange will normally ask the company to make the information public immediately.

Q. What response is required of a company when unusual market action in its ~~Securities~~[securities](#) takes place?

A. First, the company should attempt to determine the reason for the market action, by considering in particular: (i) whether any information about its affairs which would account for the action has recently been publicly disclosed; (ii) whether there is any information of this type that has not been publicly disclosed (in which case the unusual market action may signify that a "leak" has occurred); and (iii) whether the company is the subject of a rumor or report.

If the company determines that the market action results from material information that has already been publicly disseminated, generally no further announcement is required. If, however, the market action indicates that such information may have been misinterpreted, it may be helpful, after discussion with the Exchange, to issue a clarifying announcement.

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If the market action results from the "leak" of previously undisclosed information, the information in question must be promptly disseminated to the public. If the market action results from a false rumor or report, the Exchange policy on correction of such rumors and reports (discussed in Rule 26402(c)) should be complied with. Finally, if the company is unable to determine the cause of the market action, the Exchange may suggest that the company issue a "no news" release, i.e., a public announcement to the effect that there have been no undisclosed recent developments affecting the company or its affairs which would account for the unusual market activity.

(e) Unwarranted Promotional Disclosure

Q. What is "unwarranted promotional disclosure" activity?

A. Disclosure activity beyond that necessary to inform investors and explicable essentially as an attempt to influence ~~Security~~security prices is considered to be unwarranted and promotional. Although the distinction between legitimate public relations activities and such promotional activity is one that must necessarily be drawn from the facts of a particular case, the following are frequently indicators of promotional activity:

(i) a series of public announcements unrelated in volume or frequency to the materiality of actual developments in a company's business and affairs;

(ii) premature announcement of products still in the development stage with unproven commercial prospects;

(iii) promotions and expense-paid trips, or the seeking out of meetings or interviews with analysts and financial writers, which could have the effect of unduly influencing the market activity in the company's ~~Securities~~securities and are not justified in frequency or scope by the need to disseminate information about actual developments in the company's business and affairs;

(iv) press releases or other public announcements of a one-sided or unbalanced nature; or

(v) company or product advertisements which, in effect, promote the company's ~~Securities~~securities.

(f) Insider Trading

Q. Who are "insiders"?

A. All persons who come into possession of material inside information, before its public release, are considered insiders for purposes of the Exchange's disclosure policies. Such persons include control stockholders, directors, officers and employees, and frequently also include outside attorneys, accountants, investment bankers, public relations advisors, advertising agencies, consultants, and other independent contractors. The husbands, wives, immediate families and those under the control of insiders may also be regarded as insiders. Where

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acquisition or other negotiations are concerned, the above relationships apply to the other parties to the negotiations as well. Finally, for purposes of the Exchange's disclosure policy, the term insiders also includes "tippees" who come into possession of material inside information.

The company itself is also an insider and, while in possession of material inside information, is prohibited from buying its [Securities](#)[securities](#) from, or selling such [Securities](#)[securities](#) to, the public in the same manner as other insiders.

Q. What is "inside information"?

A. For purposes of these guidelines, "inside information" is any information or development which may have a material effect on the company or on the market for its [Securities](#)[securities](#) and which has not been publicly disclosed.

Q. What is "insider trading"?

A. "Insider trading" refers not only to the purchase or sale of a company's [Securities](#)[securities](#), but also to the purchase or sale of puts, calls, or other options with respect to such [Securities](#)[securities](#). Such trading is deemed to be done by an insider whenever he has any beneficial interest, direct or indirect, in such [Securities](#)[securities or options](#), regardless of whether they are actually held in his name.

Included in the concept of "insider trading" is "tipping", or revealing inside information to outside individuals to enable such individuals to trade in the company's [Securities](#)[securities](#) on the basis of undisclosed information.

Q. How soon after the release of material information may insiders begin to trade?

A. This depends both on how thoroughly and how quickly after its release the information is published by the news-wire services and the press. In addition, following dissemination of the information, insiders should refrain from trading until the public has had an opportunity to evaluate it thoroughly. Where the effect of the information on investment decisions is readily understandable, as in the case of earnings, the required waiting period will be shorter than where the information must be interpreted before its bearing on investment decisions can be evaluated. While the waiting period is dependent on the circumstances, the Exchange recommends that, as a basic policy, when dissemination is made in accordance with Exchange policy (see Rule 26402(b)—26402(d)), insiders should wait for at least 24 hours after the general publication of the release in a national medium. Where publication is not so widespread, a minimum waiting period of 48 hours is recommended. Where publication does not occur, or if it should otherwise appear appropriate, it may be desirable to obtain an opinion of counsel before insiders trade.

Q. What steps can companies take to prevent improper insider trading?

A. Companies can establish, publish and enforce effective procedures applicable to the purchase and sale of its [Securities](#)[securities](#) by officers, directors, employees and other "insiders" designed not only to prevent improper trading, but also to avoid any question of the propriety of insider

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purchases or sales. One such procedure might require corporate insiders to restrict their purchases and sales of the company's [Securitiessecurities](#) to periods following the release of annual statements or other releases setting forth the financial condition and status of the company. Another could involve the purchase of a company's [Securitiessecurities](#) on a regular periodic basis by an agent over which neither the company nor the individual has any control.

In the exceptional cases in which Exchange policy permits companies to withhold material information temporarily, extreme caution must be exercised to maintain the confidentiality of the information withheld, since the danger of insider trading generally increases proportionately to the number of persons privy to the information. Recommended procedures for maintaining confidentiality are discussed in Rule 26402(a).

(g) Receipt of Written Notice of Noncompliance with a Continued Listing Requirement or Written Delisting Notice

Q. What kinds of information should be included in the public announcement?

A. The public announcement must indicate that the Exchange has determined that the company does not meet a listing standard, or has determined to remove the company's [Securitysecurity](#) listing (or unlisted trading), as applicable, and must include the specific policies and standards upon which the determination is based. In order to assist the company in the preparation of the public announcement, Exchange staff will provide the company with the Rule(s) upon which its determination was based and a template for disclosure.

Q. When must the public announcement be made?

A. The public announcement must be made as promptly as possible, but no more than four business days following the company's receipt of the written notice from the Exchange. The Exchange notes that companies should not construe the four business day time frame as a safe harbor for disclosure.

Q. What action may the Exchange take if a company fails to make a public announcement indicating that the Exchange has determined that the company is noncompliant and/or has failed to satisfy one or more continued listing standards, or has determined to remove the company's Securities from listing (or unlisted trading)?

A. Failure by a company to make the required public announcement will result in the institution of a trading halt in the company's Securities until the announcement is made, even if the company appeals the determination as provided for under Rules 27009 and 27010. If the company fails to make the announcement prior to the time that the [listing qualifications panel of the](#) Exchange issues its decision, the Exchange may decide to delist the company's [Securitiessecurities](#) for failure to make the public announcement.

Q. Does Rule 27009(j) or 27010(b) relieve the company of its disclosure obligations under the federal securities laws?

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A. No. Neither Rule 27009(j) nor 27010(b) relieves the company of its disclosure obligations under the federal securities laws, nor should Rule 27009(j) or 27010(b) be construed as providing a safe harbor under the federal securities laws. The Exchange suggests that the company consult with corporate/securities counsel in assessing its disclosure obligations under the federal securities laws.

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A written notice of noncompliance with a continued listing requirement may be in the form of either a Warning Letter (as defined in Rule 27009(a)(i)) or Deficiency Letter (as defined in Rule 21009(b)).

IM-26402-2

When the Exchange believes it is necessary to request from an issuer information relating to:

- (i) material news;
- (ii) the issuer's compliance with Exchange continued listing requirements; or
- (iii) any other information which is necessary to protect investors and the public interest.

The Exchange may halt trading in a listed Security until it has received and evaluated such information.

The Exchange may halt trading in an American Depository Receipt ("ADR") or other ~~Securities~~securities listed on the Exchange, when the Exchange-listed ~~Security~~security or the security underlying the ADR is listed on or registered with another national securities exchange or foreign exchange or market, and the national securities exchange or foreign exchange or market, or regulatory authority overseeing such exchange or market, halts trading in such ADR or ~~Security~~security for regulatory reasons. ~~The Exchange may halt trading in a Security when the issuer's Primary Equity Security is halted.~~

IM-26402-3

The Exchange asks companies that intend to issue material news after the closing of trading on BSTX to delay so until the earlier of publication of such company's official closing price on BSTX or fifteen minutes after the close of trading on BSTX in order to facilitate an orderly closing process to trading on BSTX. Trading on BSTX typically closes at 4:00 P.M. Eastern Time, except for certain days on which trading closes early at 1:00 P.M. Eastern Time.

26403. Content and Preparation of Public Announcements

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- (a) Exchange Requirements—The content of a press release or other public announcement is as important as its timing. Each announcement should:
- (1) be factual, clear and succinct;
 - (2) contain sufficient quantitative information to allow investors to evaluate its relative importance to the activities of the company;
 - (3) be balanced and fair, i.e., the announcement should avoid the following:
 - i. The omission of important unfavorable facts, or the slighting of such facts (e.g., by “burying” them at the end of a press release).
 - ii. The presentation of favorable possibilities as certain, or as more probable than is actually the case.
 - iii. The presentation of projections without sufficient qualification or without sufficient factual basis.
 - iv. Negative statements phrased so as to create a positive implication, e.g., “The company cannot now predict whether the development will have a materially favorable effect on its earnings” (creating the implication that the effect will be favorable even if not materially favorable), or “The company expects that the development will not have a materially favorable effect on earnings in the immediate future” (creating the implication that the development will eventually have a materially favorable effect).
 - v. The use of promotional jargon calculated to excite rather than to inform.
 - (4) avoid over-technical language, and should be expressed to the extent possible in language comprehensible to the layman;
 - (5) explain, if the consequences or effects of the information on the company’s future prospects cannot be assessed, why this is so; and
 - (6) clarify and point out any reasonable alternatives where the public announcement undertakes to interpret information disclosed.
- (b) Securities Laws Requirements—The requirements of the Federal securities laws must also be carefully considered in the preparation of public announcements. In particular, these laws may impose special restrictions on the extent of permissible disclosure before or during a public offering of securities, ~~including Securities~~, or a solicitation of proxies. Generally, in such circumstances, while the restrictions of the securities laws may affect the character of disclosure, they do not prohibit the timely disclosure of material factual information. Thus, it is normally possible to effect the disclosure required by Exchange policy.
- (c) Preparation of Announcements—The following guidelines for the preparation of press releases and other public announcements should help companies to ensure that the content of such announcements will meet the requirements discussed above:

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- (1) Every announcement should be either prepared or reviewed by a company official having familiarity with the matters about which disclosure is to be made and a company official familiar with the requirements of the Exchange, as well as any applicable requirements of the securities laws.
- (2) Since skill and experience are important to the preparation and editing of accurate, fair and balanced public announcements, the Exchange recommends that a limited group of individuals within the company be given this assignment on a continuing basis. (Since a press announcement usually must be prepared and released as quickly as possible, however, the group charged with this assignment should be large enough to handle problems that arise suddenly and unexpectedly.) The Exchange can assist in assessing whether the release satisfies the Exchange's disclosure requirements.
- (3) Review of press releases and other public announcements by legal counsel is often desirable and necessary, depending on the importance and complexity of the announcement.

26404. Exchange Surveillance Procedures

In many cases, when unusual market activity occurs, the Exchange is able to trace the reason for the activity to a specific cause, such as recently disclosed information, recommendations by advisory services, or rumors. In certain instances, the Exchange may also contact brokerage firms if such firms or their customers are parties to unusual activity to inquire as to the source and reasons for such activity. (This latter information, it should be noted, must remain confidential to the Exchange.) If no explanation of the unusual activity is revealed, the Exchange may call officials of the company to determine whether the cause of the activity is known to them. If the activity appears to be attributable to a rumor or report, or to material information that has not been publicly disseminated, the company is requested to take appropriate corrective action, and it may be advisable to halt trading until such action has been taken.

26405. Notifications to Exchange

Prompt notice from the listed company to the Exchange is required in connection with certain actions or events. If a provision of the BSTX Listing Standards require a company to give notice to the Exchange pursuant to this Rule 26405, the company shall provide such notice via an email address specified by the Exchange on its website (and the Exchange shall promptly update and prominently display the applicable information on its website in the event that it ever changes), except in emergency situations, when notification may instead be provided by telephone and confirmed by facsimile as specified by the Exchange on its website. For purposes of this Rule 26405, an emergency situation includes lack of computer or internet access; or a technical problem on the systems of either the listed company or the Exchange; or an incompatibility between the systems of the listed company and the Exchange. If a material event or a statement dealing with a rumor which calls for immediate release is made shortly before the opening or during market hours, notice is required to be given through the Exchange's telephone alert procedures. (See Rule 26401) If a rule containing a notification requirement does not specify that such requirement must be met by complying with the notification procedures set forth in this

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Rule 26405, the company may use the methods provided by this Rule 26405 or any other reasonable method. Listed companies are encouraged to contact the Exchange if they have any questions about the appropriate method of providing notification under applicable Exchange rules.

26500 – Dividends and Splits**26501. Notice of Dividend**

Prompt notice must be given to the Exchange as to any dividend action or action relating to a ~~Security~~security distribution in respect of a listed ~~Security~~security (including the omission or postponement of a dividend action at the customary time as well as the declaration of a dividend). Such notice is in addition to immediate publicity and should be given at least ten days in advance of the record date. The dividend notice should be given to the Exchange in accordance with Rule 26405 Notice should be given as soon as possible after declaration. Notice must be given to the Exchange no later than 10 minutes before the announcement to the news media (including when the notice is to be issued outside of Exchange trading hours).

26502. Record Date

A company is not permitted to close its stock transfer books for any reason, including the declaration of a dividend. Rather, it must establish a record date for ~~Security holders~~shareholders entitled to a dividend which is at least ten days after the date on which the dividend is declared (declaration date).

A company is also required to give the Exchange at least ten days' notice in advance of a record date established for any other purpose, including meetings of shareholders.

26503. Form of Notice

Immediately after the board of directors has declared a cash, ~~Security~~security or stock dividend, the company should comply with: (a) the notification requirements set forth in Rules 26405 and 26501 and (b) the immediate release policy pursuant to Rules 26401(a) and (b). The announcement and notice should specify the name of the company, date of declaration, amount (per ~~Security~~share) of the dividend, and the record and payment dates.

In the case of stock ~~or Security~~ dividends, payment of cash is required with respect to any distribution (or part of a distribution) that would otherwise result in fractional ~~Security~~share interests (see Rule 26507) and the notice to the Exchange should also state the basis for determining the amount (for example, based on the "last sale" on the record date).

The dividend notice should also state the "cut-off" date (usually five to seven days after the record date) until which the transfer agent will accept instructions from brokers as to their requirements for full shares, ~~Securities~~, or cash with respect to ~~Securities~~stock registered in their names, as nominees, and as to which they must make exact allocations among their clients.

26504. Non-Payment of Dividends

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If a company has been paying regular dividends and its board of directors determines to cease or postpone such payments, this fact should be announced at least twice: first, immediately at the time the board decides to cease or postpone payment, and second, on the next monthly, quarterly, or other periodic date of declaration (assuming it is again decided to omit or postpone payment). Such announcement should be provided to the Exchange pursuant to Rules 26405 and 26501 above and issued to the public pursuant to the immediate release policy set forth in Rules 26401 above. The notice and announcement should be in the form specified in Rule 26503 above.

26505. Security Dividends or Forward Splits of Lower Priced Issues

The Exchange does not view favorably a [Securitystock](#) dividend or forward split of a [Securitystock](#) selling in a low price range or a substantial [Securitystock](#) dividend or forward split which may result in an abnormally low price range for [Securitiesshares](#) after the split or [Securitystock](#) dividend. Any company considering a forward split (or a [Securitystock](#) dividend of more than 5%) which would result in an adjusted price of less than \$3 per [Securityshare](#) should consult with the Exchange in advance of taking formal action. (See also Rule 26970 for information regarding reverse splits.)

26506. Reserved**26507. Cash in Lieu of Fractional Securities**

The Exchange does not permit fractional [interests in Securitiesshares](#). Any distribution or part of a distribution that might result in fractional [interests in Securitiesshares](#) must be paid in cash.

Most companies prefer to pay cash in settlement of fractional share interests since this procedure is the least expensive and easiest method. The work and problems of member firms are simplified when fractional share interests are paid in cash, since the use of order forms involves special handling. For example, in handling customers' dividend accounting, member firms must mail the order forms to the customers, have them returned and follow the customers' instructions as to whether they wish to buy or sell fractional share interests, all of which involves substantial bookkeeping and expense to the firms. Additionally, the problem is aggravated when a member firm "fails" over the record date for a dividend and may not be in a position to supply the customer of the receiving member firm with an order form. If cash is paid, the procedure is greatly simplified.

The usual procedure of most companies is to compute the cash payment based on the last sale price of the stock on the record date, because: (a) the record date is the date on which the stockholder becomes "long" the stock dividend shares; and (b) by such date the stock will have been quoted "ex-dividend" (except in the case of large stock dividends of usually 20% or more), so that the market price of the stock will have been adjusted for the dividend.

A company may prefer to compute the cash payment based on the last sale price of the stock on the dividend declaration date. Where this is done, the company should adjust the "dividend on" selling price of the stock on the declaration date to an "ex-dividend" basis. Otherwise, there will be an overpayment of the cash portion of the dividend. For example, if a company declares a

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10% stock dividend and the last sale price on the declaration date is \$11, the value of the dividend at that time computes to \$1 per share, or an adjusted "ex-dividend" price for the stock of \$10 (10/11ths of \$11). On this basis, the fractional share interests should be paid for in cash at the rate of \$10 per full share.

This adjustment is even more important in cases of large stock dividends (usually 20% or more). In these instances, the Exchange postpones the "ex-dividend" date until the dividend has been paid (see §521). For example, in the case of a 50% stock dividend, the "theoretical ex-dividend" price would be equivalent to 2/3rds of the "dividend on" price of the stock. Thus, if the price of the stock at the close of business on the declaration or record date is \$33 per share, the "theoretical ex-dividend" price would be adjusted to \$22 per share. Accordingly, fractional share interests should be settled based upon a price of \$22 per share.

26508. Reserved**26509. Dividend or Split-Up Listing Application**

Refer to Rule 26304

26510. ~~Reserved~~ Two Day Delivery Plan

Unless settlement timing for transactions in Securities effected on the Exchange is otherwise determined pursuant to BSTX Rule 25060(h), all transactions in Securities effected on the Exchange will be settled in two business days.

26511. Definition of “ex-dividend” and “ex-rights”

The term “ex-dividend” means “without the dividend” and the term “ex-rights” means “without the rights”. The effect of quoting a Security “ex-dividend” or “ex-rights” is that quotations for, and transactions in, the Security on and after the “ex-dividend” or “ex-rights” date reflect the fact that the buyer is not entitled to the dividend or rights.

NOTE: Transactions in Securities are not ex-dividend or ex-rights until an announcement to that effect is made by the Exchange.

26512. Ex-dividend Procedure

Transactions in Securities (except those made for “cash”) are ex-dividend on the business day preceding the record date. If the record date selected is not a business day, the Security will be quoted ex-dividend on the second preceding business day. “Cash” transactions are ex-dividend on the business day following the record date.

26513. Ex-Rights Procedure

In the establishment and announcement of ex-rights dates, the Exchange proceeds as follows:

(a) Subscription Price Not Known—Where the subscription price and all other terms of the rights and subscription offering are not known sufficiently in advance of the record date to determine the value of the rights, the Exchange will rule the Securities ex-rights on the day following the

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date the rights commence trading (which, in most instances, is a date subsequent to the record date for the subscription offering).

Under such circumstances, the Exchange requires that all deliveries of Securities made after the record date in settlement of transactions made prior to the ex-rights date, and on a “rights on” basis carry “due bills” for the rights.*

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A “DUE BILL” is an instrument used by Participants, when, for any reason, it becomes necessary to postpone an “ex-dividend” or “ex-rights” date. The due bill has the effect of transferring the right to receive a dividend, distribution or subscription right from the Security holder on the record date to the purchaser of the Security who, at the time of the transaction, paid a “dividend on” or “rights on” price.

26514. Special Rulings

As more fully explained in Rule 26521, the Exchange may, in any particular case (such as where conditional, large or valuable dividends are declared, or where the Exchange does not receive timely notice of dividend declarations or offerings of subscription rights), direct that transactions shall be ex-dividend or ex-rights on a day other than that fixed by Exchange rules and may prescribe the procedure to be followed in connection therewith. In such instances, on transactions made prior to the ex-dividend or ex-rights date, the Exchange, by special ruling, will require that deliveries too late to effect transfer in the normal course by the record date, shall be accompanied by due bills for the dividend or rights.

26515. Return of Dividend

Participants, receiving deliveries in advance of the record date against ex-dividend or ex-rights transactions, who are able to effect transfer of the purchased Security by the record date, will be responsible to return the dividend or rights to the Participant from whom delivery was received.

26516. Reserved**26517. Optional Dividends**

When a dividend is payable at the option of the Security holder, in either cash or securities, the Securities will be ex-dividend the value of the cash or securities, whichever is greater.

26518. Canadian Currency

When a dividend is payable in Canadian currency, the stock will be “ex” the amount of the dividend in U.S. currency, at the rate of exchange prevailing on the ex-dividend date. Orders will not be reduced to an ex-dividend basis by the amount of any tax on the dividend deductible at the source.

26519. American Depositary Receipts

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In the case of American shares or American Depositary Receipts for stocks of foreign (other than Canadian) corporations, the reduction of orders to an ex-dividend basis shall be for the net amount of the dividend in U.S. currency after giving effect to all deductions, including taxes, foreign exchange discount, and the expenses of the Depository.

26520. Reserved**26521. Special Ex-dividend Rulings**

- (a) Late Notices—If, as required by Exchange rules, the Exchange does not receive a notice of a dividend declaration sufficiently in advance of a record date to permit a ~~Security~~stock to be quoted “ex-dividend” in the usual manner, the Exchange quotes the ~~Security~~security “ex-dividend” as soon as possible following receipt of notice of the dividend. The Exchange also rules that the “dividend on” purchaser (in transactions made during the interval between the date when the Security should have been quoted “ex” and the date when the Security is actually quoted “ex”) is entitled to receive the dividend from the seller. The seller in such transactions is required to give to the purchaser a due bill, covering the amount of the dividend, to be redeemed subsequent to the payment date for the dividend.

The use of due bills causes vexing problems between Participants and their customers because it is often difficult to explain to the selling customer why he should give up a dividend paid to him by the company. Therefore, the Exchange requires listed companies to furnish to the Exchange timely notification of dividend declarations (i) as many days as possible in advance of the record date and, in any event, (ii) no less than ten (10) days in advance of the record date.

- (b) Large or Valuable Dividends, Dividends “Not In Kind”, and Split-ups Effected as Distributions—When large or valuable cash, or stock ~~or Security~~ dividends (usually 20% or more), or a dividend “not in kind” (i.e., a distribution of securities of another issuer), or a split-up is declared, it is the policy of the Exchange to postpone the “ex-dividend” or “ex-distribution” date until the dividend has been paid. The reason for this is so that the ~~Security~~stock is not quoted at the substantially lower “ex-dividend” or “ex-distribution” price until the distribution is received by ~~Security holders~~shareholders. If this were not the case, the collateral value of the ~~Security~~stock would be reduced between the “ex” date and payment date, and the ~~Security holder~~shareholder might be required to provide additional collateral.

In the case of dividends “not in kind” (regardless of its size in relation to the listed Security), it will be necessary to postpone the “ex-dividend” date in the event a market does not exist in the security to be distributed at the time the listed issue would normally be quoted “ex-dividend”.

In all of the above instances, the postponement of the “ex” date until after the payment date makes it possible for ~~Security holders~~shareholders to sell all of their holdings at one

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time, on a “dividend on” basis (prior to the “ex” date). As a result, purchasers of the ~~Security~~stock prior to the “ex” date continue to pay a “dividend on” price, but will not receive the dividend payment from the company. Accordingly, the Exchange rules that the “dividend on” purchaser is entitled to receive the dividend from the seller. The seller, in turn, is required to give the purchaser a due bill, covering the amount of the dividend, to be redeemed on the date fixed by the Exchange.

- (c) “Cash” Transactions—The Ex-Dividend Rule of the Exchange specifies that “cash” transactions (in which delivery of the security must be made on the date of the transaction) shall be “ex-dividend” on the business day following the record date.

26522. Price Adjustment of Open Orders on “Ex-Date”

- (a) When a ~~Securities~~Security is quoted ex-dividend, ex-distribution, ex-rights or ex-interest, all open orders to buy and open stop orders to sell shall be reduced by the cash value of the payment or rights, except where the Security is quoted "ex" a Security dividend or Security distribution, in which case the provisions of paragraph (b) apply.
- (b) When a Security is quoted "ex" a Security dividend, or Security distribution all open orders, including open orders to sell and open orders to buy, shall be reduced by the proportional value of the dividend.

NOTE: The fact that a Security is quoted "ex-dividend" does not mean that the initial sale of the Security "ex-dividend" will always be lower, by the amount of the dividend, than the last preceding "dividend on" sale. In many instances this does happen. Other times, however, Securities sell "ex-dividend" at prices (lower or higher than the preceding "dividend on" sale) unrelated to the amount of the dividend, since factors other than "ex-dividend" dates influence prices.

26600 – Accounting; Annual and Quarterly Reports**26601. Reserved****26602. Reserved****26603. Change in Accountants**

A listed company is required to notify the Exchange (prior to filing its 8-K) if it changes independent accountants; and must state the reason for such change.

26604. Defaults

A listed company must immediately notify the Exchange whenever there exists: (a) an event of default in any technical covenant of its outstanding loan agreements; (b) a default in interest or principal payments on outstanding indebtedness; (c) a default in cumulative dividend payments on an outstanding preferred stock issue; or ~~(d) a default in cumulative dividend payments on an outstanding preferred Securities or~~ (e) a failure to meet the sinking fund or redemption provisions of any outstanding debt or equity issues of the company.

EXHIBIT 4A**26605. Peer Review**

- (a) A listed company must be audited by an independent public accountant that:
- (1) has received an external quality control review by an independent public accountant (“peer review”) that determines whether the auditor’s system of quality control is in place and operating effectively and whether established policies and procedures and applicable auditing standards are being followed; or
 - (2) is enrolled in a peer review program and within 18 months receives a peer review that meets acceptable guidelines.
- (b) The following guidelines are acceptable for the purposes of Rule 26605:
- (1) the peer review should be comparable to AICPA standards included in Standards for Performing on Peer Reviews, codified in the AICPA’s SEC Practice Section Reference Manual;
 - (2) the peer review program should be subject to oversight by an independent body comparable to the organizational structure of the Public Oversight Board as codified in the AICPA’s SEC Practice Section Reference Manual; and
 - (3) the administering entity and the independent oversight body of the peer review program must, as part of their rules of procedure, require the retention of the peer review working papers for 90 days after acceptance of the peer review report and allow the Exchange access to those working papers.

26606-26609. Reserved**26610. Publication of Annual Report**

- (a) Any listed company that is required to file with the SEC an annual report that includes audited financial statements (including on Forms 10-K, 20-F, 40-F or N-CSR) is required to simultaneously make such annual report available to Security holders on or through the company’s website.

A company must also post to its website a prominent undertaking in the English language to provide all holders (including preferred stockholders, preferred Security holders and bondholders) the ability, upon request, to receive a hard copy of the company’s complete audited financial statements free of charge and simultaneously issue a press release stating that its annual report has been filed with the SEC. This press release must also specify the company’s website address and indicate that shareholders have the ability to receive a hard copy of the company’s complete audited financial statements free of charge upon request. The company must provide such hard copies within a reasonable period of time following the request. Moreover, the press release must be published pursuant to the Exchange’s press release policy (see Rule 26401 above).

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A listed company that:

- is subject to the U.S. proxy rules that provides its audited financial statements (as included on Forms 10-K, 20-F and 40-F) to beneficial shareholders in a manner that is consistent with the physical or electronic delivery requirements applicable to annual reports set forth in Rules 14a-3 and 14a-16 of the U.S. proxy rules, or
- is an issuer not subject to the U.S. proxy rules that provides its audited financial statements (as included on Forms 10-K, 20-F and 40-F) to beneficial shareholders in a manner that is consistent with the physical or electronic delivery requirements applicable to annual reports set forth in Rules 14a-3 and 14a-16 of the U.S. proxy rules,

is not required to issue the press release or post the undertaking required above. A company that fails to file its annual report on Forms 10-K, 20-F, 40-F or N-CSR with the SEC in a timely manner is subject to the compliance procedures set forth in Rule 27007.

- (b) A listed company that receives an audit opinion that contains a going concern emphasis must make a public announcement through the news media disclosing the receipt of such opinion. Prior to the release of the public announcement, the listed company must provide such announcement to the Exchange in a manner consistent with the requirements for the provision of material news to the Exchange under Rule 26401 hereof. The public announcement shall be made contemporaneously with the filing of such audit opinion in a public filing with the Securities and Exchange Commission.

26611-26615. Reserved**26616. President's Letter**

Most annual reports contain a letter to shareholders from the President or other officer of the company. The Exchange expects that such letter, as well as all other releases and statements by the company, will be factual and that judgment and restraint will be used in not publicizing information which may be construed as over-optimistic, slanted or promotional. (See Rules 26401-26404 for a further discussion of the Exchange's disclosure requirements.)

26617-26622. Reserved**26623. Dissemination**

Interim statements (unaudited) are not required to be sent to Security holders by any company whose common stock or equity Securities is listed on a national securities exchange. (However, many companies do send such statements.)

Companies whose common stock ~~or Securities~~ are not listed on a national securities exchange must send interim statements (unaudited) to holders of its Securities which are listed on BSTX.

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Interim statements of sales and earnings must be on the basis of the same degree of consolidation as the annual report. Such statements should disclose any substantial items of unusual or nonrecurrent nature and will show net income before and after federal income taxes.

As a matter of fairness, corporations which distribute interim reports to shareholders should distribute such reports to both registered and beneficial shareholders.

In all cases, such information (whether or not furnished to ~~Security holders~~[shareholders](#)) must be disseminated in the form of a press release to one or more newspapers of general circulation in New York regularly publishing financial news and to one or more of the national news-wire services. A copy must also be sent to the Exchange. Further information on the handling of press releases is set forth in Rules 26401-26404.

26624. Exceptions

Exception to the Exchange's requirement that quarterly results be distributed in the form of a press release is made only in cases where conditions peculiar to the type of company, or to the particular company itself, would make such a release impracticable or misleading, as in the case of companies dependent upon long-term contracts, or companies dependent upon the growth and sale of a crop in an annual cycle, or companies operating under conditions which make such releases virtually impossible or misleading.

When the Exchange is convinced that the release of quarterly results is impracticable, or could be misleading, it may require an agreement to release a semi-annual statement of sales and earnings, or an interim statement of certain operating statistics which will serve to indicate the trend of the company's business during the period between annual reports. Only when the Exchange is convinced that any type of interim release is either impracticable, or misleading, will an agreement calling merely for publication of annual statements be accepted.

NOTE: Any agreement between the Exchange and a listed company on the issuance of quarterly operating results does not alter the company's obligation to publish quarterly statements pursuant to SEC rules.

26700 – Shareholders' Meetings, Approval and Voting of Proxies**26701. Filing Material Distributed to Shareholders**

A listed company is required to file with the Exchange five copies of proxy statements, forms of proxy and other soliciting materials distributed to shareholders. A listed company is also required to file with the Exchange one copy of the notice of shareholders' meetings and three copies of annual reports distributed to shareholders. Copies of such material should be sent to the Exchange when distributed to shareholders, unless the material was otherwise filed electronically with the SEC (See Rule 27101).

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Proxy statements, forms of proxy and other soliciting materials shall be distributed by such means as are permitted or required by applicable law and regulation (including any interpretations thereof by the SEC). Companies should also note Rule 26722 applicable to Participants regarding transmission of proxy material to customers.

26702. Reserved**26703. Notice of Meetings**

A listed company is required to give shareholders written notice at least ten days in advance of all shareholders' meetings, and to provide for such notice in its by-laws.

In addition, the company must immediately notify the Exchange when it establishes a date for the taking of a record of its shareholders. Such notice must be given at least ten days in advance of the record date.

NOTE: Exchange rules prohibit the closing of a listed company's transfer books, for any purpose.

The Exchange recommends that such notice and proxy-soliciting material be received by shareholders as many days as possible (preferably at least 20 days) in advance of the meeting. A similar arrangement should be followed in delivering such proxy material to Participants in order to allow such organizations ample time to mail the material to, and receive voting instructions from, beneficial owners.

Companies should be aware that the Exchange's proxy rules provide that in the case of a routine meeting (see Rule 26723), if the proxy material is distributed by a Participant, as record holder, to the beneficial owners of the Securities, at least 15 days before the meeting, and voting instructions from the beneficial owner are not received ten days prior to the meeting, the Participant may then vote the proxy in its discretion. Otherwise, the Participant must receive specific voting instructions from its customers.

If a company plans to request brokers to forward proxy-soliciting material to customers, it should communicate with the brokers at least ten days in advance of the voting record date for the meeting:

- (a) informing them of the record and meeting dates:
- (b) providing them with a return postcard on which they may indicate the number of sets of proxy material required for transmittal to customers; and
- (c) agreeing to reimburse them for out-of-pocket expenses incurred in handling the material.
The sets of proxy material distributed to Participants should include the required number of proxies and annual reports to assure compliance with the rules and regulations of the Exchange and the SEC.

EXHIBIT 4A**26704. Annual Meetings**

Each issuer listing ~~equity Securities~~common stock or voting preferred ~~Securities~~stock, and/or their equivalents, shall hold an annual meeting of shareholders no later than one year after the end of the issuer's fiscal year.

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At each annual meeting, shareholders must be afforded the opportunity to discuss company affairs with management and, if required by the issuer's governing documents, to elect directors. A new listing that was not previously subject to a requirement to hold an annual meeting is required to hold its first annual meeting within one year after its first fiscal year-end following listing. In addition, an issuer is not required to hold an annual meeting:

- With respect to any fiscal year less than 12 months long that results from a change in fiscal year end; or
- In the year in which it completes an initial public offering.

However, the Exchange's annual meeting requirement does not supplant any applicable state or federal securities laws concerning annual meetings.

26705. Meetings and Solicitations of Proxies Required

A listed company is required, with respect to any matter requiring authorization by its shareholders, to either (a) hold a meeting of its shareholders in accordance with its charter, by-laws and applicable state or other laws and to solicit proxies (pursuant to a proxy statement conforming to the proxy rules of the SEC) for such meeting of shareholders, or, (b) use written consents in lieu of a special meeting of shareholders as permitted by applicable law. The Exchange has no separate requirements with respect to the solicitation of such consents, but listed companies must comply with applicable state and federal laws and rules (including interpretations thereof), including without limitation, SEC Regulations 14A and 14C.

26706 - 26709. Reserved**26710. Vote Required**

- (a) With respect to votes cast on a proposal in person or by proxy, the minimum vote, under Rules 26711, 26712 and 26713, which will constitute shareholder approval for listing purposes, is defined as approval by a majority of votes cast. (See Rule 26123 regarding quorum requirements.) With respect to the use of written consents in lieu of a special shareholders meeting, the written consent to the proposal of holders of a majority of the shares entitled to vote will constitute shareholder approval for listing purpose under Rules 26711, 26712 and 26713.
- (b) An exception to the shareholder approval requirements contained in Rules 26711, 26712

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and 26713 below may be made with respect to a specified issuance of Securities upon prior written application to the Exchange when (1) the delay in securing shareholder approval would seriously jeopardize the financial viability of the enterprise, and (2) reliance by the company on this exception is expressly approved by the audit committee of the company's board of directors or a comparable body of the board of directors comprised solely of independent, disinterested directors. The company is not permitted to issue, or to authorize its transfer agent or registrar to issue or register the Securities in question until it has received written notification from the Exchange that the exception to the shareholder approval requirements has been granted and the Securities have been approved for listing pursuant to Rule 26301.

A company that receives such an exception must mail to all shareholders not later than ten days before issuance of the Securities a letter alerting them to its omission to seek the shareholder approval that would otherwise be required. Such notification shall disclose the terms of the transaction (including the number of ~~equity Securities~~shares of common stock that could be issued and the consideration received), the fact that the company is relying on a financial viability exception to the shareholder approval rules, and that the audit committee or a comparable body of the board of directors comprised solely of independent, disinterested directors has expressly approved the company's reliance on the exception. The company shall also make a public announcement through the news media disclosing the same information as promptly as possible, but no later than ten days before the issuance of the Securities.

26711. Shareholder Approval of Option and Equity Compensation Plans

Approval of shareholders is required in accordance with Rule 26705 with respect to the establishment of (or material amendment to) a stock option or purchase plan or other equity compensation arrangement pursuant to which options, or stock (or Securities) may be acquired by officers, directors, employees, or consultants, regardless of whether or not such authorization is required by law or by the company's charter, except for:

- (a) issuances to an individual, not previously an employee or director of the company, or following a bona fide period of non-employment, as an inducement material to entering into employment with the company provided that such issuances are approved by the company's independent compensation committee or a majority of the company's independent directors, and, promptly following an issuance of any employment inducement grant in reliance on this exception, the company discloses in a press release the material terms of the grant, including the recipient(s) of the grant and the number of shares involved; or
- (b) tax-qualified, non-discriminatory employee benefit plans (e.g., plans that meet the requirements of Section 401(a) or 423 of the Internal Revenue Code) or parallel nonqualified plans, provided such plans are approved by the company's independent compensation committee or a majority of the company's independent directors; or plans that merely provide a convenient way to purchase shares in the open market or from the issuer at fair market value; or

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- (c) a plan or arrangement relating to an acquisition or merger; or
- (d) warrants or rights issued generally to all security holders of the company or stock (or Security) purchase plans available on equal terms to all security holders of the company (such as a typical dividend reinvestment plan).

A listed company is required to notify the Exchange in writing with respect to the use of any of the exceptions set forth in paragraphs (a) through (d).

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Rule 26711 requires shareholder approval when a plan or other equity compensation arrangement is established or materially amended. For these purposes, a material amendment would include, but not be limited to, the following:

- (a) any material increase in the number of shares to be issued under the plan (other than to reflect a reorganization, share split, merger, spinoff or similar transaction);
- (b) any material increase in benefits to participants, including any material change to: (i) permit a repricing (or decrease in exercise price) of outstanding options, (ii) reduce the price at which shares, or options to purchase shares may be offered, or (iii) extend the duration of a plan;
- (c) any material expansion of the class of participants eligible to participate in the plan; and
- (d) any expansion in the types of options or awards provided under the plan.

While general authority to amend a plan would not obviate the need for shareholder approval, if a plan permits a specific action without further shareholder approval, then no such approval would generally be required. However, if a plan contains a formula for automatic increases in the shares available (sometimes called an “evergreen formula”), or for automatic grants pursuant to a dollar-based formula (such as annual grants based on a certain dollar value, or matching contributions based upon the amount of compensation the participant elects to defer), such plans cannot have a term in excess of ten years unless shareholder approval is obtained every ten years. Plans that do not contain a formula and do not impose a limit on the number of shares available for grant would require shareholder approval of each grant under the plan. A requirement that grants be made out of treasury shares or repurchased shares will not alleviate these additional shareholder approval requirements.

As a general matter, when preparing plans and presenting them for shareholder approval, issuers should strive to make plan terms easy to understand. In that regard, it is recommended that plans meant to permit repricing use explicit terminology to make this clear.

Rule 26711 provides an exception to the requirement for shareholder approval for warrants or rights offered generally to all security holders. In addition, an exception is provided for tax

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qualified, non-discriminatory employee benefit plans as well as parallel nonqualified plans, as these plans are regulated under the Internal Revenue Code and Treasury Department regulations. An equity compensation plan that provides non-U.S. employees with substantially the same benefits as a comparable tax-qualified, non-discriminatory employee benefit plan or parallel nonqualified plan that the issuer provides to its U.S. employees, but for features necessary to comply with applicable foreign tax law, is also exempt from shareholder approval under this rule.

Further, there is an exception for inducement grants to new employees because in these cases a company has an arm's length relationship with the new employees. Inducement grants for these purposes include grants of options or stock to new employees in connection with a merger or acquisition. Rule 26711 requires that such issuances must be approved by the issuer's independent compensation committee or a majority of the issuer's independent directors. Also, promptly following an issuance of any employment inducement grant in reliance on this exception, the listed company must disclose in a press release the material terms of the grant, including the recipient(s) of the grant and the number of shares involved.

In addition, plans or arrangements involving a merger or acquisition do not require shareholder approval in two situations. First, shareholder approval will not be required to convert, replace or adjust outstanding options or other equity compensation awards to reflect the transaction. Second, shares available under certain plans acquired in acquisitions and mergers may be used for certain post-transaction grants without further shareholder approval. This exception applies to situations where the party which is not a listed company following the transaction has shares available for grant under pre-existing plans that meet the requirements of this Rule 26711. These shares may be used for post-transaction grants of options and other equity awards by the listed company (after appropriate adjustment of the number of shares to reflect the transaction), either under the pre-existing plan or arrangement or another plan or arrangement, without further shareholder approval, provided: (1) the time during which those shares are available for grants is not extended beyond the period when they would have been available under the pre-existing plan, absent the transaction, and (2) such options and other awards are not granted to individuals who were employed by the granting company or its subsidiaries at the time the merger or acquisition was consummated. A plan or arrangement adopted in contemplation of the merger or acquisition transaction would not be viewed as pre-existing for purposes of this exception. This exception is appropriate because it will not result in any increase in the aggregate potential dilution of the combined enterprise. In this regard, any additional shares available for issuance under a plan or arrangement acquired in connection with a merger or acquisition would be counted in determining whether the transaction involved the issuance of 20% or more of the company's outstanding ~~Equity shares~~common stock, thus triggering the shareholder approval requirements of Rule 26712(b).

Inducement grants, tax qualified non-discriminatory benefit plans, and parallel nonqualified plans are subject to approval by either the issuer's independent compensation committee, or a majority of the issuer's independent directors. A listed company is not permitted to use repurchased shares to fund option plans or grants without prior shareholder approval. In addition, the issuer must notify the Exchange in writing when it uses any of these exceptions (see also

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Rule 26300 Series with respect to the requirements applicable to additional listing of the underlying shares).

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The term “parallel nonqualified plan” means a plan that is a “pension plan” within the meaning of the Employee Retirement Income Security Act (“ERISA”), 29 U.S.C. §1002 (1999), that is designed to work in parallel with a plan intended to be qualified under Internal Revenue Code Section 401(a), to provide benefits that exceed the limits set forth in Internal Revenue Code Section 402(g) (the section that limits an employee’s annual pre-tax contributions to a 401(k) plan), Internal Revenue Code Section 401(a)(17) (the section that limits the amount of an employee’s compensation that can be taken into account for plan purposes) and/or Internal Revenue Code Section 415 (the section that limits the contributions and benefits under qualified plans) and/or any successor or similar limitations that may thereafter be enacted. However, a plan will not be considered a parallel nonqualified plan unless (i) it covers all or substantially all employees of an employer who are participants in the related qualified plan whose annual compensation is in excess of the limit of Code Section 401(a)(17) (or any successor or similar limitation that may hereafter be enacted) and (ii) its terms are substantially the same as the qualified plan that it parallels except for the elimination of the limitations described in the preceding sentence; and (iii) no participant receives employer equity contributions under the plan in excess of 25% of the participant’s cash compensation.

26712. Acquisitions

Approval of shareholders is required in accordance with Rule 26705 as a prerequisite to approval of applications to list additional shares to be issued as sole or partial consideration for an acquisition of the equity or assets of another company in the following circumstances:

(a) if any individual director, officer or substantial shareholder of the listed company has a 5% or greater interest (or such persons collectively have a 10% or greater interest), directly or indirectly, in the company or assets to be acquired or in the consideration to be paid in the transaction and the present or potential issuance of ~~equity Securities or~~ common stock, or securities convertible into ~~equity Securities or~~ common stock, could result in an increase in total outstanding ~~equity Securities and~~ common ~~stock~~shares of 5% or more; or

(b) where the present or potential issuance of ~~equity Securities~~common stock, or securities convertible into ~~equity Securities or~~ common stock, could result in an increase in total outstanding ~~equity Securities and~~ common ~~stock~~shares of 20% or more.

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A series of closely related transactions may be regarded as one transaction for the purpose of this policy. Companies engaged in merger or acquisition discussions must be particularly mindful of the Exchange’s timely disclosure policies. In view of possible market sensitivity and the

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importance of providing investors with sufficient information relative to an intended merger or acquisition, listed company representatives are strongly urged to consult with the Exchange in advance of such disclosure.

26713. Other Transactions

The Exchange will require shareholder approval in accordance with Rule 26705 as a prerequisite to approval of applications to list additional ~~Securities~~ shares in the following circumstances:

- (a) when the additional shares will be issued in connection with a transaction involving:
- (1) the sale, issuance, or potential issuance by the issuer of ~~equity Securities or~~ common stock (or securities convertible into ~~equity Securities or~~ common stock) at a price less than the greater of book or market value which together with sales by officers, directors or principal shareholders of the issuer equals 20% or more of ~~total equity Securities and~~ common stock presently outstanding; or
 - (2) the sale, issuance, or potential issuance by the issuer of ~~equity Securities or~~ common stock (or securities convertible into ~~equity Securities or~~ common stock) equal to 20% or more of ~~total equity Securities and~~ common stock presently outstanding for less than the greater of book or market value of the ~~equity Securities and common~~ stock; or
- (b) when the issuance or potential issuance of additional shares will result in a change of control of the issuer, including, but not limited to, those issuances that constitute a Reverse Merger as specified in Rule 26341.

The Exchange should be consulted whenever an issuer is considering issuing a significant percentage of its shares, to ascertain whether shareholders' approval will be required under this rule.

NOTE: This rule does not apply to public offerings.

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Rule 26713 provides that shareholder approval is required for “a transaction involving the sale or issuance by the company of ~~equity Securities or~~ common stock (or securities convertible into or exercisable for ~~equity Securities or~~ common stock) equal to 20 percent or more of total ~~Securities and~~ common stock presently outstanding for less than the greater of book or market value of the ~~Security or~~ common stock.” Under this rule, shareholder approval is not required for a “public offering.”

Issuers are encouraged to consult with the Exchange in order to determine if a particular offering is a “public offering” for purposes of the shareholder approval rules. Generally, a firm commitment underwritten securities offering registered with the Securities and Exchange

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Commission will be considered a public offering for these purposes. Likewise, any other securities offering which is registered with the Securities and Exchange Commission and which is publicly disclosed and distributed in the same general manner and extent as a firm commitment underwritten securities offering will be considered a public offering for purposes of the shareholder approval rules. However, the Exchange will not treat an offering as a “public offering” for purposes of the shareholder approval rules merely because they are registered with the Commission prior to the closing of the transaction.

When determining whether an offering is a “public offering” for purposes of these rules, the Exchange will consider all relevant factors, including but not limited to:

- (i) the type of offering (including whether the offering is conducted by an underwriter on a firm commitment basis, or an underwriter or placement agent on a best-efforts basis, or whether the offering is self-directed by the issuer);
- (ii) the manner in which the offering is marketed (including the number of investors offered securities, how those investors were chosen, and the breadth of the marketing effort);
- (iii) the extent of the offering’s distribution (including the number and identity of the investors who participate in the offering and whether any prior relationship existed between the issuer and those investors);
- (iv) the offering price (including the extent of any discount to the market price of the Securities offered); and
- (v) the extent to which the issuer controls the offering and its distribution.

26714 – 26719. Reserved

26720. Application of Proxy Rules

Rules 26720 through 26725 and Rule 22020, inclusive applies to Participants regardless of whether the ~~Security~~security involved is traded on the Exchange. However, if a conflict arises between this rule and those of another registered national securities association or exchange, the rules of the Exchange apply only if it is the principal market for the ~~Security~~security.

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All Participants are expected to be familiar with the proxy rules of the Securities and Exchange Commission.

26721. Giving of Proxies—Restrictions on Participants

No Participant shall give or authorize the giving of a proxy to vote ~~Securities~~stock registered in its name, or in the name of its nominee, except as required or permitted under the provisions of

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Rule 26723, unless such Participant is the beneficial owner of such [Securities](#)[stock](#).
Notwithstanding the foregoing.

- (1) any Participant designated by a named fiduciary as the investment manager of [Securities](#)[stock](#) held as assets of an ERISA Plan that expressly grants discretion to the investment manager to manage, acquire, or dispose of any plan asset and which has not expressly reserved the proxy voting right for the named fiduciary may vote the proxies in accordance with its ERISA Plan fiduciary responsibilities; and
- (2) any person registered as an investment adviser either under the Investment Advisers Act of 1940 or under the laws of a state, who exercises investment discretion pursuant to an advisory contract for the beneficial owner and has been designated in writing by the beneficial owner to vote the proxies for [Securities](#)[stock](#) which is in the possession or control of the Participant, may vote such proxies.

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The term “state” as used in Rules 26721, 26722, 26723 and 26725 shall have the meaning given to such term in Section 202(a)(19) of the Investment Advisers Act of 1940, as such term may be amended from time to time therein.

26722. Transmission of Proxy Material to Customers

(a) Whenever a person soliciting proxies shall furnish a Participant:

- (1) copies of all soliciting material which such person is sending to registered holders, and
- (2) satisfactory assurance that he will reimburse such Participant for all out-of-pocket expenses, including reasonable clerical expenses, incurred by such Participant in connection with such solicitation, such Participant shall transmit to each beneficial owner of [Securities](#)[stock](#) which is in its possession or control or to an investment adviser registered either under the Investment Advisers Act of 1940 or under the laws of a state, who exercises investment discretion pursuant to an advisory contract for the beneficial owner and has been designated in writing by the beneficial owner of such [Security](#)[stock](#) (hereinafter “designated adviser”) to receive soliciting material in lieu of the beneficial owner, the material furnished; and

(b) such Participant shall transmit with such material either:

- (1) a request for voting instructions and, as to matters which may be voted without instructions under Rule 26723, a statement to the effect that, if such instructions are not received by the tenth day before the meeting, the proxy may be given at discretion by the owner of record of the [Security](#)[stock](#); provided, however, that such statement may be made only when the proxy soliciting material is transmitted to the beneficial owner of the [Security](#)[stock](#) or to the beneficial owner’s designated investment adviser, at least fifteen days before the meeting.

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When the proxy soliciting material is transmitted to the beneficial owner of the [Security stock](#) or to the beneficial owner's designated investment adviser twenty-five days or more before the meeting, the statement accompanying such material shall be to the effect that the proxy may be given fifteen days before the meeting at the discretion of the owner of record of the [Security stock](#); or

- (2) a signed proxy indicating the number of [Securities shares](#) held for such beneficial owner and bearing a symbol identifying the proxy with proxy records of such Participant, and also a letter informing the beneficial owner or the beneficial owner's designated investment adviser, of the necessity for completing the proxy form and forwarding it to the person soliciting proxies in order that the [Securities shares](#) may be represented at the meeting.

IM-26722-1 Annual reports to be transmitted

The annual report shall be transmitted to beneficial owners or to the beneficial owners' designated investment advisers under the same conditions as those applying to proxy soliciting material under Rule 26722 even though it is not proxy-soliciting material under the proxy rules of the Securities and Exchange Commission.

IM-26722-2 Forms of letters to clients requesting voting instructions

~~The BSTX Listing Supplement contains~~ [Below are](#) specimens of letters containing the information and instructions required pursuant to the proxy rules to be given to clients in the circumstances indicated in the appropriate heading. These are shown as examples and not as prescribed forms. Participants are permitted to adapt the form of these letters for their own purposes provided all of the required information and instructions are clearly enumerated in letters to clients.

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

*[When Broker May Vote on All Proposals Without Instructions](#)*To Our Clients:

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

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

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

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

When Broker May Not Vote on Any Proposals Without Instructions

To Our Clients:

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

In order for your shares to be represented at the meeting, it will be necessary for us to have your specific voting instructions. Accordingly, please give your instructions over your signature on the enclosed proxy form and return it to us promptly in the self-addressed, stamped envelope, also enclosed. It is understood that, if you sign without otherwise marking the form, the shares will be voted as recommended by the management on all matters to be considered at the meeting.

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

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

To Our Clients:

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

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

Accordingly, in order for your shares to be voted on all matters, please give your instructions over your signature on the enclosed proxy form and return it to us promptly in the self-addressed, stamped envelope, also enclosed. It is understood that, if you sign without otherwise marking the form the shares will be voted as recommended by the management on all matters to be acted upon at the meeting. If we do not hear from you by the tenth day before the meeting, we may vote your shares in our discretion to the extent permitted by the rules of the Exchange. If you are

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unable to communicate with us by such date, we will, nevertheless, follow your voting instructions, even if our discretionary vote has already been given, provided your instructions are received by the last business day before the stockholders' meeting.

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

IM-26722-3 Forwarding of signed proxy

The following conditions shall be met by a Participant adopting the procedure of sending signed proxies to customers:

- (1) Each signed proxy sent to a customer shall contain a code number for identification and the exact number of ~~Securities~~shares held of record for the account of the customer.
- (2) Signed proxies sent to customers shall be accompanied by appropriate instructions to the customer for transmitting his vote to the company.
- (3) The Participant shall advise the company of the number of proxies sent to customers and the identifying numbers and ~~Securities~~shares represented by such proxies.
- (4) When requested by a company, the Participant shall send a follow-up request to customers whose proxies have not been received by the company.
- (5) Records of the Participant covering the solicitation of proxies shall show:
 - (a) the date of receipt of the proxy material from the issuer or other person soliciting the proxies;
 - (b) names of customers to whom the material and proxies are sent, and the date of mailing;
 - (c) the number of ~~Securities~~shares covered by each proxy;
 - (d) the code number of each customer's proxy.

IM-26722-4 Forms of letters to clients to accompany signed proxies

~~The BSTX Listing Supplement contains~~Below are specimens of letters containing the information and instructions required pursuant to the proxy rules to be given to clients in the circumstances indicated in the appropriate heading. These are shown as examples and not as prescribed forms.

When Proxy Contains No Proposals to Be Voted On

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To Our Clients:

We have been requested to forward to you the enclosed proxy material relative to shares carried by us in your account but not registered in your name.

If you wish your stock to be voted at the meeting, it will be necessary for you to date and forward the enclosed proxy form, which has been signed by us as the holder of record, in the self-addressed, stamped envelope which is furnished for the purpose.

We urge you to send your proxy in promptly to assure the largest possible representation of stockholders at the meeting.

When Proxy Contains Proposals to Be Voted On

To Our Clients:

We have been requested to forward to you the enclosed proxy material relative to shares carried by us in your account but not registered in your name.

If you wish your stock to be voted at the meeting, it will be necessary for you to complete and forward the enclosed proxy form, which has been signed by us as the holder of record, in the self-addressed stamped envelope which is furnished for the purpose.

Please note that you may direct the manner in which your shares will be voted by marking the appropriate spaces in the signed proxy form. If you forward the proxy without indicating the manner in which you wish your shares to be voted, the proxy will be voted as recommended by the management on all matters to be considered at the meeting.

We urge you to send your proxy in promptly to assure the largest possible representation of stockholders at the meeting.

IM-26722-5 Method to be used in transmission of proxy material

First class mail should be used to facilitate the obtaining of voting instructions or forwarding signed proxies, unless another method is specified by the persons for whom the material is transmitted.

IM-26722-6 Duty to transmit even when requested not to

The proxy material must be sent to a beneficial owner even though such owner has instructed the Participant not to do so, unless the beneficial owner has instructed the Participant in writing to send such material to the beneficial owner's designated investment adviser.

IM-26722-7 Duty of out-of-town Participants

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If securities are held in an omnibus account for an out-of-town or non-clearing BSTX Participant organization, it is incumbent upon the out-of-town or non-clearing BSTX Participant to see that the necessary proxy material is transmitted to the beneficial owners and that the proper records relative thereto are kept.

~~IM-26722-8 Approved charges by Participants in connection with proxy solicitations~~**Reserved.**

~~The rates of reimbursement of Participants for all out-of-pocket expenses must be fair and reasonable, including reasonable clerical expenses, incurred in connection with proxy solicitations pursuant to Rule 26722 and in mailing interim reports or other material pursuant to Rule 26725. In addition to the charges specified in this schedule, BSTX Participants also are entitled to receive reimbursement for: (i) actual postage costs (including return postage at the lowest available rate); (ii) the actual cost of envelopes (provided they are not furnished by the person soliciting proxies); and (iii) any actual communication expenses (excluding overhead) incurred in receiving voting returns either telephonically or electronically.~~

~~Charges for Initial Proxy and/or Annual Report Mailings~~

~~40¢ for each set of proxy material, i.e., proxy statement, form of proxy and annual report when mailed as a unit, unless an opposition proxy statement has been furnished to security holders, with a minimum of \$5.00 for all sets mailed;~~

~~\$1.00 for each set of proxy material, i.e., proxy statement, form of proxy and annual report when mailed as a unit, for a meeting for which an opposition proxy statement has been furnished to security holders, with a minimum of \$5.00 for all sets mailed;~~

~~15¢ for each copy, plus postage, for annual reports, which are mailed separately from the proxy material pursuant to the instruction of the person soliciting proxies, with a minimum charge of \$3.00 for all sets mailed.~~

~~Supplemental proxy fees for intermediaries that coordinate multiple nominees:~~

~~\$20.00 per nominee plus (i) 10¢ for each set of proxy material, with respect to issuers whose shares are held in fewer than 200,000 nominee accounts, or (ii) 5¢ for each set of proxy material, with respect to issuers whose shares are held in at least 200,000 nominee accounts.~~

~~Charges for Proxy Follow-up Mailings~~

~~40¢ for each set of follow-up materials, plus postage.~~

~~Charges for Interim Report Mailings~~

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~~15¢ for each copy, plus postage, for interim reports, annual reports if mailed separately, post meeting reports or other material, with a minimum of \$2.00 for all sets mailed.~~

~~BSTX Participants may charge for envelopes, provided they are not furnished by the person soliciting proxies.~~

Incentive Fees

~~An "Incentive Fee" (as defined below) for proxy material mailings, including the annual report, and 10¢ for interim report mailings, with respect to each account where the BSTX Participants has eliminated the need to send materials in paper format through the mails (such as by including multiple proxy ballots or forms in one envelope with one set of material mailed to the same household, by distributing multiple proxy ballots or forms electronically thereby reducing the sets of material mailed, or by distributing some or all material electronically.)~~

~~With respect to issuers whose shares are held in at least 200,000 nominee accounts, the Incentive Fee shall be 25¢.~~

~~With respect to issuers whose shares are held in fewer than 200,000 nominee accounts, the Incentive Fee shall be 50¢.~~

IM-26722-9.0**Reserved.**

~~Proxy solicitation surcharge payable by issuers in connection with Rules 14b-1(e) and 17a-3(a)(9)(ii) of the Securities Exchange Act of 1934. The following describes the acceptable surcharge on issuers (as a fair and reasonable rate of reimbursement of Participants) for direct and indirect expenses associated with start-up costs incurred to comply with Rules 14b-1(e) and 17a-3(a)(9)(ii) of the Securities Exchange Act of 1934:~~

~~Surcharge For Proxy Mailings For Annual Meetings~~

~~A surcharge for each set of proxy material, i.e. proxy statement and form of proxy (not including follow-up mailings), mailed in connection with each of the issuer's next two annual meetings held after March 28, 1985, at the following rates: 20¢ for each set of proxy material mailed in connection with the first such annual meeting; and 18 1/2¢ for each set of proxy material mailed in connection with the second such annual meeting. This surcharge will be in addition to the appropriate charge(s) specified in IM-26722-8 regarding approved charges by Participants in connection with proxy solicitations and IM-26725-2 regarding mailing charges by BSTX Participants.~~

IM-26722-9.1

EXHIBIT 4A

The following is a fair and reasonable rate of reimbursement of Participants for out-of-pocket expenses (except as referred to below), including reasonable clerical expenses, incurred in connection with furnishing non-objecting beneficial ownership information to requesting issuers pursuant to Rule 14b-1(c) of the Securities Exchange Act of 1934:

Charge For Providing Beneficial Ownership Information

6 1/2% per name of non-objecting beneficial owner provided to a requesting issuer. Where the non-objecting beneficial ownership information is not furnished directly to the issuer by the Participant, but is furnished through an agent designated by the Participant, the issuer will be expected to pay the reasonable expenses of the agent in providing such information, in addition to the rate described above. (See SEC Rules 14a-13(b) and 14c-7(b) under the Securities Exchange Act of 1934 and notes thereto.)

Any Participant that designates an agent for the purpose of furnishing requesting issuers with beneficial ownership information pursuant to SEC Rule 14b-1(c) and thereafter cancels that designation or appoints a new agent for such purpose should promptly inform interested issuers.

IM-26722-9.3

Participants are required to mail out such material as provided by Rules 26722 and 26725 when satisfactory assurance is received of reimbursement of expenses at such rates: provided that a Participant may request reimbursement of expenses at less than Exchange approved rates; however, no Participant may seek reimbursement at rates higher than any Exchange approved rates or for items or services not specifically listed by the Exchange without the prior notification to and consent of the person soliciting proxies or the company.

IM-26722-9.4 “Householding” of Reports

Rules 26722 and 26725 require Participants to transmit issuer-supplied annual reports, interim reports, proxy statements and other material to beneficial owners. Participants are not required to transmit more than one annual report, interim report, proxy statement or other material to beneficial owners with more than one account (including trust accounts). In addition, Participants may eliminate multiple transmissions of reports, statements or other materials to beneficial owners having the same address, provided they comply with applicable SEC rules with respect thereto (see SEC Rule 14b-1 under the Securities Exchange Act of 1934).

26723. Giving Proxies By Participants

A Participant shall give or authorize the giving of a proxy for ~~Securities~~[stock](#) registered in its name, or in the name of its nominee, at the direction of the beneficial owner. If the ~~Security~~[stock](#) is not in the control or possession of the Participant, satisfactory proof of the beneficial ownership as of the record date may be required.

(a) Voting Participant Holdings as Executor, etc.

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A Participant may give or authorize the giving of a proxy to vote any [Securitystock](#) registered in its name, or in the name of its nominee, if such Participant holds such [Securitiesstocks](#) as executor, administrator, guardian, trustee, or in a similar representative or fiduciary capacity with authority to vote.

(b) Voting Procedure Without Instructions

A Participant which has transmitted proxy soliciting material to the beneficial owner of a [Securitystock](#) or to an investment adviser registered either under the Investment Advisers Act of 1940 or under the laws of a state who exercises investment discretion pursuant to an advisory contract for the beneficial owner and has been designated in writing by the beneficial owner of such [Securitystock](#) (hereinafter “designated investment adviser”) to receive soliciting material in lieu of the beneficial owner and solicited voting instructions in accordance with the provisions of Rule 26722, and which has not received instructions from the beneficial owner or from the beneficial owner’s designated investment adviser by the date specified in the statement accompanying such material, may give or authorize the giving of a proxy to vote such [Securitystock](#), provided the person in the Participant organization giving or authorizing the giving of the proxy has no knowledge of any contest as to the action to be taken at the meeting and provided such action is adequately disclosed to [Securityholdersstockholders](#) and does not include authorization for a merger, consolidation or any other matter which may affect substantially the rights or privileges of such [Securitystock](#).

(c) Instructions on Securities in Names of Other Participants

A Participant which has in its possession or control [Securitiesstock](#) registered in the name of another Participant, and which has solicited voting instructions in accordance with the provisions of Rule 26722(b)(1), shall

- (1) Forward to the second Participant any voting instructions received from the beneficial owner, or
- (2) if the proxy-soliciting material has been transmitted to the beneficial owner of the [Securitystock](#) in accordance with Rule 26722 and no instructions have been received by the date specified in the statement accompanying such material, notify the second Participant of such fact in order that such Participant may give the proxy as provided in the third paragraph of this rule.

(d) Signed Proxies for Securities in Names of Other Participants

A Participant which has in its possession or control [Securitiesstock](#) registered in the name of another Participant, and which desires to transmit signed proxies pursuant to the provisions of Rule 26722(b)(2), shall obtain the requisite number of signed proxies from such holder of record.

IM-26723-1 When a Participant may vote without customer instructions.

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Rule 26723, above, provides that a Participant may give a proxy to vote Securitiesstock provided that:

- (1) it has transmitted proxy soliciting material to the beneficial owner of Securitiesstock or to the beneficial owner's designated investment adviser in accordance with Rule 26722, and
- (2) it has not received voting instructions from the beneficial owner or from the beneficial owner's designated investment adviser, by the date specified in the statement accompanying such material, and
- (3) the person at the Participant giving or authorizing the giving of the proxy has no knowledge of any contest as to the action to be taken at the meeting and provided such action is adequately disclosed to shareholders and does not include authorization for a merger, consolidation or any matter which may affect substantially the rights or privileges of such Securitiesstock.

IM-26723-2 When Participants may not vote without customer instructions

In the list of meetings of shareholders, after proxy material has been reviewed by the Exchange, each meeting will be designated by an appropriate symbol to indicate either (a) that Participants may vote a proxy without instructions of beneficial owners, (b) that Participants may not vote specific matters on the proxy, or (c) that Participants may not vote the entire proxy.

Generally speaking, a Participant may not give or authorize a proxy to vote without instructions from beneficial owners when the matter to be voted upon:

- (1) is not submitted to shareholders by means of a proxy statement comparable to that specified in Schedule 14-A of the Securities and Exchange Commission;
- (2) is the subject of a counter-solicitation, or is part of a proposal made by a shareholder which is being opposed by management (i.e., a contest);
- (3) relates to a merger or consolidation (except when the company's proposal is to merge with its own wholly owned subsidiary, provided its shareholders dissenting thereto do not have rights of appraisal);
- (4) involves right of appraisal;
- (5) authorizes mortgaging of property;
- (6) authorizes or creates indebtedness or increases the authorized amount of indebtedness;
- (7) authorizes or creates a preferred ~~Security or~~ stock, or increases the authorized amount of an existing preferred ~~Security or~~ stock;

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- (8) alters the terms or conditions of existing ~~Securities~~securities or indebtedness;
- (9) involves waiver or modification of preemptive rights;
- (10) changes existing quorum requirements with respect to shareholder meetings;
- (11) alters voting provisions or the proportionate voting power of a ~~Security~~stock, or the number of its votes per ~~Security~~share (except where cumulative voting provisions govern the number of votes per ~~Security~~share for election of directors and the company's proposal involves a change in the number of its directors by not more than 10% or not more than one);
- (12) authorizes the implementation of any equity compensation plan, or any material revision to the terms of any existing equity compensation plan (whether or not shareholder approval of such plan is required by Rule 26711;

Commentary to Item 12 - A Participant may not give or authorize a proxy to vote without instructions on a matter relating to executive compensation, even if such matter would otherwise qualify for an exception from the requirements of Item 12, Item 13 or any other Item under this Rule 26723. See Item 21.

- (13) authorizes
 - (a) a new profit-sharing or special remuneration plan, or a new retirement plan, the annual cost of which will amount to more than 10% of average annual income before taxes for the preceding five years, or
 - (b) the amendment of an existing plan which would bring its cost above 10% of such average annual income before taxes.

Exception may be made in cases of

- (a) retirement plans based on agreement or negotiations with labor unions (or which have been or are to be approved by such unions); and
- (b) any related retirement plan for benefit of non-union employees having terms substantially equivalent to the terms of such union-negotiated plan, which is submitted for action of shareholders concurrently with such union-negotiated plan.

Commentary to Item 13 - A Participant may not give or authorize a proxy to vote without instructions on a matter relating to executive compensation, even if such matter would otherwise qualify for an exception from the requirements of Item 12, Item 13 or any other Item under this Rule 26723. See Item 21.

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- (14) changes the purposes or powers of a company to an extent which would permit it to change to a materially different line of business and it is the company's stated intention to make such a change;
- (15) authorizes the acquisition of property, assets, or a company, where the consideration to be given has a fair value approximating 20% or more of the market value of the previously outstanding [Securities](#)[shares](#);
- (16) authorizes the sale or other disposition of assets or earning power approximating 20% or more of those existing prior to the transaction;
- (17) authorizes a transaction not in the ordinary course of business in which an officer, director or substantial security holder has a direct or indirect interest;
- (18) reduces earned surplus by 51% or more, or reduces earned surplus to an amount less than the aggregate of three years' [Security](#)[common stock](#) dividends computed at the current dividend rate;
- (19) is the election of directors, provided, however, that this prohibition shall not apply in the case of a company registered under the Investment Company Act of 1940;
- (20) materially amends an investment advisory contract with an investment company; or

Commentary to Item 20 - A material amendment to an investment advisory contract would include any proposal to obtain shareholder approval of an investment company's investment advisory contract with a new investment adviser, which approval is required by the Investment Company Act of 1940, as amended (the "1940 Act"), and the rules thereunder. Such approval will be deemed to be a "matter which may affect substantially the rights or privileges of such stock" for purposes of this rule so that a Participant may not give or authorize a proxy to vote [Securities](#)[stock](#) registered in its name absent instruction from the beneficial holder of the [Securities](#)[shares](#). As a result, for example, a Participant may not give or authorize a proxy to vote [Securities](#)[shares](#) registered in its name, absent instruction from the beneficial holder of the [Securities](#)[shares](#), on any proposal to obtain shareholder approval required by the 1940 Act of an investment advisory contract between an investment company and a new investment adviser due to an assignment of the investment company's investment advisory contract, including an assignment caused by a change in control of the investment adviser that is party to the assigned contract.

- (21) relates to executive compensation.

Commentary to Item 21 - A matter relating to executive compensation would include, among other things, the items referred to in Section 14A of the Exchange Act, including (i) an advisory vote to approve the compensation of executives, (ii) a vote on whether to hold such an advisory vote every one, two or three years, and (iii) an advisory vote to approve any type of compensation (whether present, deferred, or contingent) that is based on or

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otherwise relates to an acquisition, merger, consolidation, sale, or other disposition of all or substantially all of the assets of an issuer and the aggregate total of all such compensation that may (and the conditions upon which it may) be paid or become payable to or on behalf of an executive officer. In addition, a Participant may not give or authorize a proxy to vote without instructions on a matter relating to executive compensation, even if such matter would otherwise qualify for an exception from the requirements of Item 12, Item 13 or any other Item under this Rule 26723. Any vote on these or similar executive compensation-related matters is subject to the requirements of Rule 26723.

IM-26723-3 Discretionary and non-discretionary proposals in one proxy form

In some cases, a proxy form may contain proposals, some of which may be acted upon at the discretion of the Participant in the absence of instructions, and others which may be voted only in accordance with the directions of the beneficial owner. This should be indicated in the letter of transmittal. In such cases, the Participant may vote the proxy in the absence of instructions if it physically crosses out those portions where it does not have discretion.

IM-26723-4 Cancellation of discretionary proxy where counter-solicitation develops

Where a discretionary proxy has been given in good faith under the rules and counter-solicitation develops at a later date, thereby creating a “contest”, the question as to whether or not the discretionary proxy should then be cancelled is a matter which each Participant must decide for itself. After a contest has developed no further proxies should be given except at the direction of beneficial owners.

IM-26723-5 Subsequent proxy

Where a Participant gives a subsequent proxy, it should clearly indicate whether the proxy is in addition to, in substitution for or in revocation of any prior proxy.

IM-26723-6 Signing and dating proxy-designating Securitiesshares covered

All proxies should be dated and should show the number of Securitiesshares voted. Since manual signatures are sometimes illegible, a Participant should also either type or rubber-stamp its name on such proxy.

IM-26723-7 Proxy records

Records covering the solicitation of proxies shall show the following:

- (1) the date of receipt of the proxy material from the issuer or other person soliciting the proxies;
- (2) names of customers to whom the material is sent together with date of mailing;

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- (3) all voting instructions showing whether verbal or written; and
- (4) a summary of all proxies voted by the Participant clearly setting forth total [Securities](#)[shares](#) voted for or against or not voted for each proposal to be acted upon at the meeting.

Verbal voting instructions may be accepted provided a record is kept of the instructions of the beneficial owner and the instructions are retained by the Participant. The record shall also indicate the date of the receipt of the instructions and the name of the recipient.

Instructions from beneficial owners may also be accepted by Participants or their agents through the use of an automated telephone voting system or other electronic means, which has been approved by the Exchange. Such a system shall utilize an identification code for beneficial owners and provide an opportunity for beneficial owners to validate votes to ensure that they were received correctly. The automated system must provide beneficial owners with the same power and authority to issue, revoke, or otherwise change voting instructions as currently exists for instructions communicated in written form. Records of voting including the date of receipt of instructions and the name of the recipient must be retained by the Participant or their agents.

IM-26723-8 Retention of records

All proxy solicitation records, originals of all communications received and copies of all communications sent relating to such solicitation, shall be retained for a period of not less than three years, the first two years in an easily accessible place.

26724. Transfers to Facilitate Solicitation

A Participant, when so requested by the Exchange, shall transfer [Securities](#)[certificates of a listed stock](#) held either for its own account or for the account of others, if registered in the name of a previous holder of record, into its own name, or in the name of its nominee, prior to the taking of a record of shareholders, to facilitate the convenient solicitation of proxies.

The Exchange will make such request at the instance of the issuer or of persons owning in the aggregate at least 10 percent of such [Security](#)[stock](#), provided, if the Exchange so requires, the issuer or persons making such request agree to indemnify Participants against transfer taxes, the Exchange may make such a request whenever it deems it advisable.

26725. Transmission of Interim Reports and Other Material

A BSTX Participant, when so requested by a company, and upon being furnished with:

- (1) copies of interim reports of earnings or other material being sent to shareholders, and
- (2) satisfactory assurance that it will be reimbursed by such company for all out-of-pocket expenses, including reasonable clerical expenses, shall transmit such reports or materials to each beneficial owner of [Securities](#)[stock](#) of such company held by such Participant and registered in a name other than the name of the beneficial owner unless the beneficial owner

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has instructed the Participant in writing to transmit such reports or material to a designated investment adviser registered either under the Investment Advisers Act of 1940 or under the laws of a state, who exercises investment discretion pursuant to an advisory contract for such beneficial owner.

IM-26725-1

This rule applies to both listed and unlisted companies.

IM-26725-2

Mailing charges by Participants are set forth at IM-26722-8, IM-26722-9.0, IM-26722-9.1, IM-26722-9.3 and IM-26722-9.4.

IM-26725-3

Form of bill to be used by member organizations.—

PROXY INVOICE

TO: CORPORATE SECRETARY COMPANY ADDRESS	INVOICE NO. DATE PLEASE DIRECT ANY QUESTION WITH RESPECT TO THIS INVOICE TO (NAME) (TELEPHONE NO.)
---	---

BROKERAGE FIRM NAME

	ENVELOPES	POSTAGE	
DESCRIPTION OF CHANGES	NO. SETS	SERVICE (Not supplied by Issuer)	CLASS OF MAIL TOTAL
	MAILED	FEE	U.S. FOREIGN MAIL TOTAL

Proxy Soliciting
Mat'l.
Annual Reports

EXHIBIT 4A

(Mailed Separately)
 Proxy Follow-Up
 (Mailed to all Accts.)
 (Mailed Selectively)
 Interim Reports
 Post Meeting Reports
 Stockholder Ltr.
 Other (Explain)

TOTAL AMOUNT
DUE ->

FOR
 CORPORATION'S
 RECORDS
 DATE
 PAID _____

Please return a copy of this invoice with your remittance in the enclosed self-addressed envelope.

CHECK NO. _____

26726. Voting by DMMs

BSTX DMMs are prohibited from soliciting, directly or indirectly, any proxy on behalf of themselves or any other person in respect of a Security in which they are registered as a DMM. DMMs are also prohibited from voting in any proxy contest any such Security in which they have a beneficial interest.

26727. Proxy to Show Number of ~~Securities~~Shares

In all cases in which a proxy is given by a Participant the proxy shall state the actual number of ~~Securities~~shares of stock for which the proxy is given.

EXHIBIT 4A**26728. Rules Apply to Nominees**

Rules 26721 through 26724 and 26727 shall apply also to any nominees of Participants. They shall apply also to voting in person.

26729. Representations to Management

Before a BSTX Participant or employee thereof states to the management of a ~~listed~~registered or unregistered company that he/she represents ~~shareholders~~stockholders in making demands for changes in management or company policies, he/she must have received permission of such ~~shareholders~~stockholders to make such demands.

26800 – Corporate Governance**26801. General**

In addition to the quantitative listing standards set forth in the Rule 26000 Series, this Rule 26800 Series specifies certain corporate governance listing standards. These standards apply to all listed companies, subject to the exceptions set forth below, to the extent not inconsistent with Rule 10A-3 under the Securities Exchange Act of 1934.

- (a) **Controlled Companies**—A company in which over 50% of the voting power is held by an individual, a group or another company (a “controlled company”) is not required to comply with Rules 26802(a), 26804 or 26805. A controlled company that chooses to take advantage of any or all of these exceptions must disclose in its annual meeting proxy statement (or in its next annual report on SEC Form 10-K or equivalent if the issuer does not file an annual proxy statement) that it is a controlled company and the basis for that determination.
- (b) **Limited Partnerships and Companies in Bankruptcy**—Limited partnerships and companies in bankruptcy are not required to comply with Rules 26802(a), 26804 or 26805. ~~If a limited partnership is managed by a general partner rather than a board of directors, the audit committee requirements applicable to the listed entity should be satisfied by the general partner.~~
- (c) Reserved
- (d) **Registered Management Investment Companies**—Management investment companies that are registered under the Investment Company Act of 1940 (including closed-end funds) are subject to extensive federal regulation. Accordingly, closed-end funds are not required to comply with the requirements in the Rule 26800 Series other than Rules 26802(e), 26803B(1) and the other provisions of Rule 26803 to the extent required under Rule 10A-3 under the Securities Exchange Act of 1934, and are also required to comply with Rule 26810. Closed-end funds are required to comply with the provision in Rule 26803B(4) requiring audit committees for investment companies to establish procedures for the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters by employees of the investment adviser, administrator, principal underwriter, or any other provider of accounting related services for the investment company, as well as employees of the investment company.

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- (e) Business development companies, which are a type of closed-end management investment company defined in Section 2(a)(48) of the Investment Company Act of 1940, that are not registered under that Act, are subject to all corporate governance requirements
- (f) Foreign Issuers— While foreign issuers, such as Canadian issuers, may receive exemptions from certain provisions of the BSTX Listing Rules, all foreign issuers are nonetheless required to comply with Rule 26810.
- (g) Preferred—Companies listing only preferred ~~Securities~~securities on the Exchange (including cooperative entities that are structured to comply with relevant state law and federal tax law and do not have a publicly traded class of common stock ~~or equity Security~~) are only required to comply with Rule 26803 to the extent required by Rule 10A-3 under the Securities Exchange Act of 1934 and the issuer must also comply with Rules 26810(b) and 26810(c).
- (h) Smaller Reporting Companies - Issuers that satisfy the definition of Smaller Reporting Company in Exchange Act Rule 12b-2 are subject to all requirements specified in Rules 26802 and 26803 below, except that such issuers are only required to maintain a board of directors comprised of at least 50% independent directors, and an audit committee of at least two members, comprised solely of independent directors who also meet the requirements of Rule 10A-3 under the Securities Exchange Act of 1934. Smaller Reporting Companies are subject to Rule 26805, except that they are not subject to Rules 26805(c)(1) and (c)(4).
- (i) Internal Audit Function – Each company must establish and maintain an internal audit function to provide management and the audit committee with ongoing assessments of the company’s risk management process and system of internal control. The company may choose to outsource this function to a third party service provider other than its independent auditor. The audit committee must meet periodically with the internal auditors (or other personnel responsible for this function) and assist the Board of Directors in its oversight of the performance of this function. The audit committee should also discuss with the outside auditor the responsibilities, budget and staffing of the internal audit function.

Transition Periods

A company listing in conjunction with its initial public offering or a spin-off transaction must comply with the requirements of this rule within one year of the listing date.

A company previously registered pursuant to Section 12(b) of the Exchange Act must satisfy the requirements of this rule within one year of the listing date to the extent the national securities exchange on which it was listed did not have the same requirement. If the other exchange had a substantially similar requirement and the company was afforded a transition period that had not expired, the company will have the same transition period as would have been available to it on the other exchange.

26802. Board of Directors

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- (a) At least a majority of the directors on the Board of Directors of each listed company must be independent directors as defined in Rule 26803A, unless the issuer is a controlled company (see Rule 26801(a)), a Smaller Reporting Company (see Rule 26801 (h)) or otherwise exempt under Rule 26801. Each listed company must disclose in its annual meeting proxy statement (or in its next annual report on SEC Form 10-K or equivalent if the issuer does not file an annual proxy statement) those directors that the board of directors has determined to be independent pursuant to Rule 26803A.
- (b) If an issuer fails to comply with the board independence composition requirement due to one vacancy, or if one director ceases to be independent due to circumstances beyond his or her reasonable control, the issuer shall regain compliance with the requirement by the earlier of its next annual shareholders' meeting or one year from the occurrence of the event that caused the failure to comply with this requirement; provided, however, that if the annual shareholders' meeting occurs no later than 180 days following the event that caused the failure to comply with this requirement, the issuer shall instead have 180 days from such event to regain compliance.
- (c) Each company shall hold meetings of its Board of Directors on at least a quarterly basis. The independent directors shall meet on a regular basis as often as necessary to fulfill their responsibilities, including at least annually in executive session without the presence of non-independent directors and management.
- (d) The Board of Directors of each listed company may not be divided into more than three classes. Where the company's charter provides for classes, they should be of approximately equal size and tenure and directors' terms of office should not exceed three years. This paragraph is not intended to restrict the number of terms of office that a director may serve, whether consecutive or otherwise.
- (e) A listed company is not permitted to appoint or permit an Exchange employee to serve on its Board of Directors.
- (f) Listed companies are urged to develop and implement continuing education programs for all directors, including orientation and training programs for new directors (see also IM-26807-1 to Rule 26807).

26803. Independent Directors and Audit Committee**A. Independent Directors.**

- (1) Each issuer must have a sufficient number of independent directors on its board of directors (a) such that at least a majority of such directors are independent directors (subject to the exceptions set forth in Rule 26801) and (b) to satisfy the audit committee requirements set forth below.
- (2) "Independent director" means a person other than an executive officer or employee of the company. No director qualifies as independent unless the issuer's board of directors affirmatively determines that the director does not have a relationship that would interfere

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with the exercise of independent judgment in carrying out the responsibilities of a director.

In addition to the requirements contained in this Rule 26803(a): (i) directors serving on audit committees must also comply with the additional, more stringent requirements set forth in Rule 26803B(2) below; and (ii) directors serving on compensation committees and, in the case of a company that does not have a compensation committee, all independent directors, must also comply with the additional, more stringent requirements set forth in Rule 26805(c) below. The following is a non-exclusive list of persons who shall not be considered independent:

- (a) a director who is, or during the past three years was, employed by the company, other than prior employment as an interim executive officer (provided the interim employment did not last longer than one year) (See IM-26803-8;
- (b) a director who accepted or has an immediate family member who accepted any compensation from the company in excess of \$120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than the following:
 - (i) compensation for board or board committee service,
 - (ii) compensation paid to an immediate family member who is an employee (other than an executive officer) of the company,
 - (iii) compensation received for former service as an interim executive officer (provided the interim employment did not last longer than one year) (See IM-26803-8), or
 - (iv) benefits under a tax-qualified retirement plan, or non-discretionary compensation;
- (c) a director who is an immediate family member of an individual who is, or at any time during the past three years was, employed by the company as an executive officer;
- (d) a director who is, or has an immediate family member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the company made, or from which the company received, payments (other than those arising solely from investments in the company's securities or payments under non-discretionary charitable contribution matching programs) that exceed 5% of the organization's consolidated gross revenues for that year, or \$200,000, whichever is more, in any of the most recent three fiscal years;
- (e) a director who is, or has an immediate family member who is, employed as an executive officer of another entity where at any time during the most recent three fiscal years any of the issuer's executive officers serve on the compensation committee of such other entity; or
- (f) a director who is, or has an immediate family member who is, a current partner of the company's outside auditor, or was a partner or employee of the company's

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outside auditor who worked on the company's audit at any time during any of the past three years.

(3) In the case of an investment company, in lieu of Rule 26803A(2) (a) through (f), a director who is an "interested person" of the investment company as defined in Section 2(a)(19) of the Investment Company Act of 1940, other than in his or her capacity as a member of the board of directors or any board committee.

B. Audit Committee:**(1) Charter**

Each issuer must certify that it has adopted a formal written audit committee charter and that the audit committee has reviewed and reassessed the adequacy of the formal written charter on an annual basis. The charter must specify the following:

- (a) the scope of the audit committee's responsibilities, and how it carries out those responsibilities, including structure, processes, and membership requirements;
- (b) the audit committee's responsibility for ensuring its receipt from the outside auditors of a formal written statement delineating all relationships between the auditor and the issuer, consistent with The Public Company Accounting Oversight Board Rule 3526, and the audit committee's responsibility for actively engaging in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor and for taking, or recommending that the full board take, appropriate action to oversee the independence of the outside auditor;
- (c) the audit committee's purpose of overseeing the accounting and financial reporting processes of the issuer and the audits of the financial statements of the issuer; and
- (d) the specific audit committee responsibilities and authority set forth in Rule 26803B(4).

(2) Composition

- (a) Each issuer must have, and certify that it has and will continue to have, an audit committee of at least three members, each of whom:
 - (i) satisfies the independence standards specified in Rule 26803A and Rule 10A-3 under the Securities Exchange Act of 1934;
 - (ii) must not have participated in the preparation of the financial statements of the issuer or any current subsidiary of the issuer at any time during the past three years; and

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- (iii) is able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement. Additionally, each issuer must certify that it has, and will continue to have, at least one member of the audit committee who is financially sophisticated, in that he or she has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including but not limited to being or having been a chief executive officer, chief financial officer, other senior officer with financial oversight responsibilities. A director who qualifies as an audit committee financial expert under Item 407(d)(5)(ii) and (iii) of Regulation S-K or Item 3 of Form N-CSR (in the case of a registered management investment company) is presumed to qualify as financially sophisticated.
- (b) Notwithstanding Rule 26803B(2)(a), one director who is not independent as defined in Rule 26803A, but who satisfies the requirements of Rule 10A-3 under the Securities Exchange Act of 1934 (see Rule 26803B(2)(a)(i)), and is not a current officer or employee or an immediate family member of such officer or employee, may be appointed to the audit committee, if the board, under exceptional and limited circumstances, determines that membership on the committee by the individual is required by the best interests of the issuer and its shareholders, and the board discloses, in the next annual meeting proxy statement (or in its next annual report on SEC Form 10-K or equivalent if the issuer does not file an annual proxy statement) subsequent to such determination, the nature of the relationship and the reasons for that determination. A director appointed to the audit committee pursuant to this exception may not serve for in excess of two consecutive years and may not chair the audit committee.
- (c) Smaller Reporting Companies – Issuers that satisfy the definition of Smaller Reporting Company in Regulation S-K, Item 10(f)(1) are only required to maintain an audit committee of at least two members, comprised solely of independent directors who also meet the requirements of Rule 10A-3 under the Securities Exchange Act of 1934.
- (3) Meeting Requirements – The audit committee of each issuer must meet on at least a quarterly basis, except that with respect to registered closed-end management investment companies, the audit committee must meet on a regular basis as often as necessary to fulfill its responsibilities, including at least annually in connection with issuance of the investment company's audited financial statements.
- (4) Audit Committee Responsibilities and Authority – The audit committee of each issuer must have the specific audit committee responsibilities, authority and procedures necessary to comply with Rule 10A-3(b)(2), (3), (4) and (5) under the Securities Exchange Act of 1934 (subject to the exemptions provided in Rule 10A-3(c) under the Securities Exchange Act of 1934), concerning responsibilities relating to: (a) registered public accounting firms, (b) complaints relating to accounting, internal accounting controls or auditing matters, (c) authority to engage advisors, and (d) funding as determined by the audit committee. Audit committees for investment companies must also establish procedures for the confidential,

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anonymous submission of concerns regarding questionable accounting or auditing matters by employees of the investment adviser, administrator, principal underwriter, or any other provider of accounting related services for the investment company, as well as employees of the investment company.

(5) Exception – At any time when an issuer has a class of common equity securities (or similar securities which may include Securities) that is listed on another national securities exchange or national securities association subject to the requirements of SEC Rule 10A-3 under the Securities Exchange Act of 1934, the listing of classes of ~~Securities~~securities of a direct or indirect consolidated subsidiary or an at least 50% beneficially owned subsidiary of the issuer (except classes of equity ~~Securities~~securities, other than non-convertible, non-participating preferred ~~Securities~~securities, of such subsidiary) shall not be subject to the requirements of this Rule 26803B.

(6) Cure Period

(a) If an issuer fails to comply with the audit committee composition requirements because a member of the issuer’s audit committee ceases to be independent in accordance with Rule 26803A and/or the requirements of Rule 10A-3 under the Securities Exchange Act of 1934 for reasons outside the member’s reasonable control, that person, with prompt notice to the Exchange, may remain an audit committee member of the issuer until the earlier of the next annual shareholders’ meeting of the issuer or one year from the occurrence of the event that caused the member to be no longer independent.

(b) If an issuer fails to comply with the audit committee composition requirements because a vacancy arises on the audit committee, and the cure period in paragraph (a) is not otherwise being relied upon for another member, the issuer will have until the earlier of the next annual shareholders’ meeting or one year from the occurrence of the event that caused the failure to comply with this requirement; provided, however, that if the annual shareholders’ meeting occurs no later than 180 days following the event that caused the failure to comply with the audit committee composition requirement, the listed issuer (other than a Smaller Reporting Company) shall instead have 180 days from such event to regain compliance and for a Smaller Reporting Company if the annual shareholders’ meeting occurs no later than 75 days following the event that caused the failure to comply with the audit composition requirement a Smaller Reporting Company shall instead have 75 days from such event to regain compliance.

IM-26803-1

“Immediate family member” includes a person’s spouse, parents, children, siblings, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, and anyone who resides in such person’s home (other than domestic employees).

IM-26803-2

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“Company” includes any parent or subsidiary of the issuer listed on BSTX. “Parent” or “subsidiary” includes entities that are consolidated with the issuer’s financial statements as filed with the SEC (but not if the issuer reflects such entity solely as an investment in its financial statements).

IM-26803-3

“Officer” shall have the meaning specified in Rule 16a-1(f) under the Securities Exchange Act of 1934, or any successor rule.

IM-26803-4

“Executive Officer” shall have the meaning specified in Rule 3b-7 under the Securities Exchange Act of 1934, or any successor rule.

IM-26803-5

~~Reserved~~

[Canadian companies are permitted to follow home country practice in lieu of the audit committee requirements specified in this Rule and in accordance with the provisions of Rule 26110, except that such companies must comply with Rule 10A-3 under the Securities Exchange Act of 1934.](#)

IM-26803-6

In order to affirmatively determine that an independent director does not have a material relationship with the issuer that would interfere with the exercise of independent judgment, as specified in Rule 26803A, the board of directors of each issuer must obtain from each such director full disclosure of all relationships which could be material in this regard.

IM-26803-7

The three year look-back periods referenced in Rules 26803A(2)(a), (c), (e), and (f) commence on the date the relationship ceases. For example, a director employed by the company is not independent until three years after such employment terminates.

IM-20803-8

For purposes of Rule 26803A(2)(a), employment by a director as an executive officer on an interim basis shall not disqualify that director from being considered independent following such employment, provided the interim employment did not last longer than one year. A director would not be considered independent while serving as an interim officer. Similarly, for purposes of Rule 26803A(2)(b), compensation received by a director for former service as an interim executive officer need not be considered as compensation in determining independence after

EXHIBIT 4A

such service, provided such interim employment did not last longer than one year. Nonetheless, the issuer's board of directors still must consider whether such former employment and any compensation received would interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director. In addition, if the director participated in the preparation of the company's financial statements while serving as an interim executive officer, Rule 26803B(2)(a)(ii) would preclude service on the issuer's audit committee for three years.

IM-20803-9

Rule 26803A(2)(b) is generally intended to capture situations where compensation is made directly to (or for the benefit of) the director or an immediate family member of the director. For example, consulting or personal service contracts with a director or an immediate family member of the director would be analyzed under Rule 26803A(2)(b). In addition, political contributions to the campaign of a director or an immediate family member of the director would be considered indirect compensation under Rule 26803A(2)(b). Non-preferential payments made in the ordinary course of providing business services (such as payments of interest or proceeds related to banking services or loans by an issuer that is a financial institution or payment of claims on a policy by an issuer that is an insurance company), payments arising solely from investments in the company's securities and loans permitted under Section 13(k) of the Securities Exchange Act of 1934 will not preclude a finding of director independence as long as the payments are non-compensatory in nature. Depending on the circumstances, a loan or payment could be compensatory if, for example, it is not on terms generally available to the public.

26804. Board Nominations

- (a) Board of Director nominations must be either selected, or recommended for the Board's selection, by either a Nominating Committee comprised solely of independent directors or by a majority of the independent directors.
- (b) Notwithstanding paragraph (a) above, if the Nominating Committee is comprised of at least three members, one director who is not independent as defined in Rule 26803A, and is not a current officer or employee or an immediate family member of such person, may be appointed to the Nominating Committee, if the board, under exceptional and limited circumstances, determines that membership on the committee by the individual is required by the best interests of the company and its shareholders, and the board discloses, in the next annual meeting proxy statement (or in its next annual report on SEC Form 10-K or equivalent if the issuer does not file an annual proxy statement) subsequent to such determination, the nature of the relationship and the reasons for that determination. A director appointed to the Nominating Committee pursuant to this exception may not serve for in excess of two years.
- (c) Each listed company must adopt a formal written charter or board resolution, as applicable, addressing the nominations process and such related matters as may be required under the federal securities laws.

EXHIBIT 4A**IM-26804-1**

Rule 26804 is not applicable to a controlled company (See Rule 26801(a)).

IM-26804-2

If a company is legally required by contract or otherwise to provide third parties with the ability to nominate and/or appoint directors (e.g., preferred ~~Security or~~ stock rights to elect directors upon dividend default, shareholder agreements, management agreements), the selection and nomination of such directors is not subject to approval by the Nominating Committee or a majority of independent directors.

26805. Executive Compensation

- (a) Compensation of the chief executive officer of a listed company must be determined, or recommended to the Board for determination, either by a Compensation Committee comprised of independent directors or by a majority of the independent directors on its Board of Directors (as used in this Rule 26805, the term “Compensation Committee” shall, in relation to any listed company that does not have a Compensation Committee, refer to the listed company’s independent directors as a group). The chief executive officer may not be present during voting or deliberations. Compensation for all other officers must be determined, or recommended to the Board for determination, either by such Compensation Committee or a majority of the independent directors on the company’s Board of Directors.
- (b) Notwithstanding paragraph (a) above, if the Compensation Committee of a Smaller Reporting Company is comprised of at least three members, one director who is not independent as defined in Rule 26803A, and is not a current officer or employee or an immediate family member of such person, may be appointed to the Compensation Committee, if the board, under exceptional and limited circumstances, determines that membership on the committee by the individual is required by the best interests of the company and its shareholders, and the board discloses, in the next annual meeting proxy statement (or in its next annual report on SEC Form 10-K or equivalent if the issuer does not file an annual proxy statement) subsequent to such determination, the nature of the relationship and the reasons for that determination. A director appointed to the Compensation Committee pursuant to this exception may not serve for in excess of two years.
- (c)
 - (1) Independence Requirements. In addition to the director independence requirements of Rule 26803A, the board must affirmatively determine that all of the members of the Compensation Committee or, in the case of a company that does not have a Compensation Committee, all of the independent directors, are independent under this Rule 26805(c)(1). In affirmatively determining the

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independence of any director who will serve on the Compensation Committee, the Board must consider all factors specifically relevant to determining whether a director has a relationship to the listed company which is material to that director's ability to be independent from management in connection with the duties of a Compensation Committee member, including, but not limited to: (A) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the listed company to such director; and (B) whether such director is affiliated with the listed company, a subsidiary of the listed company or an affiliate of a subsidiary of the listed company.

(2) Cure Period. If a listed company fails to comply with the Compensation Committee composition requirements of either paragraph (a) above or (if applicable) this Rule 26805(c) because a member of the Compensation Committee ceases to be independent in accordance with Rule 26803A or (if applicable) this Rule 26805(c) for reasons outside the member's reasonable control, that person, with prompt notice to the Exchange and only so long as a majority of the members of the Compensation Committee continue to be independent in accordance with the applicable Exchange independence standards, may remain a member of the Compensation Committee until the earlier of the next annual shareholders' meeting of the listed company or one year from the occurrence of the event that caused the member to be no longer independent.

(3) Compensation Consultants

i. The Compensation Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, independent legal counsel or other adviser.

ii. The Compensation Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel or other adviser retained by the Compensation Committee.

iii. The listed company must provide for appropriate funding, as determined by the Compensation Committee, for payment of reasonable compensation to a compensation consultant, independent legal counsel or any other adviser retained by the Compensation Committee.

(4) Compensation Consultant Independence. The Compensation Committee may select a compensation consultant, legal counsel or other adviser to the Compensation Committee only after taking into consideration all relevant factors, including the following:

i. The provision of other services to the listed company by the person that employs the compensation consultant, legal counsel or other adviser;

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- ii. The amount of fees received from the listed company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
 - iii. The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
 - iv. Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the compensation committee;
 - v. Any stock ~~or Security~~ of the listed company owned by the compensation consultant, legal counsel or other adviser; and
 - vi. Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the listed company.
- (5) Transition Period for Companies Losing Their Smaller Reporting Company Status. Under Exchange Act Rule 12b-2, a company tests its status as a smaller reporting company on an annual basis at the end of its most recently completed second fiscal quarter (hereinafter, for purposes of this subsection, the “Smaller Reporting Company Determination Date”). A smaller reporting company which ceases to meet the requirements for smaller reporting company status as of the last business day of its second fiscal quarter will cease to be a smaller reporting company as of the beginning of the fiscal year following the Smaller Reporting Company Determination Date. The compensation committee of a company that has ceased to be a smaller reporting company shall be required to comply with Rule 26805(c)(4) as of six months from the date it ceases to be a smaller reporting company and must have:
- i. one member of its compensation committee that meets the independence standard of Rule 26805(c)(1) within six months of that date;
 - ii. a majority of directors on its compensation committee meeting those requirements within nine months of that date; and
 - iii. a compensation committee comprised solely of members that meet those requirements within twelve months of that date.

Any such company that does not have a compensation committee must comply with this transition requirement with respect to all of its independent directors as a group.

EXHIBIT 4A**IM-26805-1**

Rule 26805 is not applicable to a controlled company (See Rule 26801(a)). Rules 26805(c)(1) and (c)(4) are not applicable to a smaller reporting company.

IM-26805-2

The Compensation Committee or a majority of the independent directors is not precluded from approving awards (either with or without board ratification) or from seeking board ratification or approval as may be required to comply with applicable tax or state corporate laws.

IM-26805-3

When considering the sources of a director's compensation in determining his independence for purposes of compensation committee service, the board should consider whether the director receives compensation from any person or entity that would impair his ability to make independent judgments about the listed company's executive compensation. Similarly, when considering any affiliate relationship a director has with the company, a subsidiary of the company, or an affiliate of a subsidiary of the company, in determining his independence for purposes of compensation committee service, the proposed commentary provides that the board should consider whether the affiliate relationship places the director under the direct or indirect control of the listed company or its senior management, or creates a direct relationship between the director and members of senior management, in each case of a nature that would impair his ability to make independent judgments about the listed company's executive compensation.

IM-26805-4

Nothing in Rule 26805(c) shall be construed: (A) to require the Compensation Committee to implement or act consistently with the advice or recommendations of the compensation consultant, independent legal counsel or other adviser to the Compensation Committee; or (B) to affect the ability or obligation of the Compensation Committee to exercise its own judgment in fulfillment of the duties of the Compensation Committee.

IM-26805-5

The Compensation Committee is required to conduct the independence assessment outlined in Rule 26805(c)(4) with respect to any compensation consultant, legal counsel or other adviser that provides advice to the Compensation Committee, other than: (i) inhouse legal counsel; and (ii) any compensation consultant, legal counsel or other adviser whose role is limited to the following activities for which no disclosure would be required under Item 407(e)(3)(iii) of Regulation S-K: consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the listed company, and that is available generally to all salaried employees; or providing information that either is not customized for a particular company or that is customized based on parameters that are not

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developed by the compensation consultant, and about which the compensation consultant does not provide advice.

IM-26805-6

Nothing in Rule 26805 requires a compensation consultant, legal counsel or other compensation adviser to be independent, only that the Compensation Committee consider the enumerated independence factors before selecting or receiving advice from a compensation adviser. The Compensation Committee may select or receive advice from any compensation adviser they prefer including ones that are not independent, after considering the six independence factors outlined in Rule 26805(c)(4)(i)—(vi).

26806. Reserved**26807. Code of Conduct and Ethics**

Each company shall adopt a code of conduct and ethics, applicable to all directors, officers and employees, which also complies with the definition of a “code of ethics” as set forth in Item 406 of SEC Regulation S-K. The code of conduct and ethics must be publicly available.

IM-26807-1

While each company should determine the appropriate standards and guidelines for inclusion in its code of conduct and ethics, all codes of conduct and ethics must promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; full, fair, accurate, timely and understandable disclosure in periodic reports and documents required to be filed by the company; compliance with applicable Exchange and governmental rules and regulations; prompt internal reporting of violations of the code of conduct and ethics to an appropriate person or persons identified in the code of conduct and ethics; and accountability for adherence to the code of conduct and ethics. A company may adopt one or more codes of conduct and ethics such that all directors, officers and employees are subject to a code of conduct and ethics that satisfies the definition of a “code of ethics.” Any waivers of the code of conduct and ethics for directors or executive officers must be approved by the company’s board of directors and disclosed in an SEC Form 8-K within four business days after the occurrence of the event. If the event occurs on a Saturday, Sunday or holiday on which the Commission is not open for business, then the four business day period shall begin to run on, and include, the first business day thereafter.

26808. Reserved**26809. Effective Dates/Transition**

- (a) Companies that have listed or will be listed in conjunction with their initial public offering shall be afforded exemptions from all board composition requirements consistent with the exemptions afforded in Rule 10A-3 under the Securities Exchange Act of 1934. That is, for each applicable committee that the company establishes (i.e., nominating and/or compensation) the company shall have one independent member at the time of

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listing, a majority of independent members within 90 days of listing and all independent members within one year. Such companies will be required to meet the majority independent board requirement (or 50% independent in the case of a Smaller Reporting Company) within one year of listing. It should be noted however, that investment companies are not afforded these exemptions under Rule 10A-3 under the Securities Exchange Act of 1934. Companies emerging from bankruptcy or which have ceased to be controlled companies will be required to meet the majority independent board requirement (or 50% independent in the case of a Smaller Reporting Company) within one year. Companies may choose not to establish a compensation or nomination committee and may rely instead upon a majority of independent directors to discharge responsibilities under the Rule 26800 Series.

- (b) Companies transferring from other markets with a substantially similar requirement shall be afforded the balance of any grace period afforded by the other market. Companies transferring from other markets that do not have a substantially similar requirement shall be afforded one year from the date of listing, to the extent not inconsistent with Rule 10A-3 under the Securities Exchange Act of 1934.

26810. Written Affirmations

- (a) Each listed company CEO must certify to the Exchange each year that he or she is not aware of any violation by the listed company of Exchange corporate governance listing standards, qualifying the certification to the extent necessary. A blank copy of the CEO certification form required by this Rule 26810(a) will be included in the BSTX Listing Supplement.

Commentary: The CEO's annual certification regarding the Exchange's corporate governance listing standards will focus the CEO and senior management on the listed company's compliance with the listing standards.

- (b) Each listed company CEO must promptly notify the Exchange in writing after any executive officer of the listed company becomes aware of any non-compliance with any applicable provisions of this Rule 26800 Series.
- (c) Each listed company must submit an executed written affirmation of compliance with Rule 26800 Series of the BSTX Listing Standards annually to the Exchange. In addition, each listed company must promptly submit an interim written affirmation after becoming aware of any noncompliance with Rule 26800 Series of the BSTX Listing Standards or in the event of any change in the composition of its board of directors or the audit, compensation or nominating committees thereof. If the interim written affirmation relates to noncompliance with Rule 26800 Series of the BSTX Listing Standards and is being submitted to the Exchange to satisfy the notice requirement of Rule 26810(b), it must be signed by the company's CEO. Blank copies of the affirmation forms mentioned in this Rule 26810(c) will be included in the BSTX Listing Supplement.

26900 – Additional Matters

EXHIBIT 4A**26901 – 26919. Reserved****26920. General Changes in Character of Business or Form or Nature of Securities**

- (a) Change in form or nature of Securities—A company is required to notify the Exchange, at least 20 days in advance, of any change in the form or nature of any listed Security or in the rights, benefits and privileges of the holders of such Security.
- (b) Change in general character of business—A company is required to notify the Exchange promptly (and confirm in writing) of any change in the general character or nature of its business. Obviously, such a change, if not previously made known to the public, would be a material development and a prompt public release would be required under the Exchange's timely disclosure policies (see Rules 26401-26405).

26921. Changes in Officers or Directors

A listed company is required to notify the Exchange promptly (and confirm in writing) of any changes of officers or directors.

26922. Disposition of Property or Stock

A listed company is required to notify the Exchange promptly in the event that it, or any company controlled by it, disposes of any property or ~~any equity~~stock interest in any of its subsidiary or controlled companies, if such disposal will materially affect the financial position of the company or the nature or extent of its operations. As in the case of changes in character or nature of business, a material disposition would normally call for prompt public disclosure under the Exchange's timely disclosure policy. Where such disclosure has been made, the filing of three copies of the release containing the disclosure and the subsequent filing of Form 8-K, if required, will suffice to comply with Item 1b.

26923. Change in Collateral

A company is required to notify the Exchange promptly of any changes in, or removal of, collateral deposited under any mortgage or trust indenture under which ~~Securities~~securities of the company listed on the Exchange have been issued. This notice, if of material significance to investors, should also be reported through a public release under the Exchange's timely disclosure policy. If a change in collateral is not of sufficient materiality to call for a press release, such change should nevertheless be reported to the Exchange by letter which will be placed in a public file.

26924. Deposit of Securities

A company is required to notify the Exchange promptly of any diminution in the supply of ~~Securities~~stock available for public trading occasioned by deposit of ~~Securities~~stock under voting trust or other deposit agreements. If knowledge of any actual or proposed deposits should come to the attention of any officer or director of the company, the Exchange should be notified immediately.

EXHIBIT 4A**26925 – 26929. Reserved****26930. Change of Name**

A company proposing to change its name should:

- (a) Notify the Exchange of the record date and date of its shareholders' meeting at which the change in name will be considered, as soon as such dates have been established.
- (b) Furnish the Exchange with one copy of the meeting notice and five copies of the proxy-solicitation material at the time they are mailed to shareholders.
- (c) As soon as the change in name has been approved by shareholders, notify the Exchange of the time when the amendment to the charter will be filed and the change in name will become effective. Confirm this advice by letter.
- (d) Reserved
- (e) Notify the Exchange as soon as the amendment has actually been filed and confirm this advice by letter.

26931. Announcement of New Name

When the change in name becomes effective, the Exchange will notify its Participants of the new name and will advise them that, either on the date of its announcement or on the day after, transactions in the ~~Securities~~securities of the company will be recorded under its new name. If a substantial change in name is involved, a new ticker symbol may be designated for the company's ~~Securities~~securities.

~~26931~~26932 – 26939. Reserved**26940. Change in Par Value**

A company that changes the par value of a ~~Security~~stock issue listed on the Exchange, without an increase or decrease in the number of ~~Securities~~shares listed, is required to follow the procedures and file the papers specified below:

NOTE: If the change in par value affects the number of ~~Securities~~shares listed, an additional listing application is necessary.

- (a) File two preliminary copies of proxy soliciting material to be issued to shareholders in connection with the meeting to consider the charter amendment.
- (b) Furnish the Exchange with: (i) ten days' notice in advance of the taking of the record of shareholders entitled to notice of and to vote at the meeting; and (ii) six copies of all final printed notices, circulars or proxy statements issued to shareholders in connection with the meeting, at the time they are mailed to shareholders.

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- (c) When the change in par value becomes effective by the filing of the charter amendment with the Secretary of State, it is important that the Exchange substitute the new par value shares for the previously listed shares without any interruption of trading. This is accomplished by notifying the Exchange: (i) in advance of the date when it is proposed to file the charter amendment, and (ii) immediately upon its filing.

26941 –26959. Reserved**26960. Special Margin Requirements**

The Exchange may, from time to time, prescribe higher initial margin requirements in respect of particular Securities dealt in on the Exchange than the margin requirements generally in effect. Such higher margin requirements are imposed whenever in the opinion of the Exchange a particular Security is subject to possible excessive speculative interest. Such requirements do not constitute a rating or evaluation by the Exchange of the merits of the Security subject hereto.

Securities placed on special margin are reviewed weekly, and are removed from special margin requirements whenever it appears that possibly excessive speculative interest no longer exists.

26961 – 26969. Reserved**26970. Reverse Split Policy – Exchange Recommendation**

The Exchange may recommend to the management of a company, whose [Securitycommon stock](#) sells at a low price per [Securityshare](#) for a substantial period of time, that it submit to its shareholders a proposal providing for a combination (“reverse split”) of such [Securitiesshares](#).

26971-26989. Reserved**26990. Application of Requirements**

As indicated in Rule 26301, a company applying to list additional [Securitiessecurities](#) on BSTX is required to execute, if it has not already done so, the Exchange’s most recent form of agreement with listed companies.

26991. Interpretation of Requirements

The Board of Directors of the Exchange is authorized by the Exchange Rules to make and amend rules, requirements and policies governing listed companies. The Board is also authorized to delegate the administration of such requirements to the president or other officers or employees of the Exchange or to such committees as the Board may authorize.

26992. Opinions

The Exchange will, in appropriate cases, render opinions concerning interpretations of the requirements set forth in the BSTX Listing Requirements to companies on request. Such

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opinions are carefully considered by the Exchange, and normally require at least two weeks to process. Letters requesting such opinions should fully set forth the facts and circumstances leading to the request.

26993. Review

If a company disagrees with an opinion rendered by the staff, the Exchange may, where the opinion covers a novel or unusual question, or relates to a matter not specifically covered in the BSTX Listing Requirements or the rules, regulations and policies of the Exchange, arrange for the question to be reviewed by a committee of Exchange Officials. It normally takes approximately three weeks to process such a review. With the Exchange's consent, representatives of the company may appear at a meeting of the committee reviewing the matter.

26994. New Policies

Copies of new or revised rules, policies, or forms, adopted subsequent to the date of the adoption of the BSTX Listing Rules, will be distributed, following their adoption. Questions should be directed to the Exchange and further information is available on the Exchange's website.

27000 – Suspension and Delisting**27001. General**

In considering whether a Security warrants continued trading and/or listing on BSTX, many factors are taken into account, such as the degree of investor interest in the company, its prospects for growth, the reputation of its management, the degree of commercial acceptance of its products, and whether its securities have suitable characteristics for trading on BSTX. Thus, any developments which substantially reduce the size of a company, the nature and scope of its operations, the value or amount of its securities available for the market, or the number of holders of its securities, may occasion a review of continued listing by the Exchange. Moreover, events such as the sale, destruction, loss or abandonment of a substantial portion of its business, the inability to continue its business, steps towards liquidation, or repurchase or redemption of its securities, may also give rise to such a review.

27002. Policies with Respect to Continued Listing

The Rules of the Exchange provides that the Board of Directors may, in its discretion, at any time, and without notice, suspend dealings in, or may remove any Security from ~~listing or~~ ~~unlisted trading privileges~~.

The Exchange, as a matter of policy, will consider the suspension of trading in, or removal from listing ~~or unlisted trading~~ of, any Security when, in the opinion of the Exchange:

- (a) the financial condition and/or operating results of the issuer appear to be unsatisfactory;
or

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- (b) it appears that the extent of public distribution or the aggregate market value of the Security has become so reduced as to make further dealings on BSTX inadvisable; or
- (c) the issuer has sold or otherwise disposed of its principal operating assets, or has ceased to be an operating company; or
- (d) the issuer has failed to comply with its listing agreements with the Exchange; or
- (e) any other event shall occur or any condition shall exist which makes further dealings on BSTX unwarranted. (See Rule 26127)

27003. Application of Policies

The Exchange has adopted certain standards, outlined below, under which it will normally give consideration to suspending dealings in, or removing, a Security from listing ~~or unlisted trading~~. When an issuer falls below any of the continued listing standards, the Exchange will review the appropriateness of continued listing. The Exchange may give consideration to any action that an issuer proposes to take that would enable it to comply with the continued listing standards. The specific procedures and timelines regarding such proposals are set forth in Rule 27009. However, the standards set forth below in no way limit or restrict the Exchange in applying its policies regarding continued listing, and the Exchange may at any time, in view of the circumstances in each case, suspend dealings in, or remove, a Security from listing ~~or unlisted trading~~ when in its opinion such Security is unsuitable for continued trading on BSTX. Such action will be taken regardless of whether the issuer meets or fails to meet any or all of the standards discussed below.

- (a) Financial Condition and/or Operating Results—The Exchange will normally consider suspending dealings in, or removing from the list, Securities of an issuer which:
 - (i) has Security holders' equity of less than \$2,000,000 if such issuer has sustained losses from continuing operations and/or net losses in two of its three most recent fiscal years; or
 - (ii) has Security holders' equity of less than \$4,000,000 if such issuer has sustained losses from continuing operations and/or net losses in three of its four most recent fiscal years; or
 - (iii) has Security holders' equity of less than \$6,000,000 if such issuer has sustained losses from continuing operations and/or net losses in its five most recent fiscal years; or
 - (iv) has sustained losses which are so substantial in relation to its overall operations or its existing financial resources, or its financial condition has become so impaired that it appears questionable, in the opinion of the Exchange, as to whether such issuer will be able to continue operations and/or meet its obligations as they mature.

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However, the Exchange will not normally consider suspending dealings in, or removing from the list, the Securities of an issuer which is below any of standards (i) through (iii) above if the issuer is in compliance with the following:

- (1) Total value of market capitalization * of at least \$50,000,000; or total assets and revenue of \$50,000,000 each in its last fiscal year, or in two of its last three fiscal years; and
- (2) The issuer has at least 1,100,000 ~~Securities~~shares publicly held, a market value of publicly held ~~Securities~~shares of at least \$15,000,000 and 400 ~~round lot Security holders~~Round Lot shareholders.

Issuers falling below one of the above standards and considering a combination with an unlisted company should see Rule 26341 for the discussion of the Exchange's listing policies contained therein.

(b) Limited Distribution—Reduced Market Value—The Exchange will normally consider suspending dealings in, or removing from the list, a Security when any one or more of the following conditions exist:

(i) ~~Equity Security~~Common Stock:

- (A) if the number of ~~Securities~~shares publicly held (exclusive of holdings of officers, directors, controlling shareholders or other family or concentrated holdings) is less than 200,000; or
- (B) if the total number of public ~~Security~~share holders is less than 300; or
- (C) if the aggregate market value of the ~~Securities~~shares publicly held is less than \$1,000,000 for more than 90 consecutive days.

(ii) Security Warrants:

- (A) if the number of Security warrants publicly held is less than 50,000;

(iii) Preferred Securities:

- (A) if the number of ~~Securities~~shares publicly held is less than 50,000; or
- (B) if the aggregate market value of ~~Securities~~shares publicly held is less than \$1,000,000;

(iv) Reserved

(v) Closed-End Funds:

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(A) If the total market value of publicly held [Securities](#) shares and net assets are each less than \$5,000,000 for more than 60 consecutive days; or

(B) It ceases to qualify as a closed-end fund under the Investment Company Act of 1940 (unless the resultant entity otherwise qualifies for listing).

(c) Disposal of Assets—Reduction of Operations—The Exchange will normally consider suspending dealings in, or removing from the list, Securities of an issuer whenever any of the following events shall occur:

(i) If the issuer has sold or otherwise disposed of its principal operating assets or has ceased to be an operating company or has discontinued a substantial portion of its operations or business for any reason whatsoever, including, without limitation, such events as sale, lease, spin-off, distribution, foreclosure, discontinuance, abandonment, destruction, condemnation, seizure or expropriation. Where the issuer has substantially discontinued the business that it conducted at the time it was listed or admitted to trading, and has become engaged in ventures or promotions which have not developed to a commercial stage or the success of which is problematical, it shall not be considered an operating company for the purposes of continued trading and listing on BSTX.

(ii) If liquidation of the issuer has been authorized. However, where such liquidation has been authorized by shareholders and the issuer is committed to proceed, the Exchange will normally continue trading until substantial liquidating distributions have been made.

(iii) If advice has been received, deemed by the Exchange to be authoritative, that the Security is without value. In this connection, it should be noted that the Exchange does not pass judgment upon the value of any Security.

(d) Failure to Comply with Listing Agreements and/or SEC Requirements—The Securities of an issuer failing to comply with its listing or other agreements with the Exchange and/or SEC Requirements in any material respect (e.g., failure to distribute annual reports when due, failure to report interim earnings, failure to observe Exchange policies regarding timely disclosure of important corporate developments, failure to solicit proxies, issuance of additional [Securities](#) shares of a listed class without prior listing thereof, failure to obtain shareholder approval of corporate action where required by Exchange policies, failure to provide requested information within a reasonable period of time or providing information that contains a material misrepresentation or omits material information necessary to make the communication to the Exchange not misleading, etc.) are subject to suspension from dealings and, unless prompt corrective action is taken, removal from listing.

(e) Reserved

(f) Other Events—The Exchange will normally consider suspending dealings in, or removing from the list, a Security when any one of the following events shall occur:

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- (i) Registration No Longer Effective—If the registration (or exemption from registration thereof) pursuant to the Securities Exchange Act of 1934 is no longer effective.
- (ii) Payment, Redemption or Retirement of Entire Class, Issue or Series—If the entire outstanding amount of a class, issue or series of Securities is retired through payment at maturity or through redemption, reclassification or otherwise. In such event, the Exchange may, at a time which is appropriate under all the circumstances of the particular case, suspend dealings in the Security and, in the case of a listed Security, give notice to the SEC, on Form 25, of the Exchange’s intention to remove such Security from listing and registration as required by Rule 12d2-2(a) under the Securities Exchange Act of 1934.
- (iii) Operations Contrary to Public Interest—If the issuer or its management shall engage in operations which, in the opinion of the Exchange, are contrary to the public interest.
- (iv) Failure to Pay Listing Fees—If the issuer shall fail or refuse to pay, when due, any applicable listing fees established by the Exchange.
- (v) Low Selling Price Issues—In the case of ~~an equity Security~~ a common stock for a substantial period of time at a low price per ~~Security share~~, if the issuer shall fail to effect a reverse split of such ~~Securities shares~~ within a reasonable time after being notified that the Exchange deems such action to be appropriate under all the circumstances. In its review of the question of whether it deems a reverse split of a given issue to be appropriate, the Exchange will consider all pertinent factors including, market conditions in general, the number of ~~Securities shares~~ outstanding, plans which may have been formulated by management, applicable regulations of the state or country of incorporation or of any governmental agency having jurisdiction over the issuer, the relationship to other Exchange policies regarding continued listing, and, in respect of securities of foreign issuers, the general practice in the country of origin of trading in low-selling price issues.
- (g) Reserved

* Market capitalization for purposes of Rule 27003 includes the total ~~Equity Security~~ common stock outstanding (excluding treasury ~~Securities shares~~) as well as any ~~Equity Securities~~ common stock that would be issued upon conversion of another outstanding Security, if such other Security is a “substantial equivalent” of ~~Equity Securities~~ common stock. Generally, the Security must be (1) publicly traded or quoted, or (2) convertible into a publicly traded or quoted Security. A convertible Security will be considered the “substantial equivalent” of ~~Equity Securities~~ common stock if the convertible Security is presently convertible, and the conversion price is equal to or less than the current market price of the ~~Equity Security~~ common stock. For partnerships, the current capital structure will be analyzed to determine whether it is appropriate to include other publicly traded or quoted Securities in the calculation.

27004. Prospective Application of Delisting Policies

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The Exchange's delisting policies will be applied prospectively to companies which originally qualified for listing pursuant to Rule 26101(b).

27005 - 27006. Reserved**27007. SEC Annual and Quarterly Report Timely Filing Criteria***Occurrence of a Filing Delinquency*

For purposes of remaining listed on BSTX, a company will incur a late filing delinquency and be subject to the procedures set forth in this Rule 27007 on the date on which any of the following occurs:

- the company fails to file its annual report (Forms 10-K, 20-F, 40-F or N-CSR) or its quarterly report on Form 10-Q or semi-annual report on Form N-CSR ("Semi-Annual Form N-CSR") with the SEC by the date such report was required to be filed by the applicable form, or if a Form 12b-25 was timely filed with the SEC, the extended filing due date for the annual report, Form 10-Q, or Semi-Annual Form NCSR for purposes of this Rule 21007, the later of these two dates, along with any Semi-Annual Report Filing Due Date as defined below, will be referred to as the "Filing Due Date" and the failure to file a report by the applicable Filing Due Date, a "Late Filing Delinquency");
- the company files its annual report without a financial statement audit report from its independent auditor for any or all of the periods included in such annual report (a "Required Audit Report" and the absence of a Required Audit Report, a "Required Audit Report Delinquency");
- [a listed foreign private issuer fails to file the Form 6-K containing semi-annual financial information required by Rule 26110\(e\) hereof \(the "Semi-Annual Report"\) by the date specified in that rule \(the "Semi-Annual Report Filing Due Date"\);](#)
- the company's independent auditor withdraws a Required Audit Report or the company files a Form 8-K with the SEC pursuant to Item 4.02(b) thereof disclosing that it has been notified by its independent auditor that a Required Audit Report or completed interim review should no longer be relied upon (a "Required Audit Report Withdrawal Delinquency"); or
- the company files a Form 8-K with the SEC pursuant to Item 4.02(a) thereof to disclose that previously issued financial statements should no longer be relied upon because of an error in such financial statements [or, in the case of a foreign private issuer, makes a similar disclosure in a Form 6-K filed with the SEC or by other means](#) (a "Non-Reliance Disclosure") and, in either case, the company does not refile all required corrected financial statements within 60 days of the issuance of the Non-Reliance Disclosure (an "Extended Non-Reliance Disclosure Event" and, together with a Late Filing Delinquency, a Required Audit Report Delinquency and a Required Audit Report Withdrawal Delinquency, a "Filing Delinquency") (for purposes of the cure periods described below, an Extended Non-

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Reliance Disclosure Event will be deemed to have occurred on the date of original issuance of the Non-Reliance Disclosure); if the Exchange believes that a company is unlikely to refile all required corrected financial statements within 60 days after a Non-Reliance Disclosure or that the errors giving rise to such Non-Reliance Disclosure are particularly severe in nature, the Exchange may, in its sole discretion, determine earlier than 60 days that the applicable company has incurred a Filing Delinquency as a result of such Non-Reliance Disclosure.

The Exchange will also deem a company to have incurred a Filing Delinquency if the company submits an annual report, Form 10-Q, or Semi-Annual Form N-CSR to the SEC by the applicable Filing Due Date, but such filing fails to include an element required by the applicable SEC form and the Exchange determines in the Exchange's sole discretion that such deficiency is material in nature.

The annual report, Form 10-Q, Semi-Annual Form N-CSR or Semi-Annual Report that gives rise to a Filing Delinquency shall be referred to in this Rule 27007 as the "Delinquent Report."

Subsequent Late Reports

A company that has an uncured Filing Delinquency will not incur an additional Filing Delinquency if it fails to file a subsequent annual report, Form 10-Q, Semi-Annual Form N-CSR or Semi-Annual Report (a "Subsequent Report") by the applicable Filing Due Date for such Subsequent Report. However, in order for the company to cure its initial Filing Delinquency, no Subsequent Report may be delinquent or deficient on the date by which the initial Filing Delinquency is required to be cured.

Notification and Cure Periods

Upon the occurrence of a Filing Delinquency, the Exchange will promptly send written notification (the "Filing Delinquency Notification") to a company of the procedures set forth below. Within five days of the date of the Filing Delinquency Notification, the company will be required to (a) contact the Exchange to discuss the status of the Delinquent Report and (b) issue a press release disclosing the occurrence of the Filing Delinquency, the reason for the Filing Delinquency and, if known, the anticipated date such Filing Delinquency will be cured via the filing or refile of the applicable report, as the case may be. If the company has not issued the required press release within five days of the date of the Filing Delinquency Notification, the Exchange will issue a press release stating that the company has incurred a Filing Delinquency and providing a description thereof.

During the six-month period from the date of the Filing Delinquency (the "Initial Cure Period"), the Exchange will monitor the company and the status of the Delinquent Report and any Subsequent Reports, including through contact with the company, until the Filing Delinquency is cured. If the company fails to cure the Filing Delinquency within the Initial Cure Period, the Exchange may, in the Exchange's sole discretion, allow the company's Securities to be traded for up to an additional six-month period (the "Additional Cure Period") depending on the

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company's specific circumstances. If the Exchange determines that an Additional Cure Period is not appropriate, suspension and delisting procedures will commence in accordance with the procedures set out in Rule 27010 hereof. A company is not eligible to follow the procedures outlined in Rule 27009 with respect to these criteria. Notwithstanding the foregoing, however, the Exchange may in its sole discretion decide (i) not to afford a company any Initial Cure Period or Additional Cure Period, as the case may be, at all or (ii) at any time during the Initial Cure Period or Additional Cure Period, to truncate the Initial Cure Period or Additional Cure Period, as the case may be, and immediately commence suspension and delisting procedures if the company is subject to delisting pursuant to any other provision of the company Guide, including if the Exchange believes, in the Exchange's sole discretion, that continued listing and trading of a company's Securities on the Exchange is inadvisable or unwarranted in accordance with Rules 27001-27004 hereof. The Exchange may also commence suspension and delisting procedures without affording any cure period at all or at any time during the Initial Cure Period or Additional Cure Period if the Exchange believes, in the Exchange's sole discretion, that it is advisable to do so on the basis of an analysis of all relevant factors, including but not limited to:

- whether there are allegations of financial fraud or other illegality in relation to the company's financial reporting;
- the resignation or termination by the company of the company's independent auditor due to a disagreement;
- any extended delay in appointing a new independent auditor after a prior auditor's resignation or termination;
- the resignation of members of the company's audit committee or other directors;
- the resignation or termination of the company's chief executive officer, chief financial officer or other key senior executives;
- any evidence that it may be impossible for the company to cure its Filing Delinquency within the cure periods otherwise available under this rule; and
- any past history of late filings.

In determining whether an Additional Cure Period after the expiration of the Initial Cure Period is appropriate, the Exchange will consider the likelihood that the Delinquent Report and all Subsequent Reports can be filed or refiled, as applicable, during the Additional Cure Period, as well as the company's general financial status, based on information provided by a variety of sources, including the company, its audit committee, its outside auditors, the staff of the SEC and any other regulatory body. The Exchange strongly encourages companies to provide ongoing disclosure on the status of the Delinquent Report and any Subsequent Reports to the market through press releases, and will also take the frequency and detail of such information into account in determining whether an Additional Cure Period is appropriate. If the Exchange determines that an Additional Cure Period is appropriate and the company fails to file the

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Delinquent Report and all Subsequent Reports by the end of such Additional Cure Period, suspension and delisting procedures will commence immediately in accordance with the procedures set out in Rule 27010. In no event will the Exchange continue to trade a company's Securities if that company (i) has failed to cure its Filing Delinquency or (ii) is not current with all Subsequent Reports, on the date that is twelve months after the company's initial Filing Delinquency.

27008. Reserved**27009. Continued Listing Evaluation and Follow-up**

(a) The following procedures shall be applied by the Exchange to companies identified as being below the Exchange's continued listing policies and standards. Notwithstanding such procedures, when necessary or appropriate:

(i) the Exchange may issue a Warning Letter to a company with respect to a minor violation of the Exchange's corporate governance or shareholder protection requirements (other than violations of the requirements pursuant to Rule 10A-3 under the Securities Exchange Act of 1934); or

(ii) for the protection of investors, the Exchange may immediately suspend trading in any Security, and make application to the SEC to delist the Security and/or the Exchange may truncate the procedures specified in this Rule.

(b) Once the Exchange identifies, through internal reviews or notice (a press release, news story, company communication, etc.), a company as being below the continued listing criteria set forth in Rules 27001 through 27004 (and not able to otherwise qualify under an initial listing standard), the Exchange will notify the company by letter (a "Deficiency Letter") of its status within 10 business days. The Deficiency Letter will also provide the company with an opportunity to provide the Exchange with a plan (the "Plan") advising the Exchange of action the company has taken, or will take, that would bring it into compliance with the continued listing standards within 18 months of receipt of the Deficiency Letter. However, the Exchange may establish a time period of less than 18 months for a company to regain compliance with some or all of the continued listing standards if it determines that the nature and circumstances of the company's particular continued listing status warrant such shorter period of time (see IM-27009-1). Within four business days after receipt of the Deficiency Letter, the company must contact the Exchange to confirm receipt of the notification, discuss any possible financial data of which the Exchange may be unaware, and indicate whether or not it plans to present a Plan; otherwise, delisting proceedings will commence.

(c) The company has 30 days from the receipt of the Deficiency Letter to submit its Plan to the Exchange for review. However, the Exchange may require submission of a company's Plan within less than 30 days (but in no event less than seven days) if the Exchange has established a time period of 90 days or less for the company to regain compliance with some or all of the continued listing standards pursuant to paragraph (b) of this Rule. If it does not submit a Plan within the specified time period, delisting procedures will commence. The Plan must include

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specific milestones, quarterly financial projections, and details related to any strategic initiatives the company plans to complete. The Exchange will evaluate the Plan, including any additional documentation that supports the Plan, and make a determination as to whether the company has made reasonable demonstration in the Plan of an ability to regain compliance with the continued listing standards within the time period described in paragraph (b) of this Rule. The Exchange will make such determination within 45 days of receipt of the proposed Plan (or such shorter period of time as is consistent with the time period established by the Exchange for the company to regain compliance pursuant to paragraph (b) of this Rule), and will promptly notify the company of its determination in writing.

(d) If the Exchange does not accept the Plan, the Exchange will promptly initiate delisting proceedings. The company may appeal the Exchange's determination not to accept the Plan, and request a review thereof, in accordance with Rule 27010 and Rule 27200 Series.

(e) If the Exchange accepts the Plan, the company must make a public announcement through the news media, within four business days from receipt of the notification thereof, disclosing that the Exchange has accepted the Plan, that the company's listing is being continued pursuant to an exception, and the term of the extension (the "Plan Period"). The Exchange will review the company on a quarterly basis for compliance with the Plan. If the company does not show progress consistent with the Plan, the Exchange will review the circumstances and variance, and determine whether such variance warrants the commencement of delisting procedures. Should the Exchange determine to proceed with delisting proceedings, it may do so regardless of the company's continued listing status at that time.

(f) If, prior to the end of the Plan Period, the company is able to demonstrate compliance with the continued listing standards (or that it is able to qualify under an original listing standard) for a period of two consecutive quarters, the Exchange will deem the Plan Period over. If the company does not meet continued listing standards at the end of the Plan Period, the Exchange will promptly initiate delisting procedures.

(g) The company may appeal an Exchange determination, pursuant to paragraph (e) or (f), to initiate delisting proceedings, and request a review thereof, in accordance with Rule 27010 and the Rule 27200 Series.

(h) If the company, within 12 months of the end of the Plan Period (including any early termination of the Plan Period under the procedures described in paragraph (g)), is again determined to be below continued listing standards, the Exchange will examine the relationship between the two incidents of falling below continued listing standards and re-evaluate the company's method of financial recovery from the first incident. It will then take appropriate action, which, depending upon the circumstances, may include truncating the procedures described above or immediately initiating delisting proceedings.

~~(i) The provisions of this Rule are also applicable to the trading of Securities admitted to unlisted trading privileges.~~

EXHIBIT 4A(i) Reserved.

(j) An issuer that receives a Warning Letter pursuant to paragraph (a)(i) of this Rule and/or a Deficiency Letter pursuant to paragraph (b) of this Rule that it is below the continued listing criteria shall make a public announcement through the news media that it has received such Warning Letter and/or Deficiency Letter, and must include the specific policies and standards upon which the determination is based. Prior to the release of the public announcement, the issuer shall provide such announcement to the Exchange. The public announcement shall be made as promptly as possible, but not more than four business days following receipt of the Warning Letter or Deficiency Letter, as applicable.

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In determining whether to establish a time period of less than 18 months for a company to regain compliance with some or all of the continued listing standards, pursuant to paragraph (b), the Exchange will consider whether, in view of the nature and severity of the particular continued listing deficiency, including the investor protections concerns raised, 18 months would be an inappropriately long period of time to regain compliance. While it is not possible to enumerate all possible circumstances, the following is a non-exclusive list of the types of continued listing deficiencies that, based on the a particular listed company's unique situation, may result in imposition of a shorter time period: delinquencies with respect to SEC filing obligations, severe short-term liquidity and/or financial impairment, present or potential public interest concerns;¹ deficiencies with respect to the requisite distribution requirements that make the Security unsuitable for trading on BSTX.

¹ Public interest concerns could include, for example, situations where the company, a corporate officer or affiliate is the subject of a criminal or regulatory investigation or action; or the company's auditors have resigned and withdrawn their most recent audit opinion raising concerns regarding the internal controls and financial reporting process. However, other situations not specifically enumerated could also raise public interest concerns regarding the appropriateness of a particular company's continued listing.

27010. Procedures for Delisting and Removal

(a) The action required to be taken by the Exchange to strike a class of Securities from listing and registration following certain corporate actions (as specified in Rule 12d2-2(a) promulgated under the Securities Exchange Act of 1934), such as where the entire Security class is matured, redeemed, retired or extinguished by operation of law is set forth in Rule 12d2-2(a) promulgated under the Securities Exchange Act.

(b) Whenever the Exchange determines, in accordance with Rule 27009 or otherwise, that a class of Securities should be removed from listing (or unlisted trading) for reasons other than the reasons specified in paragraph (a), it will follow the procedures contained in Rule 27200 Series.

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(c) Whenever the Exchange is authorized to file an application with the Securities and Exchange Commission on Form 25 to strike a class of Securities from listing and registration for reasons other than certain corporate actions (as specified in Rule 12d2-2(a) promulgated under the Securities Exchange Act of 1934), the following procedures are applicable:

- (i) The Exchange will file an application with the Securities and Exchange Commission on Form 25, with a statement attached that sets forth the specific grounds on which the delisting is based, in accordance with Sections 19(d) and 6(d) of the Exchange Act, and will promptly deliver a copy of such form and attached statement to the issuer of the class of Securities which is subject to delisting and deregistration. The Form 25 will be filed at least ten days prior to the date the delisting is anticipated to be effective.
- (ii) The Exchange will provide public notice of its final determination to strike the class of Securities from listing by issuing a press release and posting notice on the Exchange's website at least ten days prior to the date that the delisting is anticipated to be effective. The posting will remain on the Exchange's website until the delisting is effective.
- (iii) The issuer of the class of Securities which is subject to delisting must comply with all applicable reporting and disclosure obligations including, but not limited to, obligations mandated by the Exchange, state laws in effect in the state in which the issuer is incorporated, and the federal securities laws.

(d) An issuer may voluntarily withdraw its Securities from listing and registration with the Exchange as permitted by and in accordance with Exchange Rule 18 and Rule 12d2-2 under the Securities Exchange Act of 1934.

(e) As required by Rule 12d2-2 under the Securities Exchange Act of 1934, upon receiving written notice from an issuer that such issuer has determined to withdraw a class of Securities from listing on BSTX pursuant to paragraph (d), the Exchange will provide notice on its website of the issuer's intent to delist its Securities beginning on the business day following such notice, which will remain posted on the Exchange's website until the delisting on Form 25 is effective.

27100 – Guide to Filing Requirements**27101. General**

An issuer having a Security listed on BSTX is required to file with the Exchange three (3) copies of all reports and other documents filed or required to be filed with the SEC. Listed issuers must comply with applicable SEC requirements with respect to the filing of reports and other documents through the SEC's Electronic Data Gathering Analysis and Retrieval ("EDGAR") system, and an issuer which submits such reports through EDGAR (as well as any reports which are permitted but not required to be submitted through EDGAR) will be deemed to have satisfied its filing requirement to the Exchange. A company that is not required to file reports with the SEC shall file with the Exchange three (3) copies of reports required to be filed with the

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appropriate regulatory authority. All required reports shall be filed with the Exchange on or before the date they are required to be filed with the SEC or appropriate regulatory authority.

The Exchange also requires that certain other submissions be made and notice be given to the Exchange on a timely basis, including but not limited to materials related to corporate actions (such as record dates and dividend and shareholder meeting notifications), additional listing applications and supporting materials, notices of changes in officers and directors, changes in the form or nature of securities or the general character of the business and all materials sent to shareholders or released to the press. Companies having a Securities listed on BSTX are urged to consult the Exchange or appropriate BSTX Listing Requirement provisions in this regard. In particular, see Rule 27007 (SEC Annual and Quarterly Report Timely Filing Criteria).

27200 Procedures for Review of Exchange Listing Determinations**27201. Purpose and General Provisions**

(a) The purpose of the Rule 27200 Series is to provide procedures for the independent review of determinations that prohibit or limit the continued listing (or unlisted trading) of an issuer's Securities on BSTX based upon the Suspension and Delisting Policies set forth in the Rule 21000 Series (Rule 27001-27009).

(b) At each level of a proceeding under this Rule 27200 Series, a Listing Qualifications Panel (as defined in Rule 27204 below), the [Regulatory Oversight](#) Committee ~~for Review~~ (as defined in Rule 27205 below) or the Exchange Board of Directors, as part of its respective review, may request additional information from the issuer. The issuer will be afforded an opportunity to address the significance of the information requested.

(c) At each level of a proceeding under this Rule 27200 Series, a Listing Qualifications Panel, the [Regulatory Oversight](#) Committee ~~for Review~~ or the Exchange Board of Directors, as part of its respective review, may also consider the issuer's stock or Security price or any information that the issuer releases to the public, including any additional quantitative deficiencies or qualitative considerations reflected in the released information.

(d) At each level of a proceeding under the Rule 27200 Series, a Listing Qualifications Panel, the [Regulatory Oversight](#) Committee ~~for Review~~, or the Exchange Board of Directors, as part of its respective review, may consider any failure to meet any quantitative standard or qualitative consideration set forth in the Rule 27000 Series, including failures previously not considered in the proceeding. The issuer will be afforded notice of such consideration and an opportunity to respond.

(e) Although the Exchange has adopted certain standards under which it will normally give consideration to suspending dealings in, or removing, a Security from listing or unlisted trading, these standards in no way limit or restrict the Exchange in applying its policies regarding continued listing, and the Exchange may at any time, in view of the circumstances of each case, suspend dealings in, or file an application with the Securities and Exchange Commission on Form 25 to strike the class of Securities from listing or unlisted trading when in its opinion such

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Security is unsuitable for continued trading on BSTX. Such action will be taken in accordance with Rule 27010 regardless of whether the issuer meets or fails to meet any or all of the continued listing standards.

27202. Written Notice of Exchange Determination

(a) If the Exchange reaches a determination to limit or prohibit the continued listing of an issuer's Securities, it will notify the issuer in writing, describe the specific grounds for the determination, identify the quantitative standard(s) or qualitative consideration(s) set forth in Rule 27000 Series that the issuer has failed to satisfy, and provide notice that upon request the issuer will be provided an opportunity for a hearing under the procedures set forth in this Rule 27200 Series (the "Exchange Determination").

(b) An issuer that receives an Exchange Determination to prohibit the continued listing of the issuer's Securities under Rule 27202(a) shall make a public announcement through the news media that it has received such notice, including the specific policies and standards upon which the determination was based. Prior to the release of the public announcement, the issuer shall provide such announcement to the Exchange. The public announcement shall be made as promptly as possible, but not more than four business days following receipt of the Exchange Determination.

27203. Request for Hearing

(a) An issuer may, within seven calendar days of the date of the Exchange Determination, request either a written or oral hearing to review the Exchange Determination. Requests for hearings should be filed with the Exchange's Legal Department. An issuer must submit a hearing fee to the Exchange, to cover the cost of holding the hearing, as follows: (1) where consideration is on the basis of a written submission from the issuer, \$8,000 or (2) where consideration is on the basis of an oral hearing, whether in person or by telephone, \$10,000. No payment will be credited and applied towards the applicable hearing fee unless the issuer has previously paid all applicable listing fees due to the Exchange. The issuer will be deemed to have waived the opportunity to request a hearing, and a hearing will not be scheduled, unless the applicant has submitted such hearing fee and any unpaid listing fees due to the Exchange, in the form and manner prescribed by the Exchange, no later than seven calendar days of the date of the Exchange Determination. All hearings will be held before a Listing Qualifications Panel as described in Rule 27204. All hearings will be scheduled on a date and time determined by the Exchange's Legal Department, to the extent practicable, within 45 days of the date that the request for hearing is filed, at a location determined by the Exchange's Legal Department. The Exchange will make an acknowledgment of the issuer's hearing request stating the date, time, and location of the hearing, and the deadline for written submissions to the Listing Qualifications Panel. The issuer will be provided at least 10 calendar days notice of the hearing unless the issuer waives such notice.

(b) The issuer may file a written submission with the Exchange's Legal Department stating the specific grounds for the issuer's contention that the Exchange's determination was in error and/or requesting an extension of time to comply with the continued listing standards as

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permitted by Rule 27009. The issuer may also submit any documents or other written material in support of its request for review, including any information not available at the time of the Exchange Determination.

(c) A request for a hearing will ordinarily stay a delisting action pursuant to an Exchange Determination to prohibit the continued listing of an issuer's Securities in accordance with Rule 27204(d), but the Exchange may immediately suspend trading in any Security or Securities pending review should it determine that such immediate suspension is necessary or appropriate in the public interest, for the protection of investors, or to promote just and equitable principles of trade. If the issuer does not request a review and pay the requisite fee, within the time period specified in paragraph (a) of this Section, the Exchange shall suspend trading in the Security or Securities when such time period has elapsed and the Exchange staff shall file an application with the Securities and Exchange Commission on Form 25 to strike the class of Securities from listing and registration in accordance with Section 12 of the Securities Exchange Act of 1934 and the rules promulgated thereunder and in accordance with Rule 27010.

27204. The Listing Qualifications Panel

(a) All hearings will be conducted before a Listing Qualifications Panel ("Panel") comprised of at least two members of the [Regulatory Oversight](#) Committee ~~for Review~~. No person shall serve as a Panel member for a matter if his or her interest or the interests of any person in whom he or she is directly or indirectly interested will be substantially affected by the outcome of the matter. In the event of a tie vote among the panel members, the matter will be forwarded to the full [Regulatory Oversight](#) Committee ~~for Review~~ for review pursuant to Rule 27205.

(b) Prior to the hearing, the Panel will review the written record, as defined in Rule 27207. At the hearing, the issuer may make such presentation as it deems appropriate, including the appearance by its officers, directors, accountants, counsel, investment bankers, or other persons. Hearings are generally scheduled for thirty minutes, but may be extended at the discretion of the Panel. The Panel may question any representative of the issuer appearing at the hearing. A transcript of oral hearings will be kept. The record of proceedings before the Panel will be kept by the Exchange's Legal Department.

(c) After the hearing, the Panel will issue a written decision (the "Panel Decision") describing the specific grounds for its determination and identifying any quantitative standard or qualitative consideration set forth in the Rule 27000 Series that the issuer has failed to satisfy, including, if applicable, the basis for its determination that the issuer's Securities should continue to be listed as permitted by Rule 27009 or that the Exchange Determination was in error. The Panel Decision will be promptly provided to the issuer and is effective immediately unless it specifies to the contrary, or as provided in paragraph (d) of this Section. The Panel Decision will provide notice that the issuer may request review of the Panel Decision by the [Regulatory Oversight](#) Committee ~~for Review~~ within 15 calendar days of the date of the Panel Decision and that any such [Regulatory Oversight](#) Committee ~~for Review~~ Decision may be called for review by the Exchange Board of Directors not later than the next Exchange Board meeting that is 15 calendar days or

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more following the date of the Regulatory Oversight Committee ~~for Review~~ Decision pursuant to Rule 27206.

(d) If the Panel Decision provides that the issuer's Security or Securities should be delisted, the Exchange will suspend trading in such Securities as soon as practicable and initiate the delisting process in accordance with Rule 27010.

27205. Review By the ~~Exchange~~Regulatory Oversight Committee ~~for Review~~

(a) The Regulatory Oversight Committee ~~for Review~~ is defined in Section 6.07 of the Exchange's by-laws.

(b) The issuer may initiate the ~~Committee for Review's~~Regulatory Oversight Committee's review of any Panel Decision by making a written request within 15 calendar days of the date of the decision. Requests for review should be addressed to the Regulatory Oversight Committee ~~for Review~~ in care of the Exchange's Legal Department. If the issuer requests review of the Panel Decision, the issuer must submit a fee of \$10,000 to the Exchange to cover the cost of the review by the Regulatory Oversight Committee ~~for Review~~. No payment will be credited and applied towards the applicable hearing fee unless the issuer has previously paid all applicable listing fees due to the Exchange. The issuer will be deemed to have waived the opportunity for review, and a review will not be commenced, unless the issuer has submitted the hearing fee and any unpaid listing fees due to the Exchange, in the form and manner prescribed by the Exchange, within 15 calendar days of the date of the Panel Decision.

Upon receipt of the request for review, the Exchange's Legal Department will make an acknowledgment of the issuer's request stating the deadline for the issuer to provide any written submissions.

(c) The Regulatory Oversight Committee ~~for Review~~ may authorize the continued listing of the issuer's Securities if it determines that such Securities should continue to be listed as permitted by Rule 27009 or the Panel Decision was in error.

(d) The Regulatory Oversight Committee ~~for Review~~ will consider the written record and, in its discretion, hold additional hearings. Any hearing will be scheduled, to the extent practicable, within 45 days of the date that a request for review initiated by the issuer is made. The Regulatory Oversight Committee ~~for Review~~ may also recommend that the Exchange Board of Directors consider the matter. The record of proceedings before the Regulatory Oversight Committee ~~for Review~~ will be kept by the Exchange's Legal Department.

(e) The Regulatory Oversight Committee ~~for Review~~ will issue a written decision (the "Regulatory Oversight Committee ~~for Review~~ Decision") that affirms, modifies, or reverses the Panel Decision or that refers the matter to the Exchange staff or to the Panel for further consideration. The Regulatory Oversight Committee ~~for Review~~ will describe the specific grounds for the decision, identify any quantitative standard or qualitative consideration set forth in the Rule 27000 Series that the applicant has failed to satisfy, including, if applicable, the basis

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for its determination that the issuer's securities should continue to be listed as permitted by Rule 27009 or the Panel Decision was in error, and provide notice that the Exchange Board of Directors may call the [Regulatory Oversight](#) Committee ~~for Review~~-Decision for review at any time before its next meeting that is at least 15 calendar days following the issuance of the [Regulatory Oversight](#) Committee ~~for Review~~-Decision. The [Regulatory Oversight](#) Committee ~~for Review~~-Decision will be promptly provided to the issuer and will take immediate effect unless it specifies to the contrary, or as provided in Rule 27205(f).

(f) If the [Regulatory Oversight](#) Committee ~~for Review~~-Decision reverses the Panel Decision and provides that the issuer's Security or Securities should not be delisted, and such Security or Securities have been suspended pursuant to Rule 27204(d), such suspension shall continue until either the [Regulatory Oversight](#) Committee ~~for Review~~-Decision represents final action of the Exchange as specified in Rule 27206(d) or in accordance with a discretionary review by the Exchange Board of Directors pursuant to Rule 27206.

(g) If the issuer does not request a review, and pay the requisite fee, within the time period specified in paragraph (b) of this Rule, by the [Regulatory Oversight](#) Committee ~~for Review~~-of a Panel Decision which provided that the issuer's Security (or Securities) should be delisted, when such time period has elapsed, the Exchange will suspend trading in such Security (or Securities), if it has not already done so pursuant to Rule 27204(d), and file an application with the Securities and Exchange Commission on Form 25 to strike the class of Securities from listing and registration in accordance with the Rule 27200 Series of the Securities Exchange Act of 1934 and the rules promulgated thereunder and in accordance with Rule 27010.

27206. Discretionary Review by Board of Directors

(a) A [Regulatory Oversight](#) Committee ~~for Review~~-Decision may be called for review by the Exchange Board of Directors solely upon the request of one or more Directors not later than the next Exchange Board of Directors meeting that is 15 calendar days or more following the date of the [Regulatory Oversight](#) Committee ~~for Review~~-Decision. Such review will be undertaken solely at the discretion of the Exchange Board of Directors. The institution of discretionary review by the Exchange Board of Directors will not operate as a stay of the [Regulatory Oversight](#) Committee ~~for Review~~-Decision. At the sole discretion of the Exchange Board of Directors, the call for review of a [Regulatory Oversight](#) Committee ~~for Review~~-Decision may be withdrawn at any time prior to the issuance of a decision.

(b) If the Exchange Board of Directors conducts a discretionary review, the review generally will be based on the written record considered by the [Regulatory Oversight](#) Committee ~~for Review~~. The Exchange Board of Directors will be provided with the documents in the Record on Review as specified in Rule 27207, except for the issuer's public filings and information released to the public by the issuer, which will be available on request from the Exchange's Legal Department. However, the Exchange Board of Directors may, at its discretion, request and consider additional information from the issuer and/or from the Exchange staff. Should the Exchange Board of Directors consider additional information, the record of proceedings before the Exchange Board of Directors will be kept by the Exchange's Legal Department.

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(c) The Exchange Board of Directors may authorize the applicant's Securities for continued listing if it determines that the issuer's Securities should continue to be listed as permitted by Rule 27009 or the [Regulatory Oversight](#) Committee ~~for Review~~ Decision was in error.

(d) If the Exchange Board of Directors conducts a discretionary review, the issuer will be provided with a written decision describing the specific grounds for its decision, and identifying any quantitative standard or qualitative consideration set forth in the Rule 27000 Series that the issuer has failed to satisfy, including, if applicable, the basis for its determination that the issuer's Securities should continue to be listed as permitted by Rule 27009 or that the [Regulatory Oversight](#) Committee ~~for Review~~ Decision was in error. The Board may affirm, modify or reverse the [Regulatory Oversight](#) Committee ~~for Review~~ Decision and may remand the matter to the [Regulatory Oversight](#) Committee ~~for Review~~ for Panel or Exchange staff with appropriate instructions. The decision represents the final action of the Exchange and will take immediate effect unless it specifies to the contrary. If the Board Decision provides that the issuer's Security (or Securities) should be delisted, the Exchange will suspend trading in such Security (or Securities) on BSTX as soon as practicable, if it has not already done so pursuant to Rule 27204(d), and the Exchange staff will file an application with the Securities and Exchange Commission on Form 25 to strike the class of Securities from listing and registration in accordance with Section 12 of the Securities Exchange Act of 1934 and the rules promulgated thereunder and in accordance with Rule 27010.

(e) If the Exchange Board of Directors declines to conduct a discretionary review or withdraws its call for review, the issuer will be promptly provided with written notice that the [Regulatory Oversight](#) Committee ~~for Review~~ Decision represents the final action of the Exchange. If the [Regulatory Oversight](#) Committee ~~for Review~~ Decision provides that the issuer's Security or Securities should be delisted, upon the expiration of the time period specified in paragraph (a) of this Section, or upon the Exchange Board of Directors' determination to withdraw a call for review, the Exchange will suspend trading in such Security or Securities as soon as practicable, if it has not already done so pursuant to Rule 27204(d), and the Exchange staff will file an application with the Securities and Exchange Commission on Form 25 to strike the class of Securities from listing and registration in accordance with Section 12 of the Securities Exchange Act of 1934 and the rules promulgated thereunder and in accordance with Rule 27010.

(f) Any issuer aggrieved by a final action of the Exchange may make application for review to the Commission in accordance with Section 19 of the Securities Exchange Act of 1934.

27207. Record on Review

(a) Documents in the written record may consist of the following items, as applicable: correspondence between the Exchange and the issuer, the issuer's public filings, information released to the public by the issuer, and any written submissions or exhibits submitted by either the issuer, or the Exchange's listing department, including any written request for listing approval pursuant to Rule 27203(c) or continued listing pursuant to Rule 27009 and any response thereto. Any additional information requested from the issuer by the Panel, the Exchange Board of Directors, or any other unit of the Exchange such as the [Regulatory Oversight](#) Committee ~~for~~

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Review, as part of the review process will be included in the written record. The written record will be supplemented by the transcript of any oral hearings held during the review process and each decision issued. At each level of review under this Rule 27200 Series, the issuer will be provided with a list of documents in the written record, and a copy of any documents included in the record that are not in the issuer's possession or control, at least three calendar days in advance of the deadline for the issuer's submissions, unless the applicant waives such production.

(b) In addition to the documents described in paragraph (a) above, if the issuer's Security price or any information that the issuer releases to the public is considered as permitted in Rule 27201(c), that information, and any written submission addressing the significance of that information, will be made part of the record.

(c) If additional issues arising under the Rule 26100 Series or the Rule 27000 Series are considered, as permitted in Rule 27201, the notice of such consideration and any response to such notice will be made a part of the record.

27208. Document Retention Procedures

Any document submitted to the Exchange in connection with a Rule 27200 Series proceeding that is not made part of the record will be retained by the Exchange until the date upon which the Rule 27200 Series proceeding decision becomes final including, if applicable, upon conclusion of any review by the Commission or a federal court.

27209. Delivery of Documents

Delivery of any document under this Rule 27200 Series by an issuer or by the Exchange may be made by hand delivery or overnight courier to the designated address, or by facsimile to the designated facsimile number and regular mail to the designated address. Delivery will be considered timely if delivered by hand or overnight courier prior to the relevant deadline or upon being faxed and sent by regular mail service prior to the relevant deadline. If an issuer has not specified a facsimile number or address, delivery will be made to the last known facsimile number and address. If an issuer is represented by counsel or a representative, delivery will be made to the counsel or representative.

27210. Computation of Time

In computing any period of time under this Rule 27200 Series, the day of the act, event, or default from which the period of time begins to run is not to be included. The last day of the period so computed is included, unless it is a Saturday, Sunday, federal holiday, or Exchange holiday in which event the period runs until the end of the next day that is not a Saturday, Sunday, federal holiday or Exchange holiday.

27211. Prohibited Communications

(a) Unless on notice and opportunity for the appropriate Exchange staff and the issuer to participate, a representative of the Exchange involved in reaching an Exchange Determination, or

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an issuer, counsel to or representative of an issuer, shall not make or knowingly cause to be made a communication relevant to the merits of a proceeding under this Rule 27200 Series (a “Prohibited Communication”) to any member of the Panel, [Regulatory Oversight](#) Committee ~~for Review~~ or to any Director of the Exchange Board of Directors, who is participating in or advising in the decision in that proceeding, or to any Exchange employee who is participating or advising in the decision of these individuals.

(b) Panel, [Regulatory Oversight](#) Committee ~~for Review~~ members, Board of Directors and Exchange employees who are participating in or advising in the decision in a proceeding under this Rule 27200 Series, shall not make or knowingly cause to be made a Prohibited Communication to an issuer, counsel to or representative of an issuer, or a representative of the Exchange involved in reaching an Exchange Determination.

(c) If a Prohibited Communication is made, received, or caused to be made, the Exchange will place a copy of it, or its substance if it is an oral communication, in the record of the proceeding. The Exchange will permit Exchange staff or the issuer, as applicable, to respond to the Prohibited Communication, and will place any response in the record of the proceeding.

(d) If the issuer submits a proposal to resolve matters at issue in a Rule 27200 Series proceeding, that submission will constitute a waiver of any claim that the Exchange communications relating to the proposal were Prohibited Communications.

28000 – Trading and Listing of Exchange Traded Products**28000. Investment Company Units**

The Exchange will consider for trading, ~~whether by listing or pursuant to unlisted trading privileges,~~ units of trading (“Units”) that meet the criteria of this Rule. A Unit is a security that represents an interest in a registered investment company (~~“Investment Company”~~) that could be organized as a unit investment trust, an open-end management investment company, or a similar entity. The term “US Component Stock” shall mean an equity security that is registered under Sections 12(b) or 12(g) of the Securities Exchange Act of 1934 or an American Depositary Receipt, the underlying equity security of which is registered under Sections 12(b) or 12(g) of the Securities Exchange Act of 1934. The term “Non-US Component Stock” shall mean an equity security that is not registered under Sections 12(b) or 12(g) of the Securities Exchange Act of 1934 and that is issued by an entity that (a) is not organized, domiciled or incorporated in the United States, and (b) is an operating company (including Real Estate Investment Trusts (REITS) and income trusts, but excluding investment trusts, unit trusts, mutual funds, and derivatives).

The Exchange may submit a rule filing pursuant to Section 19(b) of the Securities Exchange Act of 1934 to permit the listing and trading of a series of Units that do not otherwise meet the standards set forth below. All statements or representations contained in such rule filing regarding (a) the description of the index, portfolio or reference asset, (b) limitations on index or portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing will constitute continued listing requirements. An issuer of such securities

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must notify the Exchange of any failure to comply with such continued listing requirements. If a series of Units does not satisfy these requirements, the Exchange may halt trading in the securities and will initiate delisting proceedings pursuant to Rule 27010.

A. Unit Listing Standards

- i. The Investment Company must:
 - a. hold securities (including fixed income securities) comprising, or otherwise based on or representing an interest in, an index or portfolio or securities; or
 - b. hold securities in another registered investment company that holds securities as described in (a) above.

An index or portfolio may be revised as necessary or appropriate to maintain the quality and character of the index or portfolio.

- ii. The Investment Company must issue Units in a specified aggregate number in return for a deposit (the "Deposit") consisting of either:
 - a. a specified number of shares of securities (and, if applicable, a specified portfolio of fixed income securities) that comprise the index or portfolio, or are otherwise based on or represent an investment in securities comprising such index or portfolio, and/or a cash amount; or
 - b. shares of a registered investment company, as described in subsection (A)(i)(a) above, and/or a cash amount.
- iii. Units must be redeemable, directly or indirectly, from the Investment Company for securities (including fixed income securities) and/or cash then comprising the Deposit. Units must pay holders periodic cash payments corresponding to the regular cash dividends or distributions declared with respect to the securities held by the Investment Company, less applicable expenses and charges.
- iv. The minimum number of Units required to be outstanding at the commencement of trading is set forth in IM-28000-1 paragraph (d) of this Rule.
- v. The Exchange will obtain a representation from the issuer of each series of Units that the net asset value per share for the series will be calculated daily and will be made available to all market participants at the same time.

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- B. Underlying Indices and Portfolios. The Exchange may ~~trade, whether by listing or pursuant to unlisted trading privileges,~~list specified series of Units, with each series based on a specified index or portfolio of securities. The value of the index or portfolio must be calculated and disseminated to the public at least once per business day; provided that, if the securities representing at least half the value of the index or portfolio are securities of a single country other than the United States, then the value of the index or portfolio may be calculated and disseminated to the public at least once per business day in that country.
- C. Form of Certificates. Units may be either certified or issued in the form of a single global certificate.
- D. Limitation of Liability of the Exchange. Neither the Exchange, the Reporting Authority nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any current index or portfolio value the current value of the portfolio of securities required to be deposited to the open-end management investment company; the amount of any dividend equivalent payment or cash distribution to holders of Units; net asset value; or other information relating to the creation, redemption or trading of Units, resulting from any negligent act or omission by the Exchange, or the Reporting Authority, or any agent of the Exchange, or any act, condition or cause beyond the reasonable control of the Exchange or its agent, or the Reporting Authority, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reporting of transactions in one or more underlying securities. The Exchange makes no warranty, express or implied, as to results to be obtained by any person or entity from the use of Units or any underlying index or data included therein and the Exchange makes no express or implied warranties, and disclaims all warranties of merchantability or fitness for a particular purpose with respect to Units or any underlying index or data included therein. This limitation of liability shall be in addition to any other limitation contained in the Exchange's Bylaws and Rules.

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Equity. The Exchange may approve a series of Units for listing and/or trading (~~including pursuant to unlisted trading privileges~~) pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934. Units listed pursuant to Rule 19b-4(e) shall satisfy the criteria set forth in (a)(A), (B) or (C) and (b), (c) and (f) through (h) below on an initial and continued listing basis, provided further, that the Exchange may not so approve a series of Units that are issued by an open-end management investment company that seeks to provide investment results, before fees and expenses, in an amount that exceeds -300% of the percentage performance on a given day of a particular domestic equity, international or global equity securities index.

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- a. Eligibility Criteria for Index Components.
- A. US index or portfolio. Components of an index or portfolio of (a) only US Component Stocks or (b) US Component Stocks and cash underlying a series of Units listed pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 shall meet the following criteria on an initial and continued listing basis:
1. Component stocks (excluding Units and securities defined in Rule 28003 and Rule 28004, collectively, "Derivative Securities Products") that in the aggregate account for at least 90% of the weight of the US Component Stocks portion of the index or portfolio (excluding such Derivative Securities Products) each shall have a minimum market value of at least \$75 million;
 2. Component stocks (excluding Derivative Securities Products) that in the aggregate account for at least 70% of the US Component Stocks portion of the weight of the index or portfolio (excluding such Derivative Securities Products) each shall have a minimum monthly trading volume of 250,000 shares, or minimum notional volume traded per month of \$25,000,000, averaged over the last six months;
 3. The most heavily weighted component stock (excluding Derivative Securities Products) shall not exceed 30% of the US Component Stocks portion of the weight of the index or portfolio, and, to the extent applicable, the five most heavily weighted component stocks (excluding Derivative Securities Products) shall not exceed 65% of the US Component Stocks portion of the weight of the index or portfolio;
 4. The index or portfolio shall include a minimum of 13 component stocks; provided, however, that there shall be no minimum number of component stocks if (a) one or more series of Units or Portfolio Depositary Receipts constitute, at least in part, components underlying a series of Units, or (b) one or more series of Derivative Securities Products account for 100% of the US Component Stocks portion of the weight of the index or portfolio; and
 5. All securities in the index or portfolio shall be US Component Stocks listed on a national securities exchange and shall be NMS Stocks as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934.
- B. International or global index or portfolio. Components of an index or portfolio underlying a series of Units listed pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 that consist of (a) only Non-US Component Stocks, (b) Non-US Component Stocks and cash, (c) both US Component Stocks and Non-US Component Stocks, or (d) US Component Stocks, Non-US Component Stocks and cash shall meet the following criteria on an initial and continued listing basis:

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1. Component stocks (excluding Derivative Securities Products) that in the aggregate account for at least 90% of the weight of the US and Non-US Component Stocks portions of the index or portfolio (excluding such Derivative Securities Products) each shall have a minimum market value of at least \$100 million;
 2. Component stocks (excluding Derivative Securities Products) that in the aggregate account for at least 70% of the US and Non-US Component Stocks portions of the weight of the index or portfolio (excluding such Derivative Securities Products) each shall have a minimum global monthly trading volume of 250,000 shares, or minimum global notional volume traded per month of \$25,000,000, averaged over the last six months;
 3. The most heavily weighted component stock (excluding Derivative Securities Products) shall not exceed 25% of the combined US and Non-US Component Stocks portions of the weight of the index or portfolio, and, to the extent applicable, the five most heavily weighted component stocks (excluding Derivative Securities Products) shall not exceed 60% of the combined US and Non-US Component Stocks portions of the weight of the index or portfolio;
 4. The index or portfolio shall include a minimum of 20 component stocks; provided, however, that there shall be no minimum number of component stocks if (a) one or more series of Units or Portfolio Depositary Receipts constitute, at least in part, components underlying a series of Units, or (b) one or more series of Derivative Securities Products account for 100% of the weight of the combined US and Non-US Component Stocks portions of the index or portfolio; and
 5. Each US Component Stock shall be listed on a national securities exchange and shall be an NMS Stock as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934, and each Non-US Component Stock shall be listed and traded on an exchange that has last-sale reporting.
- C. Index or portfolio approved in connection with options or other derivative securities. For the initial and continued listing of a series of Units pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934, the index or portfolio underlying the series of Units shall have been reviewed and approved for trading of options, Portfolio Depositary Receipts, Units, Index-Linked Exchangeable Notes or Index-Linked Securities, as applicable, by the Securities and Exchange Commission under Section 19(b) of the Securities Exchange Act of 1934 and rules thereunder and the conditions set forth in the Securities and Exchange Commission's approval order, including comprehensive surveillance sharing agreements with respect to Non-US Component Stocks and the requirements regarding dissemination of information, must continue to be satisfied. On an initial and continued listing basis, each component stock of the index or portfolio shall be either (i) a US Component Stock that is listed on a national

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securities exchange and is an NMS Stock as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934, or (ii) a Non-US Component Stock that is listed and traded on an exchange that has last-sale reporting.

b. Index Methodology and Calculation.

1. If the index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect and maintain a "firewall" around the personnel who have access to information concerning changes and adjustments to the index and the index shall be calculated by a third party who is not a broker-dealer or fund advisor. In addition, any advisory committee, supervisory board, or similar entity that advises a Reporting Authority or that makes decisions on the index or portfolio composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the applicable index; and
2. The current index value for Units listed pursuant to (a) IM-28000-1(a)(A) above will be widely disseminated by one or more major market data vendors at least every 15 seconds during Regular Trading Hours; (b) IM-28000-1(a)(B) above will be widely disseminated by one or more major market data vendors at least every 60 seconds during Regular Trading Hours; or (c) IM-28000-1 (a)(C) above will be widely disseminated during the Regular Trading Hours by one or more major market data vendors at least every 15 seconds with respect to indexes containing only US Component Stocks and at least every 60 seconds with respect to indexes containing Non-US Component Stocks. If the official index value does not change during some or all of the period when trading is occurring on the Exchange (for example, for indexes of Non-US Component Stocks because of time zone differences or holidays in the countries where such indexes' component stocks trade), then the last calculated official index value must remain available throughout Regular Trading Hours.

- c. Disseminated Information. One or more major market data vendors will disseminate for each series of Units listed or traded on the Exchange an estimate, updated at least every 15 seconds during Regular Trading Hours, of the value in U.S. dollars of a share of each series (the "Intraday Indicative Value"). The "Intraday Indicative Value" may be based, for example, upon current information regarding the required deposit of securities and cash amount to permit creation of new shares of the series or upon the index value. The Intraday Indicative Value will be updated at least every 15 seconds during the Regular Trading Hours to reflect changes in the exchange rate between the U.S. dollar and the currency in which any component stock is denominated. If the Intraday Indicative Value does not change during some or all of the period when trading is occurring on the Exchange, then the last official calculated Intraday Indicative Value must remain available throughout Exchange trading hours.

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- d. Initial Shares Outstanding. A minimum of 100,000 shares of a series of Units is required to be outstanding at commencement of trading.
- e. Hours of Trading. The hours of trading for series of Units are Regular Trading Hours.
- f. Surveillance Procedures. The Exchange will implement written surveillance procedures for Units.
- g. Disclosures. The provisions of this subparagraph apply only to series of Units that are the subject of an order by the Securities and Exchange Commission exempting such series from certain prospectus delivery requirements under Section 24(d) of the Investment Company Act of 1940 and are not otherwise subject to prospectus delivery requirements under the Securities Act of 1933. The Exchange will inform ETP Holders regarding application of these provisions of this subparagraph to a particular series of Units by means of an information circular prior to commencement of trading in such series.

The Exchange requires that ETP Holders provide to all purchasers of a series of Units a written description of the terms and characteristics of those securities, in a form approved by the Exchange or prepared by the open-end management investment company issuing such securities, not later than the time a confirmation of the first transaction in such series is delivered to such purchaser. In addition, ETP Holders shall include such a written description with any sales material relating to a series of Units that is provided to customers or the public. Any other written materials provided by an ETP Holder to customers or the public making specific reference to a series of Units as an investment vehicle must include a statement in substantially the following form: "A circular describing the terms and characteristics of (the series of Units) has been prepared by the (open-end management investment company name) and is available from your broker. It is recommended that you obtain and review such circular before purchasing (the series of Units)." The term "ETP Holder" shall refer to a sole proprietorship, partnership, corporation, limited liability company or other organization in good standing that has been issued an ETP. An ETP Holder must be a registered broker or dealer pursuant to Section 15 of the Securities Exchange Act of 1934. An ETP Holder shall agree to be bound by the Certificate of Incorporation, Bylaws and Rules of the Exchange, and by all applicable rules and regulations of the Securities and Exchange Commission. An ETP Holder shall not have ownership or distribution rights in the Exchange. An ETP Holder will have status as a "member" of the Exchange as that term is defined in Section 3 of the Securities Exchange Act of 1934, as amended.

An ETP Holder carrying an omnibus account for a non-ETP Holder is required to inform such non-ETP Holder that execution of an order to purchase a series of Units for such omnibus account will be deemed to constitute agreement by the non-ETP Holder to make such written description available to its customers on the same terms as are directly applicable to ETP Holders under this rule.

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Upon request of a customer, an ETP Holder shall also provide a prospectus for the particular series of Units.

- h. **Creation and Redemption.** For Units listed pursuant to IM-28000-1(a)(B) or (C) above, the statutory prospectus or the application for exemption from provisions of the Investment Company Act of 1940 for the series of Units must state that the series of Units must comply with the federal securities laws in accepting securities for deposits and satisfying redemptions with redemption securities, including that the securities accepted for deposits and the securities used to satisfy redemption requests are sold in transactions that would be exempt from registration under the Securities Act of 1933.

IM-28000-2

Fixed Income. “Fixed Income Securities” are debt securities that are notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities ("Treasury Securities"), government-sponsored entity securities ("GSE Securities"), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof. The Exchange may approve a series of Units based on Fixed Income Securities for listing and pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 provided such portfolio or index (i) has been reviewed and approved for the trading of options, Units, Portfolio Depository Receipts, Index-Linked Exchangeable Notes or Index-Linked Securities by the Commission under Section 19(b) of the Securities Exchange Act of 1934 and rules thereunder and the conditions set forth in the Commission's approval order, continue to be satisfied or (ii) satisfy the following criteria, and provided further, that the Exchange may not so approve a series of Units that are issued by an open-end management investment company that seeks to provide investment results, before fees and expenses, in an amount that exceeds -300% of the percentage performance on a given day of a particular Fixed Income Securities index. Units listed pursuant to Rule 19b-4(e) shall satisfy the criteria set forth in (a) through (c), (f) and (g) below on an initial and continued listing basis.

- a. **Eligibility Criteria for Index Components.** Components of an index or portfolio underlying a series of Units listed pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 shall meet the following criteria on an initial and continued listing basis:
 1. The index or portfolio must consist of (a) only Fixed Income Securities or (b) Fixed Income Securities and cash;
 2. Fixed Income Security components that in aggregate account for at least 75% of the Fixed Income Securities portion of the weight of the index or portfolio each shall have a minimum original principal amount outstanding of \$100 million or more;
 3. A component may be a convertible security, however, once the convertible security component converts to the underlying equity security, the component is removed from the index or portfolio;

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4. No component fixed-income security (excluding Treasury Securities and GSE Securities) shall represent more than 30% of the Fixed Income Securities portion of the weight of the index or portfolio, and the five most heavily weighted component fixed-income securities in the index or portfolio shall not in the aggregate account for more than 65% of the Fixed Income Securities portion of the weight of the index or portfolio;
 5. An underlying index or portfolio (excluding one consisting entirely of exempted securities) must include a minimum of 13 non-affiliated issuers; and
 6. Component securities that in aggregate account for at least 90% of the Fixed Income Securities portion of the weight of the index or portfolio must be either a) from issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Securities Exchange Act of 1934; b) from issuers that have a worldwide market value of its outstanding common equity held by non-affiliates of \$700 million or more; c) from issuers that have outstanding securities that are notes, bonds debentures, or evidence of indebtedness having a total remaining principal amount of at least \$1 billion; d) exempted securities as defined in Section 3(a)(12) of the Securities Exchange Act of 1934; or e) from issuers that are a government of a foreign country or a political subdivision of a foreign country.
- b. Index Methodology and Calculation.
- i. If the index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect and maintain a "firewall" around the personnel who have access to information concerning changes and adjustments to the index;
 - ii. The current index value for Units listed pursuant to IM-28000-2(a) above will be widely disseminated by one or more major market data vendors at least once per day and if the index value does not change during some or all of the period when trading is occurring on the Exchange, the last official calculated index value must remain available throughout Regular Trading Hours; and
 - iii. Any advisory committee, supervisory board, or similar entity that advises a Reporting Authority or that makes decisions on the index composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the applicable index.
- c. Disseminated Information. One or more major market data vendors shall disseminate for each series of Units listed pursuant to IM-28000-2 (a) above an estimate, updated at least every 15 seconds during Regular Trading Hours, of the value of a share of each series (the "Intraday Indicative Value"). The Intraday Indicative Value may be based, for example, upon current information regarding the required deposit of securities and cash amount to permit creation of new shares of the series or upon the index value. The Intraday Indicative Value may be calculated by the Exchange or by an independent third

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party throughout the day using prices obtained from independent market data providers or other independent pricing sources such as a broker-dealer or price evaluation services. If the Intraday Indicative Value does not change during some or all of the period when trading is occurring on the Exchange, then the last official calculated Intraday Indicative Value must remain available throughout Regular Trading Hours.

- d. Initial Shares Outstanding. The provisions of IM-28000-1(d) above shall apply to series of Units listed pursuant to IM-28000-2(a) above.
- e. Hours of Trading. The provisions of IM-28000-1 (e) above shall apply to series of Units listed pursuant to IM-28000-2(a) above.
- f. Surveillance Procedures. The provisions of IM-28000-1(f) above shall apply to series of Units based on Fixed Income Securities that are listed and/or traded pursuant to UTP.
- g. Disclosures. The provisions of IM-28000-1(g) above will apply to series of Units based on Fixed Income Securities.

IM-28000-2A

Municipal Securities. The Exchange may approve a series of Units based on a portfolio or index of Municipal Securities (as defined in Section 3(a)(29) of the Securities Exchange Act of 1934) that does not meet the requirements of IM-28000-2 of this Rule for listing and pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 provided such portfolio or index (i) has been reviewed and approved for the trading of options, Units, Portfolio Depository Receipts, Index-Linked Exchangeable Notes or Index-Linked Securities, as applicable, by the Commission under Section 19(b) of the Securities Exchange Act of 1934 and rules thereunder and the conditions set forth in the Commission's approval order, continue to be satisfied or (ii) satisfy the following criteria. Units listed pursuant to Rule 19b-4(e) shall satisfy the criteria set forth in (a) through (c), (f) and (g) below on an initial and continued listing basis. The Exchange may not so approve a series of Units that are issued by an open-end management investment company that seeks to provide investment results, before fees and expenses, in an amount that exceeds -300% of the percentage performance on a given day of a particular Municipal Securities index.

- a. Eligibility Criteria for Index Components. Components of an index or portfolio underlying a series of Units listed pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 shall meet the following criteria on an initial and continued listing basis:
 - 1. The index or portfolio must consist of (a) only Municipal Securities (as defined in Section 3(a)(29) of the Securities Exchange Act of 1934) or (b) Municipal Securities and cash;
 - 2. Municipal Security components that in aggregate account for at least 90% of the Municipal Securities portion of the weight of the index or portfolio each shall have a

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- minimum original principal amount outstanding of at least \$5 million and have been issued as part of a transaction of at least \$20 million;
3. No component Municipal Security shall represent more than 10% of the Municipal Securities portion of the weight of the index or portfolio, and the five most heavily weighted component Municipal Securities in the index or portfolio shall not in the aggregate account for more than 30% of the Municipal Securities portion of the weight of the index or portfolio;
 4. An underlying index or portfolio must include a minimum of 13 unique issuers; and
 5. An underlying index or portfolio must include a minimum of 500 component Municipal Securities.
- b. Index Methodology and Calculation.
- i. If the index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect and maintain a "firewall" around the personnel who have access to information concerning changes and adjustments to the index;
 - ii. The current index value for Units listed pursuant to IM-28000-2A(a) above will be widely disseminated by one or more major market data vendors at least once per day and if the index value does not change during some or all of the period when trading is occurring on the Exchange, the last official calculated index value must remain available throughout Regular Trading Hours; and
 - iii. Any advisory committee, supervisory board, or similar entity that advises a Reporting Authority or that makes decisions on the index composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the applicable index.
- c. Disseminated Information. One or more major market data vendors shall disseminate for each series of Units listed pursuant to IM-28000-2A(a) above an estimate, updated at least every 15 seconds during the Regular Trading Hours, of the value of a share of each series (the "Intraday Indicative Value"). The Intraday Indicative Value may be based, for example, upon current information regarding the required deposit of securities and cash amount to permit creation of new shares of the series or upon the index value. The Intraday Indicative Value may be calculated by the Exchange or by an independent third party throughout the day using prices obtained from independent market data providers or other independent pricing sources such as a broker-dealer or price evaluation services. If the Intraday Indicative Value does not change during some or all of the period when trading is occurring on the Exchange, then the last official calculated Intraday Indicative Value must remain available throughout Regular Trading Hours.

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- d. Initial Shares Outstanding. The provisions of IM-28000-1(d) above shall apply to series of Units listed pursuant to IM-28000-2A(a) above.
- e. Hours of Trading. The provisions of IM-28000-1(e) above shall apply to series of Units listed pursuant to IM-28000-2A(a) above.
- f. Surveillance Procedures. The provisions of IM-28000-1(f) above shall apply to series of Units based on Municipal Securities that are listed and/or traded pursuant to UTP.
- g. Disclosures. The provisions of IM-28000-1(g) above will apply to series of Units based on Municipal Securities.

IM-28000-3

The Exchange may approve a series of Units based on a combination of indexes or an index or portfolio of component securities representing the U.S. or domestic equity market, the international equity market, the fixed income market, or the municipal securities market for listing and trading pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 provided (i) such portfolio or combination of indexes have been reviewed and approved for the trading of options, Units, Portfolio Depository Receipts, Index-Linked Exchangeable Notes or Index-Linked Securities, as applicable, by the Commission under Section 19(b) of the Securities Exchange Act of 1934 and rules thereunder and the conditions set forth in the Commission's approval order continue to be satisfied or (ii) each index or portfolio of equity, fixed income, or municipal component securities separately meet either the criteria set forth in IM-28000- 1(a), 2(a), or 2A(a) above, as applicable, and provided further, that the Exchange may not so approve a series of Units that is issued by an open-end management investment company that seeks to provide investment results, before fees and expenses, in an amount that exceeds -300% of the percentage performance on a given day of a particular domestic equity, international or global equity securities index, Municipal Securities or Fixed Income Securities index or a combination thereof. Units listed pursuant to Rule 19b-4(e) shall satisfy the criteria set forth in (a) below and in IM-28000-1(c) and (f) - (g) on an initial and continued listing basis.

- a. Index Methodology and Calculation
 - i. If the index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect and maintain a "firewall" around the personnel who have access to information concerning changes and adjustments to the index;
 - ii. The current composite index value for Units listed pursuant to IM-28000- 1(a), 2(a), or 2A(a) above shall be widely disseminated by one or more major market data vendors at least once every 15 seconds during Regular Trading Hours, provided however, that (a) with respect to the Non-US Component Stocks of the combination index, the impact on the index is only required to be updated at least every 60 seconds during the Regular Trading Hours, and (b) with respect to the fixed income and municipal security components of the combination index, the impact on the index is only required to be updated at least once each day; and

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- iii. Any advisory committee, supervisory board, or similar entity that advises a Reporting Authority or that makes decisions on the index composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the applicable index.
- b. Other Applicable Provisions. The provisions of IM-28000-1(c)-(h) shall also apply to series of Units based on a combination of indexes or an index or portfolio of component securities representing the U.S. or domestic equity market, the international equity market, the fixed income market, or the municipal securities market.

IM-28000-4

The provisions of this IM-28000-4 apply only to series of Units that are issued by an open-end management investment company that (i) seeks to provide investment results, before fees and expenses, that correspond to a specific multiple of the percentage performance on a given day of a particular domestic equity, international or global equity securities index or Fixed Income Securities index or a combination thereof ("Multiple Fund Shares") or (ii) seeks to provide investment results, before fees and expenses, that correspond inversely up to -300% of the percentage performance on a given day of a particular domestic equity, international or global equity securities index or Fixed Income Securities index or a combination thereof ("Inverse Fund Shares"). For the initial and continued listing of Multiple Fund Shares and/or Inverse Fund Shares, the following requirements must be adhered to:

- a. Daily public Web site disclosure of portfolio holdings that will form the basis for the calculation of the net asset value by the issuer of a series of Multiple Fund Shares or Inverse Fund Shares, including, as applicable, the following instruments:
 - i. The identity and number of shares held of each specific equity security;
 - ii. The identity and amount held of each specific Fixed Income Security;
 - iii. The specific types of financial instruments, including, but not limited to, stock index futures contracts; options on futures contracts; options on securities and indices; equity caps, collars and floors; swap agreements; forward contracts; and repurchase agreements (the "Financial Instruments") and characteristics of such Financial Instruments; and
 - iv. Cash equivalents and the amount of cash held in the portfolio.
- b. If the Exchange becomes aware that the net asset value related to a Multiple Fund Share or Inverse Fund Share is not being disseminated to all market participants at the same time or the daily public Web site disclosure of portfolio holdings does not occur, the Exchange shall halt trading in such series of Multiple Fund Shares or Inverse Fund Shares, as appropriate. The Exchange may resume trading in such Fund Shares only

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when the net asset value is disseminated to all market participants at the same time or the daily public Web site disclosure of portfolio holdings occurs, as appropriate.

28001. Equity Index-Linked Securities, Commodity-Linked Securities, Currency-Linked Securities, Fixed Income Index-Linked Securities, Futures-Linked Securities and Multifactor Index-Linked Securities

The Exchange will consider listing equity index-linked securities (“Equity Index-Linked Securities”), commodity-linked securities (“Commodity-Linked Securities”), currency-linked securities (“Currency-Linked Securities”), fixed income index-linked securities (“Fixed Income Index-Linked Securities”), futures-linked securities, (“Futures-Linked Securities”) and multifactor index-linked securities (“Multifactor Index-Linked Securities” and, together with Equity Index-Linked Securities, Commodity-Linked Securities, Currency-Linked Securities, Fixed Income Index-Linked Securities and Futures-Linked Securities, “Index-Linked Securities”) that in each case meet the applicable criteria of this Rule.

The payment at maturity with respect to Equity Index-Linked Securities, Commodity-Linked Securities, Currency-Linked Securities, Fixed Income Index-Linked Securities, Futures-Linked Securities and Multifactor Index-Linked Securities is based on the performance of:

- i. in the case of Equity Index-Linked Securities, an underlying index or indexes of equity securities (an “Equity Reference Asset”), or
- ii. in the case of Commodity-Linked Securities, one or more physical commodities or commodity futures, options or other commodity derivatives or Commodity-Based Trust Shares (as defined in Rule 28004) or a basket or index of any of the foregoing (a “Commodity Reference Asset”), or
- iii. in the case of Currency-Linked Securities, one or more currencies, or options or currency futures or other currency derivatives or a basket or index of any of the foregoing (a “Currency Reference Asset”), or
- iv. in the case of Fixed Income Index-Linked Securities, one or more indexes or portfolios of notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities (“Treasury Securities”), government-sponsored entity securities (“GSE Securities”), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof or a basket or index of any of the foregoing (a “Fixed Income Reference Asset”), or
- v. in the case of Futures-Linked Securities, an index of (a) futures on Treasury Securities, GSE Securities, supranational debt and debt of a foreign country or a subdivision thereof, or options or other derivatives on any of the foregoing; (b) interest rate futures or options or derivatives on the foregoing in this subparagraph

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- (b); (c) CBOE Volatility Index (VIX) Futures; or (d) EURO STOXX 50 Volatility Index (VSTOXX) Futures (a “Futures Reference Asset”), or
- vi. in the case of Multifactor Index-Linked Securities, any combination of two or more Equity Reference Assets, Commodity Reference Assets, Currency Reference Assets, Fixed Income Reference Assets or Futures Reference Assets (a “Multifactor Reference Asset”, and together with Equity Reference Asset, Commodity Reference Asset, Currency Reference Asset, Fixed Income Reference Asset and Futures Reference Asset, “Reference Assets”). A Multifactor Reference Asset may include as a component a notional investment in cash or a cash equivalent based on a widely accepted overnight loan interest rate, LIBOR, Prime Rate, or an implied interest rate based on observed market spot and foreign currency forward rates.

Index-Linked Securities may or may not provide for the repayment of the original principal investment amount. The Exchange may submit a rule filing pursuant to Section 19(b) of the Exchange Act to permit the listing and trading of Index-Linked Securities that do not otherwise meet the standards set forth below. All statements or representations contained in such rule filing regarding (a) the description of the reference asset, (b) limitations on reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing will constitute continued listing requirements. An issuer of such securities must notify the Exchange of any failure to comply with such continued listing requirements. If a series of Index-Linked Securities does not satisfy these requirements, the Exchange may halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series.

The Exchange will consider for listing and trading pursuant to Rule 19b-4(e) under the Act, Index-Linked Securities provided the following criteria are met:

(A) Requirements Common to All Index-Linked Securities

- a. Both the issue and the issuer of such security initially meet and continuously maintain the criteria set forth in one of Rule 26101 (a), (b), (c), or (d) except that: (i) if the Index-Linked Securities are redeemable at the option of the holders thereof on at least a weekly basis, then no minimum number of publicly held trading units, and (ii) a minimum principal amount/market value outstanding of at least \$4 million, and (iii) if the Index-Linked Securities are traded in thousand dollar denominations or are redeemable at the option of the holders thereof on at least a weekly basis, then no minimum number of holders.
- b. The issue has a minimum term of one (1) year but not greater than thirty (30) years.
- c. The issue must, on an initial and continued listing basis, be the non-convertible debt of the issuer.
- d. On an initial and continued listing basis, the payment at maturity may or may not provide for a multiple of the direct or inverse performance of an underlying Reference Asset;

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however, in no event will a loss or negative payment at maturity be accelerated by a multiple that exceeds three times the performance of an underlying Reference Asset.

- e. On an initial and continued listing basis, the issuer will be expected to have a minimum tangible net worth of \$250,000,000 (if the Index-Linked Securities are fully and unconditionally guaranteed by an affiliate of the issuer, the Exchange will rely on such affiliate's tangible net worth for purposes of this requirement). In the alternative, the issuer will be expected to have a minimum tangible net worth of \$150,000,000 and the original issue price of the Index-Linked Securities, combined with all of the issuer's other Index-Linked Securities listed on a national securities exchange or otherwise publicly traded in the United States, must not be greater than 25 percent of the issuer's tangible net worth at the time of issuance (if the Index-Linked Securities are fully and unconditionally guaranteed by an affiliate of the issuer, the Exchange will apply the provisions of this paragraph to such affiliate instead of the issuer and will include in its calculation all Index-Linked Securities that are fully and unconditionally guaranteed by such affiliate). Government issuers and supranational entities will be evaluated on a case-by-case basis.
- f. The issuer is in compliance with Rule 10A-3 under the Act on an initial and continued listing basis.

(B) Requirements Specific to Equity Index-Linked Securities, Commodity-Linked Securities, Currency-Linked Securities, Fixed Income Index-Linked Securities, Futures-Linked Securities and Multifactor Index-Linked Securities.

The issue must meet one of the criteria set forth below.

I. Equity Index-Linked Securities Listing Standards

1. The Exchange will consider listing Equity Index-Linked Securities that meet the requirements of this subparagraph (B)(I), where the payment at maturity or earlier redemption is based on an index or indexes of equity securities, securities of closed-end management investment companies registered under the Investment Company Act of 1940 (the "1940 Act") and/or Investment Company Units. The issue must meet the following initial listing criteria:
 - a. Each underlying index is required to have at least ten (10) component securities; provided, however, that there shall be no minimum number of component securities if one or more issues of Derivative Securities Products (i.e., Investment Company Units (as described in Rule 28000) or Index-Linked Securities (as described in Rule 28001), constitute, at least in part, component securities underlying an issue of Equity Index-Linked Securities. The securities described in Rule 28000 and Rule 28001, as referenced below in Rule 28001(B)(I)(1)(b)(2) and Rule 28001(B)(I)(2)(a) below, shall include securities listed on another national securities exchange pursuant to substantially equivalent listing rules.

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- b. The index or indexes to which the security is linked shall either (1) have been reviewed and approved for the trading of Investment Company Units or options or other derivatives by the Commission under Section 19(b)(2) of the Act and rules thereunder and the conditions set forth in the Commission's approval order, including comprehensive surveillance sharing agreements for non-U.S. stocks, continue to be satisfied, or (2) the index or indexes meet the following criteria:
- i. Each component security (excluding Derivative Securities Products and Index-Linked Securities) has a minimum market value of at least \$75 million, except that for each of the lowest dollar weighted component securities in the index that in the aggregate account for no more than 10% of the dollar weight of the index (excluding Derivative Securities Products and Index-Linked Securities), the market value can be at least \$50 million;
 - ii. Component stocks (excluding Derivative Securities Products and Index-Linked Securities) that in the aggregate account for at least 90% of the weight of the index (excluding Derivative Securities Products and Index-Linked Securities) each shall have a minimum global monthly trading volume of 1,000,000 shares, or minimum global notional volume traded per month of \$25,000,000, averaged over the last six months;
 - iii. No underlying component security (excluding Derivative Securities Products and Index-Linked Securities) will represent more than 25% of the dollar weight of the index, and, to the extent applicable, the five highest dollar weighted component securities in the index (excluding Derivative Securities Products and Index-Linked Securities) do not in the aggregate account for more than 50% of the dollar weight of the index (60% for an index consisting of fewer than 25 component securities); and
 - iv. 90% of the index's numerical value (excluding Derivative Securities Products and Index-Linked Securities) and at least 80% of the total number of component securities (excluding Derivative Securities Products and Index-Linked Securities) will meet the then current criteria for standardized option trading set forth in BOX Rule 5020; an index will not be subject to this requirement if (a) no underlying component security represents more than 10% of the dollar weight of the index (excluding Derivative Securities Products and Index-Linked Securities) and (b) the index has a minimum of 20 components (excluding Derivative Securities Products and Index-Linked Securities); and
 - v. All component securities shall be either:
 - A. Securities (other than foreign country securities and American Depository Receipts ("ADRs")) that are (x)

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issued by a 1934 Act reporting company or by an investment company registered under the 1940 Act, which in each case is listed on a national securities exchange, and (y) an "NMS stock" (as defined in Rule 600 of SEC Regulation NMS); or

- B. Foreign country securities or ADRs, provided that foreign country securities or foreign country securities underlying ADRs having their primary trading market outside the United States on foreign trading markets that are not members of the Intermarket Surveillance Group ("ISG") or parties to comprehensive surveillance sharing agreements with the Exchange will not in the aggregate represent more than 50% of the dollar weight of the index, and provided further that:
- i. the securities of any one such market do not represent more than 20% of the dollar weight of the index, and
 - ii. the securities of any two such markets do not represent more than 33% of the dollar weight of the index.

2. Continued Listing Criteria—

- a. The Exchange will maintain surveillance procedures for securities listed under this Rule and may halt trading in such securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series (unless the Commission has approved the continued trading of the subject Index-Linked Security), if any of the standards set forth above in paragraphs 1(a) and (b)(2) are not continuously maintained, except that:
 - i. the criteria that no single component represent more than 25% of the dollar weight of the index (excluding Derivative Securities Products and Index- Linked Securities) and, to the extent applicable, the five highest dollar weighted components in the index (excluding Derivative Securities Products and Index-Linked Securities) cannot represent more than 50% (or 60% for indexes with less than 25 components) of the dollar weight of the index, need only be satisfied at the time the index is rebalanced;
 - ii. Component stocks (excluding Derivative Securities Products and Index- Linked Securities) that in the aggregate account for at least 90% of

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the weight of the index (excluding Derivative Securities Products and Index-Linked Securities) each shall have a minimum global monthly trading volume of 500,000 shares, or minimum global notional volume traded per month of \$12,500,000, averaged over the last six months.

- b. In connection with an Index-Linked Security that is listed pursuant to paragraph (b)(1) above, the Exchange may halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series (unless the Commission has approved the continued trading of the subject Index-Linked Security) if an underlying index or indexes fails to satisfy the maintenance standards or conditions for such index or indexes as set forth by the Commission in its order under Section 19(b)(2) of the Act approving the index or indexes for the trading of options or other derivatives.
- c. The Exchange may halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series (unless the Commission has approved the continued trading of the subject Index-Linked Security), under any of the following circumstances:
 - i. if the aggregate market value or the principal amount of the Equity Index-Linked Securities publicly held is less than \$400,000;
 - ii. if the value of the index or composite value of the indexes is no longer calculated or widely disseminated on at least a 15-second basis with respect to indexes containing only securities listed on a national securities exchange, or on at least a 60-second basis with respect to indexes containing foreign country securities, provided, however, that, if the official index value does not change during some or all of the period when trading is occurring on the Exchange (for example, for indexes of foreign country securities, because of time zone differences or holidays in the countries where such indexes' component stocks trade) then the last calculated official index value must remain available throughout Regular Trading Hours; or
 - iii. if such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.
- d. Index Rebalancing—Indexes will be rebalanced at least annually.

II. Commodity-Linked Securities Listing Standards

1. The issue must meet the initial listing standard set forth in either (a) or (b) below:
 - a. The Commodity Reference Asset to which the security is linked shall have been reviewed and approved for the trading of Commodity-Based Trust Shares or

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options or other derivatives by the Commission under Section 19(b)(2) of the Act and rules thereunder and the conditions set forth in the Commission's approval order, including with respect to comprehensive surveillance sharing agreements, continue to be satisfied.

- b. The pricing information for components of a Commodity Reference Asset must be derived from a market which is an ISG member or affiliate or with which the Exchange has a comprehensive surveillance sharing agreement. Notwithstanding the previous sentence, pricing information for gold and silver may be derived from the London Bullion Market Association. A Commodity Reference Asset may include components representing not more than 10% of the dollar weight of such Commodity Reference Asset for which the pricing information is derived from markets that do not meet the requirements of this subparagraph (b); provided, however, that no single component subject to this exception exceeds 7% of the dollar weight of the Commodity Reference Asset.

In addition, the issue must meet both of the following initial listing criteria:

- i. the value of the Commodity Reference Asset must be calculated and widely disseminated by one or more major market data vendors on at least a 15-second basis during the Regular Trading Hours; and
- ii. in the case of Commodity-Linked Securities that are periodically redeemable, the indicative value of the subject Commodity-Linked Securities must be calculated and widely disseminated by the Exchange or one or more major market data vendors on at least a 15-second basis during Regular Trading Hours.

2. The issue must meet the following continued listing criteria:

- a. The Exchange may halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series if any of the initial listing criteria described above are not continuously maintained.
- b. The Exchange may also halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series under any of the following circumstances:
 - i. If the aggregate market value or the principal amount of the Commodity-Linked Securities publicly held is less than \$400,000;
 - ii. The value of the Commodity Reference Asset is no longer calculated or available and a new Commodity Reference Asset is substituted, unless the new Commodity Reference Asset meets the requirements of this Rule; or

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- iii. If such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

III. Currency-Linked Securities Listing Standards

1. The issue must meet the initial listing standard set forth in either (a) or (b) below:

- a. The Currency Reference Asset to which the security is linked shall have been reviewed and approved for the trading of Currency Trust Shares or options or other derivatives by the Commission under Section 19(b)(2) of the Act and rules thereunder and the conditions set forth in the Commission's approval order, including with respect to comprehensive surveillance sharing agreements, continue to be satisfied.
- b. The pricing information for each component of a Currency Reference Asset must be:

(x) the generally accepted spot or forward price (subject to the list of currencies below), applicable to the component of such Currency Reference Asset, for the currency exchange rate in question or

(y) derived from a market which (i) is an ISG member or affiliate or with which the Exchange has a comprehensive surveillance sharing agreement and (ii) is the pricing source for components of a Currency Reference Asset that has previously been approved by the Commission.

If pricing information is based upon the generally accepted forward price, the currency must be one of the following: US Dollar, Euro, Japanese Yen, British Pound Sterling, Swiss Franc, Canadian Dollar, Australian Dollar, Brazilian Real, Chinese Renminbi, Czech Koruna, Danish Krone, Hong Kong Dollar, Hungarian Forint, Indian Rupee, Indonesian Rupiah, Korean Won, Mexican Peso, Norwegian Krone, New Zealand Dollar, Philippine Peso, Polish Zloty, Russian Ruble, Swedish Krona, South African Rand, Singapore Dollar, Taiwan Dollar, Thai Baht, or New Turkish Lira.

A Currency Reference Asset may include components representing not more than 10% of the dollar weight of such Currency Reference Asset for which the pricing information is derived from markets that do not meet the requirements of either (x) or (y) above; provided, however, that no single component subject to this exception exceeds 7% of the dollar weight of the Currency Reference Asset.

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In the event a Currency Reference Asset is based upon the forward price and the forward price becomes unavailable due to a holiday, the spot price may be used for calculating the pricing information of the Currency Reference Asset. The pricing information of the Currency Reference Asset on the following business day must be based upon the forward price.

In addition, the issue must meet both of the following initial listing criteria:

- i. the value of the Currency Reference Asset must be calculated and widely disseminated by one or more market data vendors on at least a 15-second basis during the Regular Trading Hours; and
- ii. in the case of Currency-Linked Securities that are periodically redeemable, the indicative value of the subject Currency-Linked Securities must be calculated and widely disseminated by the Exchange or one or more major market data vendors on at least a 15-second basis during the Regular Trading Hours.

2. The issue must meet the following continued listing criteria:

- a. The Exchange may halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series if any of the initial listing criteria described above are not continuously maintained.
- b. The Exchange may also halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series under any of the following circumstances:
 - i. If the aggregate market value or the principal amount of the Currency-Linked Securities publicly held is less than \$400,000;
 - ii. If the value of the Currency Reference Asset is no longer calculated or available and a new Currency Reference Asset is substituted, unless the new Currency Reference Asset meets the requirements of this Rule; or
 - iii. If such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

IV. Fixed Income Index-Linked Securities Listing Standards

1. The issue must meet initial listing standards set forth in either (a) or (b) below:

- a. The Fixed Income Reference Asset to which the security is linked shall have been reviewed and approved for the trading of options, Investment Company Units, or other derivatives by the Commission under Section 19(b)(2) of the Securities

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Exchange Act of 1934 and rules thereunder and the conditions set forth in the Commission's approval order, continue to be satisfied.

- b.** The issue must meet the following initial listing criteria:
 - i.** Components of the Fixed Income Reference Asset that in the aggregate account for at least 75% of the weight of the Fixed Income Reference Asset must each have a minimum original principal amount outstanding of \$100 million or more;
 - ii.** A component of the Fixed Income Reference Asset may be a convertible security, however, once the convertible security component converts to the underlying equity security, the component is removed from the Fixed Income Reference Asset;
 - iii.** No component of the Fixed Income Reference Asset (excluding Treasury Securities and GSE Securities) will represent more than 30% of the dollar weight of the Fixed Income Reference Asset, and the five highest dollar weighted components in the Fixed Income Reference Asset will not in the aggregate account for more than 65% of the dollar weight of the Fixed Income Reference Asset;
 - iv.** An underlying Fixed Income Reference Asset (excluding one consisting entirely of exempted securities) must include a minimum of 13 non-affiliated issuers; and
 - v.** Component securities that in the aggregate account for at least 90% of the dollar weight of the Fixed Income Reference Asset must be from one of the following: (a) issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Securities Exchange Act of 1934; or (b) issuers that have a worldwide market value of outstanding common equity held by non-affiliates of \$700 million or more; or (c) issuers that have outstanding securities that are notes, bonds, debentures, or evidence of indebtedness having a total remaining principal amount of at least \$1 billion; or (d) exempted securities as defined in Section 3(a)(12) of the Securities Exchange Act of 1934, or (e) issuers that are a government of a foreign country or a political subdivision of a foreign country.
2. In addition, the value of the Fixed Income Reference Asset must be widely disseminated to the public by one or more major market vendors at least once per business day.
3. The issue must meet the following continued listing criteria:
 - a.** The Exchange may halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series if any of the initial listing criteria described above are not continuously maintained.

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- b.** The Exchange may also halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series under any of the following circumstances:
- i.** If the aggregate market value or the principal amount of the Fixed Income Index-Linked Securities publicly held is less than \$400,000;
 - ii.** The value of the Fixed Income Reference Asset is no longer calculated or available and a new Fixed Income Reference Asset is substituted, unless the new Fixed Income Reference Asset meets the requirements of this Rule; or
 - iii.** If such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings inadvisable.

V. Futures-Linked Securities Listing Standards

1. The issue must meet the initial listing standard set forth in either (a) or (b) below:
- a.** The Futures Reference Asset to which the security is linked shall have been reviewed and approved for the trading of Futures-Linked Securities or options or other derivatives by the Commission under Section 19(b)(2) of the Securities Exchange Act of 1934 and rules thereunder and the conditions set forth in the Commission's approval order, including with respect to comprehensive surveillance sharing agreements, continue to be satisfied.
 - b.** The pricing information for components of a Futures Reference Asset must be derived from a market which is an ISG member or affiliate or with which the Exchange has a comprehensive surveillance sharing agreement. A Futures Reference Asset may include components representing not more than 10% of the dollar weight of such Futures Reference Asset for which the pricing information is derived from markets that do not meet the requirements of this subparagraph (b); provided, however, that no single component subject to this exception exceeds 7% of the dollar weight of the Futures Reference Asset.

In addition, the issue must meet both of the following initial listing criteria:

- i.** the value of the Futures Reference Asset must be calculated and widely disseminated by one or more major market data vendors on at least a 15-second basis during the Regular Trading Hours; and
- ii.** in the case of Futures-Linked Securities that are periodically redeemable, the indicative value of the subject Futures-Linked Securities must be calculated and widely disseminated by the Exchange or one or more major market data vendors on at least a 15-second basis during Regular Trading Hours.

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2. The issue must meet the following continued listing criteria:
 - a. The Exchange may halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series if any of the initial listing criteria described above are not continuously maintained.
 - b. The Exchange may also halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series under any of the following circumstances:
 - i. If the aggregate market value or the principal amount of the Futures-Linked Securities publicly held is less than \$400,000;
 - ii. The value of the Futures Reference Asset is no longer calculated or available and a new Futures Reference Asset is substituted, unless the new Futures Reference Asset meets the requirements of this Rule; or
 - iii. If such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

VI. Multifactor Index-Linked Securities Listing Standards

1. The issuer must meet the following initial listing standards set forth in either (a) or (b) below:
 - a. Each component of the Multifactor Reference Asset to which the security is linked shall have been reviewed and approved for the trading of either options, Investment Company Units, or other derivatives under Section 19(b)(2) of the Securities Exchange Act of 1934 and rules thereunder and the conditions set forth in the Commission's approval order continue to be satisfied.
 - b. Each Reference Asset included in the Multifactor Reference Asset must meet the applicable initial and continued listing criteria set forth in the relevant subsection of this Rule.
2. In addition, the issue must meet both of the following initial listing criteria:
 - a. The value of the Multifactor Reference Asset must be calculated and widely disseminated to the public on at least a 15-second basis during the time the Multifactor Index-Linked Security trades on the Exchange; and
 - b. In the case of Multifactor Index-Linked Securities that are periodically redeemable, the indicative value of the Multifactor Index-Linked Securities must be calculated and widely disseminated by one or more major market data vendors

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on at least a 15-second basis during the time the Multifactor Index-Linked Securities trade on the Exchange.

3. The Exchange may halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series under any of the following circumstances:
 - a. If any of the initial listing criteria described above are not continuously maintained;
 - b. If the aggregate market value or the principal amount of the Multifactor Index-Linked Securities publicly held is less than \$400,000;
 - c. The value of the Multifactor Reference Asset is no longer calculated or available and a new Multifactor Reference Asset is substituted, unless the new Multifactor Reference Asset meets the requirements of this Rule; or
 - d. If such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange advisable.

(C) Firewalls

If the value of an Index-Linked Security listed under this Rule is based in whole or in part on an index that is maintained by a broker-dealer, the broker-dealer shall erect and maintain a "firewall" around the personnel responsible for the maintenance of such index or who have access to information concerning changes and adjustments to the index, and the index shall be calculated by a third party who is not a broker-dealer.

Any advisory committee, supervisory board or similar entity that advises an index licensor or administrator or that makes decisions regarding the index or portfolio composition, methodology and related matters must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material, non-public information regarding the applicable index or portfolio.

(D) Equity Trading Rules

Index-Linked Securities will be subject to the Exchange's equity trading rules.

(E) Trading Halts

If the indicative value or Reference Asset value applicable to a series of Index-Linked Securities is not being disseminated as required, the Exchange may halt trading during the day on which the interruption first occurs. If such interruption persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption.

EXHIBIT 4A**(F) Surveillance Procedures**

The Exchange will implement written surveillance procedures for Index-Linked Securities, including adequate comprehensive surveillance sharing agreements with markets trading in non-U.S. components, as applicable.

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(a) The ETP Holder acting as a Market Maker in Commodity-Linked Securities, Currency-Linked Securities, Futures-Linked Securities or Multifactor Index-Linked Securities, if applicable, must file with the Exchange, in a manner prescribed by the Exchange, and keep current a list identifying all accounts for trading in the Index Asset components, the commodities, currencies or futures underlying the Index Asset components, or any derivative instruments based on the Index Asset or based on any Index Asset component or any physical commodity, currency or futures underlying an Index Asset component, which the ETP Holder acting as Market Maker may have or over which it may exercise investment discretion. No ETP Holder acting as Market Maker in the Commodity-Linked Securities, Currency-Linked Securities, Futures-Linked Securities or Multifactor Index-Linked Securities, if applicable, shall trade in the Index Asset components, the commodities currencies or futures underlying the Index Asset components, or any derivative instruments based on the Index Asset or based on any Index Asset component or any physical commodity, or futures currency underlying an Index Asset component, in an account in which an ETP Holder acting as a Market Maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to the Exchange as required by this Rule.

(b) In addition to the existing obligations under Exchange rules regarding the production of books and records, the ETP Holder acting as a Market Maker in Commodity-Linked Securities, Currency-Linked Securities, Futures-Linked Securities or Multifactor Index-Linked Securities, if applicable, shall make available to the Exchange such books, records or other information pertaining to transactions by such entity or any limited partner, officer or approved person thereof, registered or nonregistered employee affiliated with such entity for its or their own accounts in the Index Asset components, the commodities, currencies or futures underlying the Index Asset components, or any derivative instruments based on the Index Asset or based on any Index Asset component or any physical commodity, currency or futures underlying an Index Asset component, as may be requested by the Exchange.

28002. Exchange-Traded Fund Shares

- a. The Exchange will consider ~~for trading, whether by listing or pursuant to unlisted trading privileges,~~for listing Exchange-Traded Fund Shares that meet the criteria of this Rule.
- b. **Applicability.** This Rule is applicable only to Exchange-Traded Fund Shares. Except to the extent inconsistent with this Rule, or unless the context otherwise requires, Exchange rules will be applicable to the trading on the Exchange of such

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securities. Exchange-Traded Fund Shares are included within the definition of NMS Stock.

- c. Definitions. The following are definitions for purposes of this Rule:
1. “1940 Act” means the Investment Company Act of 1940, as amended.
 2. “Exchange-Traded Fund” has the same meaning as the term “exchange-traded fund” as defined in Rule 6c-11(a)(1) under the 1940 Act.
 3. “Exchange-Traded Fund Share” means a share of stock issued by an Exchange-Traded Fund.
 4. “Reporting Authority” means, in respect of a particular series of Exchange-Traded Fund Shares, the Exchange, an institution, or a reporting service designated by the Exchange ~~or by the exchange that lists a particular series of Exchange-Traded Fund Shares (if the Exchange is trading such series pursuant to unlisted trading privileges)~~ as the official source for calculating and reporting information relating to such series, including, but not limited to, any current index or portfolio value, the current value of the portfolio of any securities required to be deposited in connection with issuance of Exchange-Traded Fund Shares, the amount of any dividend equivalent payment or cash distribution to holders of Exchange-Traded Fund Shares, net asset value, or other information relating to the issuance, redemption or trading of Exchange-Traded Fund Shares. A series of Exchange-Traded Fund Shares may have more than one Reporting Authority, each having different functions.
- d. Limitation of Exchange Liability. Neither the Exchange, the Reporting Authority, nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any current index or portfolio value; the current value of the portfolio of securities required to be deposited to the open-end management investment company in connection with issuance of Exchange-Traded Fund Shares; the amount of any dividend equivalent payment or cash distribution to holders of Exchange-Traded Fund Shares; net asset value; or other information relating to the purchase, redemption, or trading of Exchange-Traded Fund Shares, resulting from any negligent act or omission by the Exchange, the Reporting Authority or any agent of the Exchange, or any act, condition, or cause beyond the reasonable control of the Exchange, its agent, or the Reporting Authority, including, but not limited to, an act of God; fire; flood; extraordinary weather

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conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission, or delay in the reports of transactions in one or more underlying securities.

- e. The Exchange may approve Exchange-Traded Fund Shares for listing ~~and/or trading (including pursuant to unlisted trading privileges)~~ pursuant to Rule 19b-4(e) under the Exchange Act. Each series of Exchange-Traded Fund Shares must be eligible to operate in reliance on Rule 6c-11 under the 1940 Act and must satisfy the requirements of this Rule upon initial listing and, except for subparagraph (1)(A) of Rule 28002(e), on a continuing basis. An issuer of such securities must notify the Exchange of any failure to comply with such requirements.
 1. Initial and Continued Listing—Exchange-Traded Fund Shares will be listed and traded on the Exchange subject to the requirement that the investment company issuing a series of Exchange-Traded Fund Shares is eligible to operate in reliance on the requirements of Rule 6c-11(c) under the 1940 Act on an initial and continued listing basis.
 - A. Initial Shares Outstanding. For each series of Exchange-Traded Fund Shares, the Exchange will establish a minimum number of Exchange-Traded Fund Shares required to be outstanding at the time of commencement of trading on the Exchange.
 2. Suspension of trading or removal. The Exchange will consider the suspension of trading in, and will commence delisting proceedings under Rules in the 27000 Series of, a series of Exchange-Traded Fund Shares under any of the following circumstances:
 - A. if the Exchange becomes aware that the investment company is no longer eligible to operate in reliance on Rule 6c-11;
 - B. if the investment company no longer complies with the requirements set forth in this Rule;
 - C. if, following the initial twelve-month period after commencement of trading on the Exchange of a series of Exchange-Traded Fund Shares, there are fewer than 50 beneficial holders of such series of Exchange-Traded Fund Shares; or

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- D. if such other event shall occur or condition exists which, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable.
- f. Transactions in Exchange-Traded Fund Shares will occur during Regular Trading Hours.
- g. Surveillance Procedures. The Exchange will implement and maintain written surveillance procedures for Exchange-Traded Fund Shares.
- h. Termination. Upon termination of an investment company issuing Exchange-Traded Fund Shares, the Exchange requires that Exchange-Traded Fund Shares issued in connection with such entity be removed from Exchange listing.

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A security that has previously been approved for listing on the Exchange pursuant to the generic listing requirements specified in Rule 28000 or IM-20005-1 of Rule 20005, or pursuant to a proposed rule change approved or subject to a notice of effectiveness by the Commission, may be considered approved for listing solely under this Rule if such security is eligible to operate in reliance on Rule 6c-11 under the 1940 Act. Once so approved for listing, the continued listing requirements applicable to such previously-listed security will be those specified in paragraph (e) of this Rule. Any requirements for listing as specified in Rule 28000 or IM-20005-1 of Rule 20005, or an approval order or notice of effectiveness of a separate proposed rule change that differ from the requirements of this Rule will no longer be applicable to such security.

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The following requirements shall be met by series of Exchange-Traded Fund Shares on an initial and continued listing basis:

- a. With respect to series of Exchange-Traded Fund Shares that are based on an index:
1. If the underlying index is maintained by a broker-dealer or fund adviser, the broker-dealer or fund adviser will erect and maintain a "fire wall" around the personnel who have access to information concerning changes and adjustments to the index and the index will be calculated by a third party who is not a broker-dealer or fund adviser.
 2. Any advisory committee, supervisory board, or similar entity that advises a Reporting Authority or that makes decisions on the index composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable index.

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- b. With respect to series of Exchange-Traded Fund Shares that are actively managed, if the investment adviser to the investment company issuing Exchange-Traded Fund Shares is affiliated with a broker-dealer, such investment adviser will erect and maintain a "fire wall" between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such Exchange-Traded Fund's portfolio. Personnel who make decisions on the Exchange-Traded Fund's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable Exchange-Traded Fund portfolio. The Reporting Authority that provides information relating to the portfolio of a series of Exchange-Traded Fund Shares must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the actual components of such portfolio.

28003. Trust Issued Receipts

- a. The Exchange will consider ~~for trading, whether by listing or pursuant to unlisted trading privileges,~~ for listing Trust Issued Receipts that meet the criteria of this Rule. The Exchange may submit a rule filing pursuant to Section 19(b) of the Securities Exchange Act of 1934 to permit the listing and trading of a series of Trust Issued Receipts that do not meet the standards set forth in IM-28003-1. All statements or representations contained in such rule filing regarding (a) the description of the index, portfolio or reference asset, (b) limitations on index or portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing will constitute continued listing requirements. An issuer of such securities must notify the Exchange of any failure to comply with such continued listing requirements. If an issue of Trust Certificates does not satisfy these requirements, the Exchange may halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series.
- b. Definitions. A Trust Issued Receipt is a security (1) that is issued by a trust ("Trust") which holds specific securities deposited with the Trust; (2) that, when aggregated in some specified minimum number, may be surrendered to the Trust by the beneficial owner to receive the securities; and (3) that pay beneficial owners dividends and other distributions on the deposited securities, if any are declared and paid to the trustee ("Trustee") by an issuer of the deposited securities.
- c. Designation. The Exchange may ~~trade, whether by listing or pursuant to unlisted trading privileges,~~ list Trust Issued Receipts based on one or more securities. The Trust Issued Receipts based on particular securities shall be designated as a separate series and shall be identified by a unique symbol. The securities that are included in a series of Trust Issued Receipts shall be selected by the Exchange or by such other person as shall have a proprietary interest in such Trust Issued Receipts.
- d. Initial and Continued Listing and/or Trading. Trust Issued Receipts will be traded on the Exchange subject to application of the following criteria:

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1. Commencement of Trading—For each Trust, the Exchange will establish a minimum number of Trust Issued Receipts required to be outstanding at the time of commencement of trading on the Exchange.
2. Continued Trading—The Exchange will consider the suspension of trading in ~~or termination of unlisted trading privileges for~~, and will initiate delisting proceedings under Rules in the 27000 Series of, a Trust upon which a series of Trust Issued Receipts is based under any of the following circumstances:
 - A. if, following the initial twelve month period following formation of a Trust and commencement of trading on the Exchange, the Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Trust Issued Receipts;
 - B. if, following the initial twelve month period following formation of a Trust and commencement of trading on the Exchange, the Trust has fewer than 50,000 receipts issued and outstanding;
 - C. if, following the initial twelve month period following formation of a Trust and commencement of trading on the Exchange, the market value of all receipts issued and outstanding is less than \$1,000,000;
 - D. if any of the continued listing requirements set forth in this Rule are not continuously maintained; or
 - E. if the Exchange files separate proposals under 19(b) of the Securities Exchange Act of 1934 and any of the statements or representations regarding (a) the description of the index, portfolio or reference asset, (b) limitations on index or portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing are not continuously maintained;
 - F. if any other event shall occur or condition exists which, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable.

Upon termination of a Trust, the Exchange requires that Trust Issued Receipts issued in connection with such trust be removed from listing ~~or have their unlisted trading privileges terminated~~. A Trust may terminate in accordance with the provisions of the Trust prospectus,

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which may provide for termination if the value of securities in the Trust falls below a specified amount.

3. Term—The stated term of the Trust shall be as stated in the Trust prospectus; however, a Trust may be terminated under such earlier circumstances as may be specified in the Trust prospectus.
 4. Trustee—The trustee must on an initial and continued listing basis be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, as qualified trust company or banking institution must be appointed co-trustee.
 5. Voting—Voting rights shall be as set forth in the Trust prospectus.
- e. ETP Holders. ETP Holders shall provide to all purchasers of newly issued Trust Issued Receipts a prospectus for the series of Trust Issued Receipts.
 - f. Applicability. This Rule is applicable only to Trust Issued Receipts. Except to the extent inconsistent with this Rule, or unless the context otherwise requires, the provisions of the Bylaws and all other rules and procedures of the Board of Directors shall be applicable to the trading on the Exchange of such securities. Trust Issued Receipts are included within the definition of "security" or "securities" as such terms are used in the Bylaws and Rules of the Exchange.

IM-28003-1

The Exchange may approve trust issued receipts ~~for trading, whether by listing or pursuant to unlisted trading privileges;~~ for listing pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934, provided that the following criteria (other than clause (f) which need only be satisfied on an initial listing basis) are satisfied on an initial and continued listing basis:

- a. each security underlying the trust issued receipt must be registered under Section 12 of the Exchange Act;
- b. each security underlying the trust issued receipt must have a minimum public float of at least \$150 million;
- c. each security underlying the trust issued receipt must be listed on a national securities exchange or traded through the facilities of Nasdaq as a reported national market system security;
- d. each security underlying the trust issued receipt must have an average daily trading volume of at least 100,000 shares during the preceding sixty-day trading period;

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- e. each security underlying the trust issued receipt must have an average daily dollar value of shares traded during the preceding sixty-day trading period of at least \$1 million; and
- f. the most heavily weighted security in the trust issued receipt cannot initially represent more than 20% of the overall value of the trust issued receipt.

IM-28003-2

- a. The provisions of IM-28003-2 apply only to Trust Issued Receipts that invest in "Investment Shares" or "Financial Instruments" as defined below. Rules that reference Trust Issued Receipts shall also apply to Trust Issued Receipts investing in Investment Shares or "Financial Instruments" .
- b. Definitions. The following terms as used in IM-28003-2 shall, unless the context otherwise requires, have the meanings herein specified:
 - 1. Investment Shares. The term "Investment Shares" means a security (a) that is issued by a trust, partnership, commodity pool or other similar entity that invests in any combination of futures contracts, options on futures contracts, forward contracts, commodities, swaps or high credit quality short-term fixed income securities or other securities; and (b) issued and redeemed daily at net asset value in amounts correlating to the number of receipts created and redeemed in a specified aggregate minimum number.
 - 2. Futures Contract. The term "futures contract" is commonly known as a "contract of sale of a commodity for future delivery" set forth in Section 2(a) of the Commodity Exchange Act.
 - 3. Forward Contract. A forward contract is a contract between two parties to purchase and sell a specific quantity of a commodity at a specified price with delivery and settlement at a future date. Forwards are traded over-the-counter ("OTC") and not listed on a futures exchange.
 - 4. Financial Instruments. The term "Financial Instruments" means any combination of investments, including cash; securities; options on securities and indices; futures contracts; options on futures contracts; forward contracts; equity caps, collars and floors; and swap agreements.
- c. Designation. The Exchange may list and trade Trust Issued Receipts investing in Investment Shares or Financial Instruments. Each issue of a Trust Issued Receipt based on a particular Investment Share shall be designated as a separate series and shall be identified by a unique symbol.

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- d. Initial and Continued Listing. Trust Issued Receipts based on Investment Shares or Financial Instruments will be listed and traded on the Exchange subject to application of the following criteria:
1. Initial Listing—The Exchange will establish a minimum number of receipts required to be outstanding at the time of commencement of trading on the Exchange.
 2. Continued Listing—The Exchange will maintain surveillance procedures for securities listed under this rule and will consider the suspension of trading in, and will initiate delisting proceedings under Rules in the 27000 Series of, Trust Issued Receipts based on an Investment Share or Financial Instruments under any of the following circumstances:
 - i. if following the initial twelve month period following the commencement of trading of the shares, (A) the Issuer has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Trust Issued Receipts; (B) if the Issuer has fewer than 50,000 securities or shares issued and outstanding; or (C) if the market value of all securities or shares issued and outstanding is less than \$1,000,000;
 - ii. if the value of an underlying index or portfolio is no longer calculated or available on at least a 15-second delayed basis or the Exchange stops providing a hyperlink on its website to any such asset or investment value;
 - iii. if the Indicative Value is no longer made available on at least a 15-second delayed basis;
 - iv. if any of the continued listing requirements set forth in this Rule are not continuously maintained;
 - v. if the Exchange submits a rule filing pursuant to Section 19(b) of the Securities Exchange Act of 1934 to permit the listing and trading of a series of Trust Issued Receipts based on separate Investment Shares or Financial Instruments and any of the statements or representations regarding (a) the description of the index, portfolio or reference asset, (b) limitations on index or

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portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing are not continuously maintained; or

- vi. if such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

Upon termination of the Trust, the Exchange requires that Trust Issued Receipts issued in connection with such Trust be removed from Exchange listing. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of the Trust falls below a specified amount.

- 3. Term—The stated term of the Trust shall be as stated in the prospectus. However, such entity may be terminated under such earlier circumstances as may be specified in the Trust prospectus.
- 4. Trustee—The following requirements apply on an initial and continued listing basis:
 - i. The trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, a qualified trust company or banking institution must be appointed co-trustee.
 - ii. No change is to be made in the trustee of a listed issue without prior notice to and approval of the Exchange.
- 5. Voting—Voting rights shall be as set forth in the applicable Trust prospectus.

e. Market Maker Accounts.

- 1. The ETP Holder acting as a registered Market Maker in Trust Issued Receipts must file, with the Exchange, in a manner prescribed by the Exchange, and keep current a list identifying all accounts for trading the underlying physical asset or commodity, related futures or options on futures, or any other related

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derivatives, which the ETP Holder acting as registered Market Maker may have or over which it may exercise investment discretion. No ETP Holder acting as registered Market Maker in the Trust Issued Receipts shall trade in the underlying physical asset or commodity, related futures or options on futures, or any other related derivatives, in an account in which an ETP Holder acting as a registered Market Maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to the Exchange as required by this Rule.

2. In addition to the existing obligations under Exchange rules regarding the production of books and records, the ETP Holder acting as a registered Market Maker in Trust Issued Receipts shall make available to the Exchange such books, records or other information pertaining to transactions by such entity or registered or non-registered employee affiliated with such entity for its or their own accounts in the underlying physical asset or commodity, related futures or options on futures, or any other related derivatives, as may be requested by the Exchange.
- f. **Limitation of Exchange Liability.** Neither the Exchange nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any underlying asset or commodity value, the current value of the underlying asset or commodity if required to be deposited to the Trust in connection with issuance of Trust Issued Receipts; net asset value; or other information relating to the purchase, redemption or trading of Trust Issued Receipts, resulting from any negligent act or omission by the Exchange or any agent of the Exchange, or any act, condition or cause beyond the reasonable control of the Exchange or its agent, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in an underlying asset or commodity.
- g. The Exchange will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before listing and trading Trust Issued Receipts based on separate Investment Shares or Financial Instruments. All statements or representations contained in such rule filing regarding (a) the description of the index, portfolio or reference asset, (b) limitations on index or portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing will constitute continued listing requirements. An issuer of such securities must notify the Exchange of any failure to comply with such continued listing requirements.

EXHIBIT 4A**28004. Commodity-Based Trust Shares**

- a. The Exchange will consider ~~for trading, whether by listing or pursuant to unlisted trading privileges,~~for listing Commodity-Based Trust Shares that meet the criteria of this Rule.
- b. **Applicability.** This Rule is applicable only to Commodity-Based Trust Shares. Except to the extent inconsistent with this Rule, or unless the context otherwise requires, the provisions of the trust issued receipts rules, Bylaws, and all other rules and procedures of the Board of Directors of the Exchange shall be applicable to the trading on the Exchange of such securities. Commodity-Based Trust Shares are included within the definition of "security" or "securities" as such terms are used in the Bylaws and Rules of the Exchange.
- c. **Definitions.** The following terms as used in the Rules shall, unless the context otherwise requires, have the meaning herein specified:
 1. **Commodity-Based Trust Shares.** The term "Commodity-Based Trust Shares" means a security (a) that is issued by a trust ("Trust") that holds (1) a specified commodity deposited with the Trust, or (2) a specified commodity and, in addition to such specified commodity, cash; (b) that is issued by such Trust in a specified aggregate minimum number in return for a deposit of a quantity of the underlying commodity and/or cash; and (c) that, when aggregated in the same specified minimum number, may be redeemed at a holder's request by such Trust which will deliver to the redeeming holder the quantity of the underlying commodity and/or cash.
 2. **Commodity.** The term "commodity" is defined in Section 1a(9) of the Commodity Exchange Act.
- d. **Designation of an Underlying Commodity.** The Exchange may ~~trade, either by listing or pursuant to unlisted trading privileges,~~list Commodity-Based Trust Shares based on an underlying commodity. Each issue of a Commodity-Based Trust Share shall be designated as a separate series and shall be identified by a unique symbol.
- e. **Initial and Continued Listing.** Commodity-Based Trust Shares will be listed and traded on the Exchange subject to application of the following criteria:
 1. **Initial Listing**—the Exchange will establish a minimum number of Commodity-Based Trust Shares required to be outstanding at the time of commencement of trading on the Exchange.
 2. **Continued Listing**—The Exchange will maintain surveillance procedures for securities listed under this rule and will consider the suspension of trading in, and will initiate delisting proceedings

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under Rules in the 27000 Series of, such series under any of the following circumstances:

- i. if, following the initial twelve month period following commencement of trading on the Exchange of Commodity-Based Trust Shares, the Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Commodity-Based Trust Shares; or
- ii. if, following the initial twelve month period following commencement of trading on the Exchange of Commodity-Based Trust Shares, the Trust has fewer than 50,000 receipts issued and outstanding; or
- iii. if, following the initial twelve month period following commencement of trading on the Exchange of Commodity-Based Trust Shares, the market value of all receipts issued and outstanding is less than \$1,000,000; or
- iv. if the value of the underlying commodity is no longer calculated or available on at least a 15-second delayed basis from a source unaffiliated with the sponsor, Trust, custodian or the Exchange or the Exchange stops providing a hyperlink on its Web site to any such unaffiliated commodity value;
- v. if the Indicative Trust Value is no longer made available on at least a 15-second delayed basis;
- vi. if any of the continued listing requirements set forth in this Rule are not continuously maintained;
- vii. if the Exchange submits a rule filing pursuant to Section 19(b) of the Securities Exchange Act of 1934 to permit the listing and trading of a series of Commodity-Based Trust Shares and any of the statements or representations regarding (a) the description of the index, portfolio or reference asset, (b) limitations on index or portfolio holdings or reference assets, or (c) the

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applicability of Exchange listing rules specified in such rule filing are not continuously maintained; or

- viii. if such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

Upon termination of a Trust, the Exchange requires that Commodity-Based Trust Shares issued in connection with such entity Trust be removed from Exchange listing. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of the Trust falls below a specified amount.

- 3. Term—The stated term of the Trust shall be as stated in the Trust prospectus. However, a Trust may be terminated under such earlier circumstances as may be specified in the Trust prospectus.
- 4. Trustee—The following requirements apply on an initial and continued listing basis:
 - i. The trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, a qualified trust company or banking institution must be appointed co-trustee.
 - ii. No change is to be made in the trustee of a listed issue without prior notice to and approval of the Exchange.
- 5. Voting—Voting rights shall be as set forth in the applicable Trust prospectus.
- f. Limitation of Exchange Liability. Neither the Exchange nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any underlying commodity value, the current value of the underlying commodity required to be deposited to the Trust in connection with issuance of Commodity-Based Trust Shares; resulting from any negligent act or omission by the Exchange, or any agent of the Exchange, or any act, condition or cause beyond the reasonable control of the Exchange, its agent, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in an underlying commodity.

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- g. **Market Maker Accounts.** An ETP Holder acting as a Market Maker in Commodity-Based Trust Shares with no exposure to a non-U.S. currency or currencies must file with the Exchange in a manner prescribed by the Exchange and keep current a list identifying all accounts for trading in an underlying commodity, related commodity futures or options on commodity futures, or any other related commodity derivatives, which the Market Maker may have or over which it may exercise investment discretion. An ETP Holder acting as a Market Maker in Commodity-Based Trust Shares with exposure to one or more non-U.S. currencies ("Underlying FX") also must file with the Exchange, in a manner prescribed by the Exchange, and keep current a list identifying all accounts for trading in Underlying FX and derivatives overlying Underlying FX which the Market Maker may have or over which it may exercise investment discretion, as well as a list of all commodity and commodity-related accounts referenced above. No Market Maker in Commodity-Based Trust Shares shall trade in a commodity, Underlying FX or any related derivative in an account that the Market Maker (1) directly or indirectly controls trading activities or has a direct interest in the profits or losses thereof, (2) is required by this rule to disclose to the Exchange, and (3) has not reported to the Exchange.

In addition to the existing obligations under Exchange rules regarding the production of books and records, the ETP Holder acting as a Market Maker in Commodity-Based Trust Shares shall make available to the Exchange such books, records or other information pertaining to transactions by such entity or registered or non-registered employee affiliated with such entity for its or their own accounts for trading the underlying physical commodity, related commodity futures or options on commodity futures, applicable Underlying FX, or any other related commodity or applicable Underlying FX derivatives, as may be requested by the Exchange.

IM-28004-1

A Commodity-Based Trust Share is a Trust Issued Receipt that holds a specified commodity deposited with the Trust.

IM-28004-2

The Exchange requires that ETP Holders provide all purchasers of newly issued Commodity-Based Trust Shares a prospectus for the series of Commodity-Based Trust Shares.

IM-28004-3

Transactions in Commodity-Based Trust Shares will occur during Regular Trading Hours.

IM-28004-4

The Exchange will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 ~~before trading, either by listing or pursuant to unlisted trading privileges,~~before listing Commodity-Based Trust Shares. All statements or representations contained in such rule filing regarding (a) the description of the index, portfolio or reference asset, (b) limitations on index or

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portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing will constitute continued listing requirements. An issuer of such securities must notify the Exchange of any failure to comply with such continued listing requirements.

28005. Managed Fund Shares

- a. The Exchange will consider for ~~trading, whether by listing or pursuant to unlisted trading privileges,~~ Managed Fund Shares that meet the criteria of this Rule.
- b. Applicability. This Rule is applicable only to Managed Fund Shares. Except to the extent inconsistent with this Rule, or unless the context otherwise requires, the rules and procedures of the Board of Directors of the Exchange shall be applicable to the trading on the Exchange of such securities. Managed Fund Shares are included within the definition of "security" or "securities" as such terms are used in the Rules of the Exchange.
- c. Definitions. The following terms as used in the Rules shall, unless the context otherwise requires, have the meanings herein specified:
 1. Managed Fund Share. The term "Managed Fund Share" means a security that (a) represents an interest in a registered investment company ("Investment Company") organized as an open-end management investment company or similar entity, that invests in a portfolio of securities selected by the Investment Company's investment adviser consistent with the Investment Company's investment objectives and policies; (b) is issued in a specified aggregate minimum number in return for a deposit of a specified portfolio of securities and/or a cash amount with a value equal to the next determined net asset value; and (c) when aggregated in the same specified minimum number, may be redeemed at a holder's request, which holder will be paid a specified portfolio of securities and/or cash with a value equal to the next determined net asset value.
 2. Disclosed Portfolio. The term "Disclosed Portfolio" means the identities and quantities of the securities and other assets held by the Investment Company that will form the basis for the Investment Company's calculation of net asset value at the end of the business day. The website for each series of Managed Fund Shares shall disclose the following information regarding the Disclosed Portfolio, to the extent applicable:
 - A. ticker symbol;
 - B. CUSIP or other identifier;
 - C. description of the holding;

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- D. with respect to holdings in derivatives, the identity of the security, commodity, index or other asset upon which the derivative is based;
 - E. the strike price for any options;
 - F. the quantity of each security or other asset held as measured by;
 - i. par value,
 - ii. notional value,
 - iii. number of shares,
 - iv. number of contracts, and
 - v. number of units;
 - G. maturity date;
 - H. coupon rate;
 - I. effective date;
 - J. market value; and
 - K. percentage weighting of the holding in the portfolio.
3. Portfolio Indicative Value. The term "Portfolio Indicative Value" is the estimated indicative value of a Managed Fund Share based on current information regarding the value of the securities and other assets in the Disclosed Portfolio.
4. Reporting Authority. The term "Reporting Authority" in respect of a particular series of Managed Fund Shares means the Exchange, an institution, or a reporting service designated by the Exchange ~~or by the exchange that lists a particular series of Managed Fund Shares (if the Exchange is trading such series pursuant to unlisted trading privileges)~~ as the official source for calculating and reporting information relating to such series, including, but not limited to, the Portfolio Indicative Value; the Disclosed Portfolio; the amount of any cash distribution to holders of Managed Fund Shares, net asset value, or other information relating to the issuance, redemption or trading of Managed Fund Shares. A series of Managed Fund Shares may have more than one Reporting Authority, each having different functions.

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5. Normal Market Conditions. The term "normal market conditions" includes, but is not limited to, the absence of trading halts in the applicable financial markets generally; operational issues (e.g., systems failure) causing dissemination of inaccurate market information; or force majeure type events such as natural or manmade disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.
- d. Initial and Continued Listing—Managed Fund Shares will be listed and traded on the Exchange subject to application of the following criteria:
 1. Initial Listing—Each series of Managed Fund Shares will be listed and traded on the Exchange subject to application of the following initial listing criteria:
 - A. For each series, the Exchange will establish a minimum number of Managed Fund Shares required to be outstanding at the time of commencement of trading on the Exchange.
 - B. The Exchange will obtain a representation from the issuer of each series of Managed Fund Shares that the net asset value per share for the series will be calculated daily and that the net asset value and the Disclosed Portfolio will be made available to all market participants at the same time.
 - C. All Managed Fund Shares shall have a stated investment objective, which shall be adhered to under normal market conditions.
 2. Continued Listing—Each series of Managed Fund Shares will be listed and traded on the Exchange subject to application of the following continued listing criteria:
 - A. Portfolio Indicative Value. The Portfolio Indicative Value for Managed Fund Shares will be widely disseminated by one or more major market data vendors at least every 15 seconds during Regular Trading Hours.
 - B. Disclosed Portfolio.
 - i. The Disclosed Portfolio will be disseminated at least once daily and will be made available to all market participants at the same time.

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- ii. The Reporting Authority that provides the Disclosed Portfolio must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the actual components of the portfolio.
- C. Suspension of trading or removal. The Exchange will maintain surveillance procedures for securities listed under this rule and will consider the suspension of trading in, and will commence delisting proceedings under Rules in the 27000 Series of, a series of Managed Fund Shares under any of the following circumstances:
 - i. if, following the initial twelve-month period after commencement of trading on the Exchange of a series of Managed Fund Shares, there are fewer than 50 beneficial holders of the series of Management Fund Shares;
 - ii. if the value of the Portfolio Indicative Value is no longer calculated or available or the Disclosed Portfolio is not made available to all market participants at the same time;
 - iii. if the Investment Company issuing the Managed Fund Shares has failed to file any filings required by the Securities and Exchange Commission or if the Exchange is aware that the Investment Company is not in compliance with the conditions of any exemptive order or no-action relief granted by the Securities and Exchange Commission to the Investment Company with respect to the series of Managed Fund Shares;
 - iv. if any of the continued listing requirements set forth in this Rule are not continuously maintained;
 - v. if the Exchange submits a rule filing pursuant to Section 19(b) of the Securities Exchange Act of 1934 to permit the listing and trading of a series of Managed Fund Shares that do not otherwise meet the standards set forth in this Rule and any of the statements or representations

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regarding (a) the description of the portfolio or reference asset, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing are not continuously maintained; or

- vi. if such other event shall occur or condition exists which, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable.

D. **Trading Halt.** If the Portfolio Indicative Value (as defined in this Rule at (c)(3)) of a series of Managed Fund Shares is not being disseminated as required, the Exchange may halt trading during the day in which the interruption to the dissemination of the Portfolio Indicative Value occurs. If the interruption to the dissemination of the Portfolio Indicative Value persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. If a series of Managed Fund Shares is trading on the Exchange ~~pursuant to unlisted trading privileges~~, the Exchange will halt trading in that series as specified in Rule 25050(c). In addition, if the Exchange becomes aware that the net asset value or the Disclosed Portfolio with respect to a series of Managed Fund Shares is not disseminated to all market participants at the same time, it will halt trading in such series until such time as the net asset value or the Disclosed Portfolio is available to all market participants.

E. **Termination.** Upon termination of an Investment Company, the Exchange requires that Managed Fund Shares issued in connection with such entity be removed from Exchange listing.

F. **Voting.** Voting rights shall be as set forth in the applicable Investment Company prospectus.

- e. **Limitation of Exchange Liability.** Neither the Exchange, the Reporting Authority, nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any current portfolio value; the current value of the portfolio of securities required to be deposited to the open-end management investment company in connection with issuance of Managed Fund Shares; the amount of any dividend equivalent payment or cash distribution to

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holders of Managed Fund Shares; net asset value; or other information relating to the purchase, redemption, or trading of Managed Fund Shares, resulting from any negligent act or omission by the Exchange, the Reporting Authority or any agent of the Exchange, or any act, condition, or cause beyond the reasonable control of the Exchange, its agent, or the Reporting Authority, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission, or delay in the reports of transactions in one or more underlying securities.

IM-28005-1

The Exchange may approve Managed Fund Shares for listing ~~and/or trading (including pursuant to unlisted trading privileges)~~ pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934. Components of a series of Managed Fund Shares listed pursuant to Rule 19b-4(e) shall satisfy the criteria set forth in this Rule upon initial listing and on a continual basis. The Exchange will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before the listing and trading of a series of Managed Fund Shares with components that do not satisfy the criteria set forth in this IM-28005-1 or components other than those specified below. All statements or representations contained in such rule filing regarding (a) the description of the portfolio or reference asset, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing will constitute continued listing requirements. An issuer of such securities must notify the Exchange of any failure to comply with such continued listing requirements.

- a. Equity-Equity securities include the following: U.S. Component Stocks (as described in Rule 28000); Non-U.S. Component Stocks (as described in Rule 28000); Derivative Securities Products (i.e., Investment Company Units and securities described in IM-28000-1); and Index-Linked Securities that qualify for Exchange listing and trading under Rule 28001. For Derivative Securities Products and Index-Linked Securities, no more than 25% of the equity weight of the portfolio shall consist of leveraged and/or inverse leveraged Derivative Securities Products or Index-Linked Securities. The securities described in Rule 28000 and Rule 28001 referenced above, shall include securities listed on another national securities exchange pursuant to substantially equivalent listing rules. To the extent that a portfolio includes convertible securities, the equity security into which such security is converted shall meet the criteria of this IM-28005-1a. after converting.
 1. U.S. Component Stocks. The component stocks of the equity portion of a portfolio that are U.S. Component Stocks shall meet the following criteria initially and on a continuing basis:
 - A. Component stocks (excluding Derivative Securities Products and Index-Linked Securities) that in the aggregate account for at least 90% of the equity weight of the

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- portfolio (excluding such Derivative Securities Products and Index-Linked Securities) each shall have a minimum market value of at least \$75 million;
- B. Component stocks (excluding Derivative Securities Products and Index-Linked Securities) that in the aggregate account for at least 70% of the equity weight of the portfolio (excluding such Derivative Securities Products and Index-Linked Securities) each shall have a minimum monthly trading volume of 250,000 shares, or minimum notional volume traded per month of \$25,000,000, averaged over the last six months;
 - C. The most heavily weighted component stock (excluding Derivative Securities Products and Index-Linked Securities) shall not exceed 30% of the equity weight of the portfolio, and, to the extent applicable, the five most heavily weighted component stocks (excluding Derivative Securities Products and Index-Linked Securities) shall not exceed 65% of the equity weight of the portfolio;
 - D. Where the equity portion of the portfolio does not include Non-U.S. Component Stocks, the equity portion of the portfolio shall include a minimum of 13 component stocks; provided, however, that there shall be no minimum number of component stocks if (i) one or more series of Derivative Securities Products or Index-Linked Securities constitute, at least in part, components underlying a series of Managed Fund Shares, or (ii) one or more series of Derivative Securities Products or Index-Linked Securities account for 100% of the equity weight of the portfolio of a series of Managed Fund Shares;
 - E. Except as provided herein, equity securities in the portfolio shall be U.S. Component Stocks listed on a national securities exchange and shall be NMS Stocks as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934; and
 - F. American Depositary Receipts ("ADRs") in a portfolio may be exchange-traded or nonexchange-traded. However, no more than 10% of the equity weight of a portfolio shall consist of non-exchange-traded ADRs.

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2. Non-U.S. Component Stocks. The component stocks of the equity portion of a portfolio that are Non-U.S. Component Stocks shall meet the following criteria initially and on a continuing basis:
 - A. Non-U.S. Component Stocks each shall have a minimum market value of at least \$100 million;
 - B. Non-U.S. Component Stocks each shall have a minimum global monthly trading volume of 250,000 shares, or minimum global notional volume traded per month of \$25,000,000, averaged over the last six months;
 - C. The most heavily weighted Non-U.S. Component stock shall not exceed 25% of the equity weight of the portfolio, and, to the extent applicable, the five most heavily weighted Non-U.S. Component Stocks shall not exceed 60% of the equity weight of the portfolio;
 - D. Where the equity portion of the portfolio includes Non-U.S. Component Stocks, the equity portion of the portfolio shall include a minimum of 20 component stocks; provided, however, that there shall be no minimum number of component stocks if (i) one or more series of Derivative Securities Products or Index-Linked Securities constitute, at least in part, components underlying a series of Managed Fund Shares, or (ii) one or more series of Derivative Securities Products or Index-Linked Securities account for 100% of the equity weight of the portfolio of a series of Managed Fund Shares; and
 - E. Each Non-U.S. Component Stock shall be listed and traded on an exchange that has last-sale reporting.
- b. Fixed Income - Fixed income securities are debt securities that are notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities ("Treasury Securities"), government-sponsored entity securities ("GSE Securities"), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof, investment grade and high yield corporate debt, bank loans, mortgage and asset backed securities, and commercial paper. To the extent that a portfolio includes convertible securities, the fixed income security into which such security is converted shall meet the criteria of this IM-28005-1b after converting. The components of the fixed income portion of a portfolio shall meet the following criteria initially and on a continuing basis:

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1. Components that in the aggregate account for at least 75% of the fixed income weight of the portfolio each shall have a minimum original principal amount outstanding of \$100 million or more;
 2. No component fixed-income security (excluding Treasury Securities and GSE Securities) shall represent more than 30% of the fixed income weight of the portfolio, and the five most heavily weighted component fixed income securities in the portfolio (excluding Treasury Securities and GSE Securities) shall not in the aggregate account for more than 65% of the fixed income weight of the portfolio;
 3. An underlying portfolio (excluding exempted securities) that includes fixed income securities shall include a minimum of 13 non-affiliated issuers, provided, however, that there shall be no minimum number of non-affiliated issuers required for fixed income securities if at least 70% of the weight of the portfolio consists of equity securities as described in IM-20009-1a above;
 4. Component securities that in aggregate account for at least 90% of the fixed income weight of the portfolio must be either (a) from issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Securities Exchange Act of 1934; (b) from issuers that have a worldwide market value of its outstanding common equity held by non-affiliates of \$700 million or more; (c) from issuers that have outstanding securities that are notes, bonds debentures, or evidence of indebtedness having a total remaining principal amount of at least \$1 billion; (d) exempted securities as defined in Section 3(a)(12) of the Securities Exchange Act of 1934; or (e) from issuers that are a government of a foreign country or a political subdivision of a foreign country; and
 5. Non-agency, non-GSE and privately-issued mortgage-related and other asset-backed securities components of a portfolio shall not account, in the aggregate, for more than 20% of the weight of the portfolio.
- c. Cash and Cash Equivalents. Cash equivalents shall include short-term instruments with maturities of less than 3 months (as described herein). In addition, a portfolio may hold cash.
1. There shall be no limitation to the percentage of the portfolio invested in such holdings.
 2. Short-term instruments shall include the following:

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- i. U.S. Government securities, including bills, notes and bonds differing as to maturity and rates of interest, which are either issued or guaranteed by the U.S. Treasury or by U.S. Government agencies or instrumentalities;
 - ii. certificates of deposit issued against funds deposited in a bank or savings and loan association;
 - iii. bankers' acceptances, which are short-term credit instruments used to finance commercial transactions;
 - iv. repurchase agreements and reverse repurchase agreements;
 - v. bank time deposits, which are monies kept on deposit with banks or savings and loan associations for a stated period of time at a fixed rate of interest;
 - vi. commercial paper, which are short-term unsecured promissory notes; and
 - vii. money market funds.
- d. Listed Derivatives. The portfolio may hold listed derivatives, including futures, options and swaps on commodities, currencies and financial instruments (e.g., stocks, fixed income, interest rates, and volatility) or a basket or index of any of the foregoing. There shall be no limitation to the percentage of the portfolio invested in such holdings, subject to the following requirements:
1. in the aggregate, at least 90% of the weight of such holdings invested in futures, exchange-traded options, and listed swaps shall, on both an initial and continuing basis, consist of futures, options, and swaps for which the Exchange may obtain information via the Intermarket Surveillance Group ("ISG") from other members or affiliates of the ISG or for which the principal market is a market with which the Exchange has a comprehensive surveillance sharing agreement. (For purposes of calculating this limitation, a portfolio's investment in listed derivatives will be calculated as the aggregate gross notional value of the listed derivatives.); and
 2. the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets shall not exceed 65%

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of the weight of the portfolio (including gross notional exposures), and the aggregate gross notional value of listed derivatives based on any single underlying reference asset shall not exceed 30% of the weight of the portfolio (including gross notional exposures).

- e. Over-the-Counter ("OTC") Derivatives. The portfolio may hold OTC derivatives, including forwards, options and swaps on commodities, currencies and financial instruments (e.g., stocks, fixed income, interest rates, and volatility) or a basket or index of any of the foregoing; however, on both an initial and continuing basis, no more than 20% of the assets in the portfolio may be invested in OTC derivatives. For purposes of calculating this limitation, a portfolio's investment in OTC derivatives will be calculated as the aggregate gross notional value of the OTC derivatives.
- f. To the extent that listed or OTC derivatives are used to gain exposure to individual equities and/or fixed income securities, or to indexes of equities and/or indexes of fixed income securities, the aggregate gross notional value of such exposure shall meet the criteria set forth in IM-28005-1a and 1b (including gross notional exposures), respectively.

IM-28005-2

Transactions in Managed Fund Shares will occur during Regular Trading Hours.

IM-28005-3

Surveillance Procedures. The Exchange will implement written surveillance procedures for Managed Fund Shares.

IM-28005-4

Creation and Redemption. For Managed Fund Shares based on an international or global portfolio, the statutory prospectus or the application for exemption from provisions of the Investment Company Act of 1940 for the series of Managed Fund Shares must state that the series of Managed Fund Shares must comply with the federal securities laws in accepting securities for deposits and satisfying redemptions with redemption securities, including that the securities accepted for deposits and the securities used to satisfy redemption requests are sold in transactions that would be exempt from registration under the Securities Act of 1933.

IM-28005-5

Disclosures. The provisions of this subparagraph apply only to series of Managed Fund Shares that are the subject of an order by the Securities and Exchange Commission exempting such series from certain prospectus delivery requirements under Section 24(d) of the Investment Company Act of 1940 and are not otherwise subject to prospectus delivery requirements under

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the Securities Act of 1933. The Exchange will inform ETP Holders regarding application of these provisions of this subparagraph to a particular series of Managed Fund Shares by means of an information circular prior to commencement of trading in such series.

The Exchange requires that ETP Holders provide to all purchasers of a series of Managed Fund Shares a written description of the terms and characteristics of those securities, in a form prepared by the open-end management investment company issuing such securities, not later than the time a confirmation of the first transaction in such series is delivered to such purchaser. In addition, ETP Holders shall include such a written description with any sales material relating to a series of Units that is provided to customers or the public. Any other written materials provided by an ETP Holder to customers or the public making specific reference to a series of Managed Fund Shares as an investment vehicle must include a statement in substantially the following form: "A circular describing the terms and characteristics of (the series of Managed Fund Shares) has been prepared by the (open-end management investment company name) and is available from your broker. It is recommended that you obtain and review such circular before purchasing (the series of Managed Fund Shares)."

An ETP Holder carrying an omnibus account for a non-ETP Holder is required to inform such non-ETP Holder that execution of an order to purchase a series of Managed Fund Shares for such omnibus account will be deemed to constitute agreement by the non-ETP Holder to make such written description available to its customers on the same terms as are directly applicable to ETP Holders under this rule.

Upon request of a customer, an ETP Holder shall also provide a prospectus for the particular series of Managed Fund Shares.

IM-28005-6

If the investment adviser to the Investment Company issuing Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect and maintain a "fire wall" between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such Investment Company portfolio. Personnel who make decisions on the Investment Company's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable Investment Company portfolio.

28006. Active Proxy Portfolio Shares

- a. The Exchange shall consider for ~~trading, whether by listing or pursuant to unlisted trading privileges,~~ Active Proxy Portfolio Shares that meet the criteria of this Rule.
- b. Applicability. This Rule is applicable only to Active Proxy Portfolio Shares. Except to the extent inconsistent with this Rule, or unless the context otherwise requires, the rules and procedures of the Board of Directors of the Exchange shall be applicable to the

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trading on the Exchange of such securities. Active Proxy Portfolio Shares are included within the definition of “security” or “securities” as such terms are used in the Rules of the Exchange.

- c. Definitions. The following terms as used in the Rules shall, unless the context otherwise requires, have the meanings herein specified:
1. Active Proxy Portfolio Shares. The term “Active Proxy Portfolio Share” means a security that (a) is issued by a investment company registered under the Investment Company Act of 1940 (“Investment Company”) organized as an openend management investment company that invests in a portfolio of securities selected by the Investment Company’s investment adviser consistent with the Investment Company’s investment objectives and policies; (b) is issued in a specified minimum number of shares , or multiples thereof, in return for a deposit by the purchaser of the Proxy Portfolio and/or cash with a value equal to the next determined net asset value (“NAV”); (c) when aggregated in the same specified minimum number of Active Proxy Portfolio Shares, or multiples thereof, may be redeemed at a holder’s request in return for the Proxy Portfolio and/or cash to the holder by the issuer with a value equal to the next determined NAV; and (d) the portfolio holdings for which are disclosed within at least 60 days following the end of every fiscal quarter.
 2. Actual Portfolio. The term “Actual Portfolio” means the identities and quantities of the securities and other assets held by the Investment Company that shall form the basis for the Investment Company’s calculation of NAV at the end of the business day.
 3. Proxy Portfolio. The term “Proxy Portfolio” means a specified portfolio of securities, other financial instruments and/or cash designed to track closely the daily performance of the Actual Portfolio of a series of Active Proxy Portfolio Shares as provided in the exemptive relief pursuant to the Investment Company Act of 1940 applicable to such series. The website for each series of Active Proxy Portfolio Shares shall disclose the information regarding the Proxy Portfolio as provided in the exemptive relief pursuant to the Investment Company Act of 1940 applicable to such series, including the following, to the extent applicable:
 - i. Ticker symbol;
 - ii. CUSIP or other identifier;
 - iii. Description of holding;

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- iv. Quantity of each security or other asset held;
and
 - v. Percentage weighting of the holding in the portfolio.
4. Reporting Authority. The term “Reporting Authority” in respect of a particular series of Active Proxy Portfolio Shares means the Exchange, an institution, or a reporting service designated by the Exchange or by the exchange that lists a particular series of Active Proxy Portfolio Shares ~~(if the Exchange is trading such series pursuant to unlisted trading privileges)~~ as the official source for calculating and reporting information relating to such series, including, but not limited to, NAV, the Actual Portfolio, Proxy Portfolio, or other information relating to the issuance, redemption or trading of Active Proxy Portfolio Shares. A series of Active Proxy Portfolio Shares may have more than one Reporting Authority, each having different functions.
5. Normal Market Conditions. The term "normal market conditions" includes, but is not limited to, the absence of trading halts in the applicable financial markets generally; operational issues (e.g., systems failure) causing dissemination of inaccurate market information; or force majeure type events such as natural or manmade disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.
- d. Initial and Continued Listing. Active Proxy Portfolio Shares shall be listed and traded on the Exchange subject to application of the following criteria:
- 1. Initial Listing. Each series of Active Proxy Portfolio Shares shall be listed and traded on the Exchange subject to application of the following initial listing criteria:
 - A. For each series, the Exchange shall establish a minimum number of Active Proxy Portfolio Shares required to be outstanding at the time of commencement of trading on the Exchange.
 - B. The Exchange shall obtain a representation from the issuer of each series of Active Proxy Portfolio Shares that the NAV per share for the series shall be calculated daily and that the NAV, the Proxy Portfolio, and the Actual Portfolio shall be made publicly available to all market participants at the same time.

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- C. All Active Proxy Portfolio Shares shall have a stated investment objective, which shall be adhered to under normal market conditions.
2. Continued Listing. Each series of Active Proxy Portfolio Shares shall be listed and traded on the Exchange subject to application of the following continued listing criteria:
 - A. Actual Portfolio.
 - i. The Actual Portfolio shall be publicly disseminated within at least 60 days following the end of every fiscal quarter and shall be made publicly available to all market participants at the same time.
 - B. Proxy Portfolio.
 - i. The Proxy Portfolio shall be made publicly available on the website for each series of Active Proxy Portfolio Shares at least once daily and shall be made available to all market participants at the same time.
 - C. Suspension of trading or removal. The Exchange will consider the suspension of trading in, and will commence delisting proceedings under Rules in the 27000 Series for, a series of Active Proxy Portfolio Shares under any of the following circumstances:
 - i. if any of the continued listing requirements set forth in this Rule are not continuously maintained;
 - ii. if either the Proxy Portfolio or Actual Portfolio is not made available to all market participants at the same time;
 - iii. if, following the initial twelve month period after commencement of trading on the Exchange of a series of Active Proxy Portfolio Shares, there are fewer than 50 beneficial holders of such series of Active Proxy Portfolio Shares;
 - iv. if the Exchange is notified, or otherwise becomes aware, that the Investment Company has

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failed to file any filings required by the Commission or is not in compliance with the conditions of any currently applicable exemptive order or no-action relief granted by the Commission or Commission staff to the Investment Company with respect to a series of Active Proxy Portfolio Shares;

- v. if any of the statements or representations regarding (a) the description of the portfolio, (b) limitations on portfolio holdings, or (c) the applicability of Exchange listing rules, specified in the Exchange's rule filing pursuant to Section 19(b) of the Securities Exchange Act of 1934 to permit the listing and trading of a series of Active Proxy Portfolio Shares, is not continuously maintained; or
- vi. if such other event shall occur or condition exists which, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable.

D. Trading Halt.

- i. The Exchange may consider all relevant factors in exercising its discretion to halt trading in a series of Active Proxy Portfolio Shares. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the series of Active Proxy Portfolio Shares inadvisable. These may include: (a) the extent to which trading is not occurring in the securities and/or the financial instruments composing the Proxy Portfolio and/or Actual Portfolio, or (b) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.
- ii. ~~If a series of Active Proxy Portfolio Shares is trading on the Exchange pursuant to unlisted trading privileges, the Exchange shall halt trading in that series as specified in Rule 20505(e)~~Reserved.
- iii. If the Exchange becomes aware that the NAV, Proxy Portfolio or Actual Portfolio with respect to a series of Active Proxy Portfolio Shares is not made available to all market participants at

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the same time, the Exchange shall halt trading in such series until such time as the NAV, Proxy Portfolio or Actual Portfolio is available to all market participants at the same time, as applicable.

- E. Termination. Upon termination of an Investment Company, the Exchange requires that Active Proxy Portfolio Shares issued in connection with such entity be removed from Exchange listing.
 - F. Voting. Voting rights shall be as set forth in the applicable Investment Company prospectus.
- e. Limitation of Exchange Liability. Neither the Exchange, the Reporting Authority, when the Exchange is acting in the capacity of a Reporting Authority, nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any current portfolio value; the current value of the portfolio of securities required to be deposited to the Investment Company in connection with issuance of Active Proxy Portfolio Shares; the amount of any dividend equivalent payment or cash distribution to holders of Active Proxy Portfolio Shares; NAV; or other information relating to the purchase, redemption, or trading of Active Proxy Portfolio Shares, resulting from any negligent act or omission by the Exchange, the Reporting Authority, when the Exchange is acting in the capacity of a Reporting Authority, or any agent of the Exchange, or any act, condition, or cause beyond the reasonable control of the Exchange, its agent, or the Reporting Authority, when the Exchange is acting in the capacity of a Reporting Authority, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission, or delay in the reports of transactions in one or more underlying securities.

IM-28006-1

The Exchange will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before the listing and trading of a series of Active Proxy Portfolio Shares. All statements or representations contained in such rule filing regarding (a) the description of the portfolio, (b) limitations on portfolio holdings, or (c) the applicability of Exchange listing rules specified in such rule filing will constitute continued listing requirements. An issuer of such securities must notify the Exchange of any failure to comply with such continued listing requirements.

IM-28006-2

Transactions in Active Proxy Portfolio Shares shall occur during Regular Trading Hours.

EXHIBIT 4A**IM-28006-3**

Surveillance Procedures. The Exchange will implement and maintain written surveillance procedures for Active Proxy Portfolio Shares. As part of these surveillance procedures, the Investment Company's investment adviser will, upon request by the Exchange or FINRA, on behalf of the Exchange, make available to the Exchange or FINRA the daily Actual Portfolio holdings of each series of Active Proxy Portfolio Shares.

IM-28006-4

If the investment adviser to the Investment Company issuing Active Proxy Portfolio Shares is registered as a broker-dealer or is affiliated with a broker-dealer, such investment adviser will erect and maintain a "fire wall" between the investment adviser and personnel of the broker-dealer or broker-dealer affiliate, as applicable, with respect to access to information concerning the composition and/or changes to such Investment Company's Actual Portfolio and/or Proxy Portfolio. Any person related to the investment adviser or Investment Company who makes decisions pertaining to the Investment Company's Actual Portfolio and/or Proxy Portfolio or has access to non-public information regarding the Investment Company's Actual Portfolio and/or the Proxy Portfolio or changes thereto must be subject to procedures reasonably designed to prevent the use and dissemination of material non-public information regarding the Actual Portfolio and/or the Proxy Portfolio or changes thereto.

IM-28006-5

Any person or entity, including a custodian, Reporting Authority, distributor, or administrator, who has access to non-public information regarding the Investment Company's Actual Portfolio or the Proxy Portfolio or changes thereto, must be subject to procedures reasonably designed to prevent the use and dissemination of material non-public information regarding the applicable Investment Company Actual Portfolio or the Proxy Portfolio or changes thereto. Moreover, if any such person or entity is registered as a broker-dealer or affiliated with a broker-dealer, such person or entity will erect and maintain a "fire wall" between the person or entity and the broker-dealer with respect to access to information concerning the composition and/or changes to such Investment Company Actual Portfolio or Proxy Portfolio.

28007. Managed Portfolio Shares

- a. The Exchange will consider for trading, ~~whether by listing or pursuant to unlisted trading privileges~~, Managed Portfolio Shares that meet the criteria of this Rule.
- b. Applicability. This Rule is applicable only to Managed Portfolio Shares. Except to the extent inconsistent with this Rule, or unless the context otherwise requires, the rules and procedures of the Board of Directors of the Exchange shall be applicable to the trading on the Exchange of such securities. Managed Portfolio Shares are included within the

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definition of "security" or "securities" as such terms are used in the Rules of the Exchange.

1. The Exchange will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before the listing and trading of a series of Managed Portfolio Shares. All statements or representations contained in such rule filing regarding (a) the description of the portfolio or reference asset, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing will constitute continued listing requirements. An issuer of such securities must notify the Exchange of any failure to comply with such continued listing requirements.
2. Transactions in Managed Portfolio Shares shall occur during Regular Trading Hours.
3. Surveillance Procedures. The Exchange will implement and maintain written surveillance procedures for Managed Portfolio Shares. As part of these surveillance procedures, the Investment Company's investment adviser will upon request by the Exchange or FINRA, on behalf of the Exchange, make available to the Exchange or FINRA the daily portfolio holdings of each series of Managed Portfolio Shares.
4. If the investment adviser to the Investment Company issuing Managed Portfolio Shares is registered as a broker-dealer or is affiliated with a broker-dealer, such investment adviser will erect and maintain a "fire wall" between the investment adviser and personnel of the broker-dealer or broker-dealer affiliate, as applicable, with respect to access to information concerning the composition of and/or changes to such Investment Company portfolio and/or the Creation Basket. Any person related to the investment adviser or Investment Company who makes decisions pertaining to the Investment Company's portfolio composition or has access to information regarding the Investment Company's portfolio composition or changes thereto or the Creation Basket must be subject to procedures designed to prevent the use and dissemination of material non-public information regarding the applicable Investment Company portfolio or changes thereto or the Creation Basket.
5. Any person or entity, including an AP Representative, custodian, Reporting Authority, distributor, or administrator, who has access to non-public information regarding the Investment Company's

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portfolio composition or changes thereto or the Creation Basket, must be subject to procedures reasonably designed to prevent the use and dissemination of material nonpublic information regarding the applicable Investment Company portfolio or changes thereto or the Creation Basket. Moreover, if any such person or entity is registered as a broker-dealer or affiliated with a broker-dealer, such person or entity will erect and maintain a “fire wall” between the person or entity and the broker-dealer with respect to access to information concerning the composition and/or changes to such Investment Company portfolio or Creation Basket.

- c. Definitions. The following terms as used in the Rules shall, unless the context otherwise requires, have the meanings herein specified:
1. **Managed Portfolio Share.** The term "Managed Portfolio Share" means a security that (a) represents an interest in an investment company registered under the Investment Company Act of 1940 ("Investment Company") organized as an open-end management investment company, that invests in a portfolio of securities selected by the Investment Company's investment adviser consistent with the Investment Company's investment objectives and policies; (b) is issued in a Creation Unit, or multiples thereof, in return for a designated portfolio of instruments (and/or an amount of cash) with a value equal to the next determined net asset value and delivered to the Authorized Participant (as defined in the Investment Company's Form N-1A filed with the Commission) through a Confidential Account; (c) when aggregated into a Redemption Unit, or multiples thereof, may be redeemed for a designated portfolio of instruments (and/or an amount of cash) with a value equal to the next determined net asset value delivered to the Confidential Account for the benefit of the Authorized Participant; and (d) the portfolio holdings for which are disclosed within at least 60 days following the end of every fiscal quarter.
 2. **Verified Intraday Indicative Value.** The term "Verified Intraday Indicative Value" is the indicative value of a Managed Portfolio Share based on all of the holdings of a series of Managed Portfolio Shares as of the close of business on the prior business day and, for corporate actions, based on the applicable holdings as of the opening of business on the current business day, priced and disseminated in one second intervals during Regular Trading Hours by the Reporting Authority.
 3. **AP Representative.** The term “AP Representative” means an unaffiliated broker-dealer, with which an Authorized Participant

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has signed an agreement to establish a Confidential Account for the benefit of such Authorized Participant, that will deliver or receive, on behalf of the Authorized Participant, all consideration to or from the Investment Company in a creation or redemption. An AP Representative will not be permitted to disclose the Creation Basket to any person, including the Authorized Participants.

4. Confidential Account. The term “Confidential Account” means an account owned by an Authorized Participant and held with an AP Representative on behalf of the Authorized Participant. The account will be established and governed by contractual agreement between the AP Representative and the Authorized Participant solely for the purposes of creation and redemption, while keeping confidential the Creation Basket constituents of each series of Managed Portfolio Shares, including from the Authorized Participant. The books and records of the Confidential Account will be maintained by the AP Representative on behalf of the Authorized Participant.
5. Creation Basket. The term “Creation Basket” means on any given business day the names and quantities of the specified instruments (and/or an amount of cash) that are required for an AP Representative to deposit in-kind on behalf of an Authorized Participant in exchange for a Creation Unit and the names and quantities of the specified instruments (and/or an amount of cash) that will be transferred in-kind to an AP Representative on behalf of an Authorized Participant in exchange for a Redemption Unit, which will be identical and will be transmitted to each AP Representative before the commencement of trading.
6. Creation Unit. The term “Creation Unit” means a specified minimum number of Managed Portfolio Shares issued by an Investment Company at the request of an Authorized Participant in return for a designated portfolio of instruments and/or cash.
7. Redemption Unit. The term “Redemption Unit” means a specified minimum number of Managed Portfolio Shares that may be redeemed to an Investment Company at the request of an Authorized Participant in return for a portfolio of instruments and/or cash.
8. Reporting Authority. The term "Reporting Authority" in respect of a particular series of Managed Portfolio Shares means the Exchange, an institution, or a reporting service designated by the

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Exchange ~~or by the exchange that lists a particular series of Managed Portfolio Shares (if the Exchange is trading such series pursuant to unlisted trading privileges)~~, as the official source for calculating and reporting information relating to such series, including, but not limited to, the net asset value, the Verified Intraday Indicative Value, or other information relating to the issuance, redemption or trading of Managed Portfolio Shares. A series of Managed Portfolio Shares may have more than one Reporting Authority, each having different functions.

9. Normal Market Conditions. The term “Normal Market Conditions” includes, but is not limited to, the absence of trading halts in the applicable financial markets generally; operations issues (e.g., systems failure) causing dissemination of inaccurate market information; or force majeure type events such as natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruptions or any similar intervening circumstance.
- d. Initial and Continued Listing. Managed Portfolio Shares will be listed and traded on the Exchange subject to application of the following criteria:
1. Initial Listing. Each series of Managed Portfolio Shares will be listed and traded on the Exchange subject to application of the following initial listing criteria:
 - A. For each series, the Exchange will establish a minimum number of Managed Portfolio Shares required to be outstanding at the time of commencement of trading on the Exchange.
 - B. The Exchange will obtain a representation from the Investment Company that issues each series of Managed Portfolio Shares that the net asset value per share for the series will be calculated daily and that the net asset value will be made available to all market participants at the same time.
 - C. All Managed Portfolio Shares shall have a stated investment objective, which shall be adhered to under Normal Market Conditions.
 2. Continued Listing. Each series of Managed Portfolio Shares will be listed and traded on the Exchange subject to application of the following continued listing criteria:

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- A. Verified Intraday Indicative Value. The Verified Intraday Indicative Value for Managed Portfolio Shares will be widely disseminated by the Reporting Authority and/or by one or more major market data vendors in one second intervals during Regular Trading Hours, and will be disseminated to all market participants at the same time.
- B. Suspension of trading or removal. The Exchange will consider the suspension of trading in, and will commence delisting proceedings under Rules in the 27000 Series for, a series of Managed Portfolio Shares under any of the following circumstances:
- i. if, following the initial twelve-month period after commencement of trading on the Exchange of a series of Managed Portfolio Shares, there are fewer than 50 beneficial holders of the series of Managed Portfolio Shares;
 - ii. if the Exchange has halted trading in a series of Managed Portfolio Shares because the Verified Intraday Indicative Value is interrupted pursuant to this Rule at (d)(2)(C)(ii) and such interruption persists past the trading day in which it occurred or is no longer available;
 - iii. if the Exchange has halted trading in a series of Managed Portfolio Shares because the net asset value with respect to such series of Managed Portfolio Shares is not disseminated to all market participants at the same time, the holdings of such series of Managed Portfolio Shares are not made available on at least a quarterly basis as required under the 1940 Act, or such holdings are not made available to all market participants at the same time pursuant to this Rule at (d)(2)(C)(ii) and such issue persists past the trading day in which it occurred;
 - iv. if the Exchange has halted trading in a series of Managed Portfolio Shares pursuant to this Rule at (d)(2)(C)(i), such issue persists past the trading day in which it occurred;
 - v. if the Investment Company issuing the Managed Portfolio Shares has failed to file any

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filings required by the Commission or if the Exchange is aware that the Investment Company is not in compliance with the conditions of any currently applicable exemptive order or no-action relief granted by the Commission or Commission staff to the Investment Company with respect to the series of Managed Portfolio Shares;

- vi. if any of the continued listing requirements set forth in this Rule are not continuously maintained;
- vii. if any of the statements or representations regarding (a) the description of the portfolio, (b) limitations on portfolio holdings, or (c) the applicability of Exchange listing rules, specified in the Exchange's rule filing pursuant to Section 19(b) of the Securities Exchange Act of 1934 to permit the listing and trading of a series of Managed Portfolio Shares, are not continuously maintained; or
- viii. if such other event shall occur or condition exists which, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable.

C. Trading Halt.

- i. The Exchange may consider all relevant factors in exercising its discretion to halt trading in a series of Managed Portfolio Shares. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the series of Managed Portfolio Shares inadvisable. These may include: (a) the extent to which trading is not occurring in the securities and/or the financial instruments composing the portfolio; or (b) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.
- ii. If the Exchange becomes aware that: (a) the Verified Intraday Indicative Value of a series of Managed Portfolio Shares is not being calculated or disseminated in one second intervals, as required;

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(b) the net asset value with respect to a series of Managed Portfolio Shares is not disseminated to all market participants at the same time; (c) the holdings of a series of Managed Portfolio Shares are not made available on at least a quarterly basis as required under the 1940 Act; or (d) such holdings are not made available to all market participants at the same time (except as otherwise permitted under the currently applicable exemptive order or no action relief granted by the Commission or Commission staff to the Investment Company with respect to the series of Managed Portfolio Shares), it will halt trading in such series until such time as the Verified Intraday Indicative Value, the net asset value, or the holdings are available, as required.

- D. Termination. Upon termination of an Investment Company, the Exchange requires that Managed Portfolio Shares issued in connection with such entity be removed from Exchange listing.
- E. Voting. Voting rights shall be as set forth in the applicable Investment Company prospectus and/or statement of additional information.
- e. Limitation of Exchange Liability. Neither the Exchange, the Reporting Authority, when the Exchange is acting in the capacity of a Reporting Authority, nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any current portfolio value; the current value of the portfolio of securities required to be deposited to the open end management investment company in connection with issuance of Managed Portfolio Shares; the Verified Intraday Indicative Value; the amount of any dividend equivalent payment or cash distribution to holders of Managed Portfolio Shares; net asset value; or other information relating to the purchase, redemption, or trading of Managed Portfolio Shares, resulting from any negligent act or omission by the Exchange, the Reporting Authority when the Exchange is acting in the capacity of a Reporting Authority, or any agent of the Exchange, or any act, condition, or cause beyond the reasonable control of the Exchange, its agent, or the Reporting Authority, when the Exchange is acting in the capacity of a Reporting Authority, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission, or delay in the reports of transactions in one or more underlying securities.

EXHIBIT 4A

- f. Disclosures. The provisions of this subparagraph apply only to series of Managed Portfolio Shares that are the subject of an order by the Commission exempting such series from certain prospectus delivery requirements under Section 24(d) of the Investment Company Act of 1940 and are not otherwise subject to prospectus delivery requirements under the Securities Act of 1933. The Exchange will inform its ETP Holders regarding application of this subparagraph to a particular series of Managed Portfolio Shares by means of an information circular prior to commencement of trading in such series.

The Exchange requires that ETP Holders provide to all purchasers of a series of Managed Portfolio Shares a written description of the terms and characteristics of those securities, in a form prepared by the open-end management investment company issuing such securities, not later than the time a confirmation of the first transaction in such series is delivered to such a purchaser. In addition, ETP Holders shall include such a written description with any sales material relating to a series of Managed Portfolio Shares that is provided to customers or the public. Any other written materials provided by an ETP Holder to customers or the public making specific reference to a series of Managed Portfolio Shares as an investment vehicle must include a statement in substantially the following form: “A circular describing the terms and characteristics of (the series of Managed Portfolio Shares) has been prepared by the (open-end management investment company name) and is available from your broker. It is recommended that you obtain and review such circular before purchasing (the series of Managed Portfolio Shares).”

An ETP Holder carrying an omnibus account for a non-ETP Holder broker-dealer is required to inform such non-ETP Holder that execution of an order to purchase a series of Managed Portfolio Shares for such omnibus account will be deemed to constitute agreement by the non-ETP Holder to make such written description available to its customers on the same terms as are directly applicable to ETP Holders under this rule.

Upon request of a customer, an ETP Holder shall also provide a prospectus for the particular series of Managed Portfolio Shares.

29000 – DUES, FEES, ASSESSMENTS, AND OTHER CHARGES**29000. Authority to Prescribe Dues, Fees, Assessments and Other Charges**

- (a) *Generally.* Consistent with Exchange Rule 2080, the Exchange may prescribe such reasonable dues, fees, assessments or other charges as it may, in its discretion, deem appropriate. Such dues, fees, assessments and charges may include membership dues, transaction fees, communication and technology fees, regulatory charges, listing fees, and other fees and charges as the Exchange may determine. All such dues, fees and charges shall be equitably allocated among BSTX Participants, issuers and other persons using the Exchange’s facilities.
- (b) *Regulatory Transaction Fee.* Under Section 31 of the Act, the Exchange must pay certain fees to the Commission. To help fund the Exchange’s obligations to the Commission under Section 31, this Regulatory Transaction Fee is assessed to BSTX Participants. ~~To the extent there may be any excess monies collected under this Rule, the Exchange may~~

EXHIBIT 4A

~~retain those monies to help fund its general operating expense.~~ Each BSTX Participant engaged in executing transactions on the Exchange shall pay, in such manner and at such times as the Exchange shall direct, a Regulatory Transaction Fee equal to (i) the rate determined by the Commission to be applicable to covered sales occurring on the Exchange in accordance with Section 31 of the Act multiplied by (ii) the BSTX Participant's aggregate dollar amount of covered sales occurring on the Exchange during any computational period.

Following this computation, the Exchange will round a sum ending in .xx5 or above to the next higher cent, and round a sum ending in .xx4 or below to the next lower cent. The Exchange's goal is to collect from all BSTX Participants Regulatory Transaction Fees that exactly equal the amount that the Exchange pays the Commission in Section 31 fees during the relevant computational period. However, to the extent there may be any excess monies collected under this Rule, the Exchange may retain those monies to help fund its general operating expense.

- (c) *Schedule of Fees.* The Exchange will provide BSTX Participants with notice of all relevant dues, fees, assessments and charges of the Exchange. Such notice may be made available to BSTX Participants on the Exchange's website or by any other method deemed reasonable by the Exchange.

29010. Regulatory Revenues

Any revenues received by the Exchange from fees derived from its regulatory function or regulatory fines will not be used for non-regulatory purposes or distributed to the stockholder, but rather, shall be applied to fund the legal and regulatory operations of the Exchange (including surveillance and enforcement activities), or, as the case may be, shall be used to pay restitution and disgorgement of funds intended for customers (except in the event of liquidation of the Exchange, in which case BOX Holdings Group LLC will be entitled to the distribution of the remaining assets of the Exchange).

EXHIBIT 4A

This Exhibit 4B shows amendments to the proposed rule text as forth in Exhibit 5B of Amendment 1 to SR-BOX-2021-06, published on the Commission's website on August 27, 2021.

New text appears in blue with double-underline. Deleted text appears in red with a strikethrough.

BOX Exchange LLC

* * * * *

100 Definitions

(a) With respect to these Rules, the following terms shall have the meanings specified in this Rule 100. A term defined elsewhere in these Rules shall have the same meaning with respect to this Rule 100 Series, unless otherwise defined below.

(1) through (40) No change.

(41) The term **“Options Participant”** is a Participant registered with the Exchange for purposes of participating in options trading on the Exchange.

[(41)] (42) The term [**“Options Participant”** or] **“Participant”** means a firm, or organization that is registered with the Exchange pursuant to the Rule 2000 Series for purposes of participating in trading on a facility of the Exchange and includes an “Options Participant” and “BSTX Participant.”

[(42)] (43) The term **“Options Principal”** means persons associated with a Participant, enumerated in subparagraphs (i) through (v) hereafter, who are actively engaged in the management of the Options Participant's investment banking or securities business, including supervision, solicitation, conduct of business or the training of persons associated with a Participant for any of these functions. Designated Options Principals shall include:

- (i) Sole Proprietors;
- (ii) Officers;
- (iii) Partners;
- (iv) Branch Manager; and
- (v) Directors of Corporations.

[(43)] (44) The term **“Options Participation Agreement”** means the agreement to be executed by Options Participants to qualify to participate on BOX.

[(44)] (45) The term **“OPRA”** means the Options Price Reporting Authority.

[(45)] (46) The term **“order”** means a firm commitment to buy or sell options contracts as defined in Rule 7110 (Order Entry).

[(46)] (47) The terms **“Order Flow Provider”** or **“OFP”** mean those Options Participants representing as agent Customer Orders on BOX and those non-Market Maker Participants conducting proprietary trading.

[(47)] (48) The term **“outstanding”** means an options contract which has been issued by the Clearing Corporation and has neither been the subject of a closing writing transaction nor has reached its expiration date.

[(48)] (49) The term **“person”** means any natural person, company, government, or political subdivision, agency, or instrumentality of a government.

[(49)] (50) The term **“pre-opening”** means the period immediately prior to the market open on BOX, beginning at a time specified by BOX, during which Options Participants may log on to the Trading Host and submit, amend and withdraw orders, but no trading can occur.

[(50)] (51) The term **“primary market”** means the principal market in which an underlying security is traded.

[(51)] (52) The term **“Professional”** means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). All Professional orders shall be appropriately marked by Participants. A Professional will be treated in the same manner as a broker-dealer for purposes of Rules 7150 and 7245. Except as noted below, each order of any order type counts as one order for Professional order counting purposes.

(a) – (c) No change.

[(52)] (53) The term **“Public Customer”** means a person that is not a broker or dealer in securities.

[(53)] (54) The term **“Public Customer Order”** means an order for the account of a Public Customer.

[(54)] (55) The term **“put”** means an options contract under which the holder of the option has the right, in accordance with the terms and provisions of the option and the Rules of the OCC, to sell to the Clearing Corporation the number of units of the underlying security covered by the options contract, at a price per unit equal to the exercise price, upon the timely exercise of such option.

[(55)] (56) The term **“Quarterly Options Series”** means a series in an options class that is approved for listing and trading on the Exchange in which the series is opened for trading on any business day and that expires at the close of business on the last business day of a calendar quarter.

[(56)] (57) The term **“quote”** or **“quotation”** means a bid or offer entered by a Market Maker as a firm order that updates the Market Maker's previous bid or offer, if any.

[(57)] (58) The term **“Representative”** means persons associated with a Participant, including assistant officers other than principals, who are engaged in the investment banking or securities business for the Participant including the functions of supervision, solicitation, or conduct of business in securities or who are engaged in the training of persons associated with a Participant for any of these functions.

[(58)] (59) The term **“Request for Quote”** or **“RFQ”** shall mean a message that may be issued by an Options Participant in order to signal an interest in an options series and request response from other Participants. The RFQ contains only the series symbol and quantity and is broadcast to all Participants.

[(59)] (60) The term **“Rules”** means the Exchange By-Laws, the Exchange LLC Agreement, and these Rules of the Exchange.

[(60)] (61) The term **“Rules of the Clearing Corporation”** or **“Rules of the OCC”** means the Certificate of Incorporation, the By-Laws and the Rules of the Clearing Corporation, and all written interpretations thereof, as may be in effect from time to time.

[(61)] (62) The term **“SEC” or “Commission”** means the United States Securities and Exchange Commission.

[(62)] (63) The term **“series of options”** means all options contracts of the same class of options having the same exercise price and expiration date.

[(63)] (64) The term **“session end”** means the period immediately following Market Close, ending at a time specified by BOX, during which Options Participants may withdraw any **“good-till-canceled”** orders that they do not wish to remain in the market for the following market day.

[(64)] (65) The term **“short position”** means a person's interest as the writer of one or more options contracts.

[(65)] (66) The term **“Short Term Option Series”** means a series in an option class that is approved for listing and trading on BOX in which the series is opened for trading on any Monday, Tuesday, Wednesday, Thursday or Friday that is a business day and that expires on the Monday, Wednesday or Friday of the next business week, or, in the case of a series that is listed on a Friday and expires on a Monday, is listed one business week and one business day prior to that expiration. If a Tuesday, Wednesday, Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Tuesday, Wednesday, Thursday or Friday, respectively. For a series listed pursuant to this section for Monday expiration, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday.

[(66)] (67) The term **“SRO”** means a self-regulatory organization as defined in Section 3(a)(26) of the Exchange Act.

[(67)] (68) The term **“Trading Floor”** or **“Options Floor”** means the physical trading floor of the Exchange located in Chicago. The Trading Floor shall consist of one “Crowd Area” or “Pit” where all option classes will be located. The Crowd Area or Pit shall be marked with specific visible boundaries on the Trading Floor, as determined by the Exchange. A Floor Broker must open outcry an order in the Crowd Area.

[(68)] (69) The term **“Trading Host”** means the automated trading system used by BOX for the trading of options contracts.

[(69)] (70) The term **“type of option”** means the classification of an options contract as either a put or a call.

[(70)] (71) The term **“uncovered”** means a short position in an options contract that is not covered.

[(71)] (72) The term “underlying security” means the security that the Clearing Corporation shall be obligated to sell (in the case of a call option) or purchase (in the case of a put option) upon the valid exercise of an options contract.

* * * * *

2020 Participant Eligibility and Registration

(a) – ~~(b)~~

(c) All Principals Must Be Registered.

(1) All Representatives who are to function as Principals on the Exchange shall be registered as Principals with the Exchange consistent with paragraph (e) below. Before their registration can become effective, they shall pass the applicable qualification examination for Principals as determined by the Exchange. A Participant shall not maintain a principal registration with the Exchange for any person: (i) who is no longer functioning as a Principal, or (ii) where the sole purpose is to avoid the examination requirement prescribed below.

(2) Securities Trader Principal

(i) Each person associated with a Participant who is included within the definition of [Options] Principal may register with the Exchange as a Securities Trader Principal if:

(A) his or her supervisory responsibilities in the investment banking and [options] securities business are limited solely to the activities of a Participant that involve proprietary trading;

(B) he or she is registered pursuant to Exchange Rules as a Securities Trader Principal; and

(C) he or she is qualified to be so registered by passing the Series 24 examination.

(3) A person registered as a Securities Trader Principal shall NOT be qualified to function in a Principal capacity with responsibility over any area of business activity not described in paragraph (c)(2) above.

(4) A person registered as a General Securities Principal under 2020(c)(1) above shall NOT be qualified to function in a Principal capacity with responsibility over any area of business activity described in (c)(2) above.

(d) No Change.

(e) Requirement of Two Registered Principal for Participants.

(1) All Participants, except a sole proprietorship or a proprietary trading firm with 25 or fewer Representatives ("Limited Size Proprietary Trading Firm"), shall have at least two officers or partners who are registered as a Principal with respect to the Participants [options] securities business and, at a minimum, one such Principal shall be the Participant's chief compliance officer. A Limited Size Proprietary Trading

Firm is required to register at least one Principal with the Exchange. In addition, the Exchange may waive the two Principal requirement in situations that indicate conclusively that only one Principal associated with the Participant should be required. This requirement applies to persons seeking admission as Participants and existing Participants.

(2) For purposes of paragraph (1) above, a "proprietary trading firm" shall mean a Participant that trades its own capital, that does not have customers, and that is not a member of the Financial Industry Regulatory Authority. In addition, to qualify for this definition, the funds used by a proprietary trading firm must be exclusively firm funds, all trading must be in the firm's accounts, and traders must be owners of, employees of, or contractors to the firm.

(f) No Change.

(g) Persons Exempt from Registration. The following persons associated with a Participant are not required to be registered with the Exchange:

- (1) persons associated with a Participant whose functions are solely and exclusively clerical or ministerial; ~~and~~
- (2) [persons associated with a Participant who are not actively engaged in the options securities business.] persons associated with a Participant whose functions are related solely and exclusively to transactions in municipal securities;
- (3) persons associated with a Participant whose functions are related solely and exclusively to transactions in commodities; (4) persons associated with a Participant whose functions are related solely and exclusively to transactions in securities futures, provided that any such person is appropriately registered with a registered futures association; and (5) persons associated with a Participant who are restricted from accessing the Exchange and that do not engage in the securities business of the Participant relating to activity that occurs on the Exchange.

(h) – (i) No Change.

(j) The following sets forth the qualification requirements for each of the registration categories described in this Rule:

<u>CATEGORY OF REGISTRATION</u>	<u>QUALIFICATION EXAMINATION</u>	<u>ALTERNATIVE ACCEPTABLE QUALIFICATIONS</u>
<u>General Securities Representative</u>	<u>Series 7 and SIE</u>	<u>N/A</u>
<u>Securities Trader</u>	<u>Series 57 and SIE</u>	<u>N/A</u>

<u>General Securities Principal</u>	<u>Series 24</u>	<u>Compliance Official Examination (Series 14)¹</u>
<u>Securities Trader Principal</u>	<u>Series 24</u>	<u>Compliance Official Examination (Series 14)¹</u>
<u>Financial/Operations Principal</u>	<u>Series 27</u>	<u>Other examination acceptable to designated examining authority²</u>

¹ [The Exchange will only permit the Series 14 for those designated as Chief Compliance Officers on Schedule A of Form BD.](#)

² [An examination acceptable to the Participant’s designated examining authority is only acceptable to the Exchange if the Exchange waives the requirements of paragraph \(f\).](#)

* * * * *

2060 Revocation of Participant Status or Association with a Participant

Participants or associated persons of Participants may effect approved [options] securities transactions on BOX trading facilities only so long as they possess all the qualifications set forth in the Exchange Rules. Except where, pursuant to Section 17(d) of the Act, the Exchange has been relieved of its responsibility to monitor the continued qualifications of a Participant or an associated person of a Participant, when the Exchange has reason to believe that a Participant or associated person of a Participant fails to meet such qualifications, the Exchange may act to revoke such person's Participant status or association. Such action shall be instituted under, and governed by, the Exchange Rule 11000 Series and Rule 12000 Series and may be appealed under the Rule 13000 Series of the Exchange Rules governing adverse action. In connection with any revocation of rights as a Participant or voluntary termination of rights as a Participant pursuant to Rule 2070, the Participant status in the Exchange shall be cancelled.

* * * * *

3180 Mandatory Systems Testing

(a) Each Participant that the Exchange designates as required to participate in a system test must conduct or participate in the testing of its computer systems to ascertain the compatibility of such systems with the Exchange's systems in the manner and frequency prescribed by the Exchange. The Exchange will designate Participants as required to participate in a system test based on: (1) the category of the Participant (e.g., Market Maker₂ [and] OFP, BSTX Participant); (2) the computer system(s) the Participant uses; and (3) the manner in which the Participant connects to the Exchange. The Exchange will give Participants reasonable notice of any mandatory systems test, which notice will specify the nature of the test and Participants' obligations in participating in the test.

(b) ~~through~~ (c) No Change.

* * * * *

7130 Execution and Price/Time Priority

(a) BOX shall make available to market participants market information in the manner described in subsection (a)(2) of this Rule. BOX will also disseminate current consolidated quotations/last sale information, and such other market information as may be made available from time to time pursuant to agreement between BOX and OPRA in the manner described in subsection (a)(3).

(1) *Ranking.*

Orders of Options Participants shall be ranked and maintained in the BOX Book according to price-time priority, such that within each price level, all orders shall be organized by the time of entry in the following manner:

- (i) Limit Orders, with no other conditions, shall be ranked ahead of all other orders based on the specified limit price and the time of original order entry.
- (ii) Conditional orders shall be ranked behind all unconditional Limit Orders at the specified limit price based upon the time of order entry with earlier orders receiving priority.

(2) *Display.*

BOX makes the proprietary High Speed Vendor Feed (“HSVF”) of BOX market information available to all market participants. The HSVF contains the following information:

- (i) Trades and trade cancellation information;
- (ii) Best-ranked price level to buy and the best ranked price level to sell;
- (iii) Instrument summaries (including information such as high, low, and last trade price and traded volume);
- (iv) The five best limit prices and the best-ranked Legging Order (if any) as defined in 7240(c)(1), for each option instrument, and the five best limit prices and the best-ranked Implied Order (if any), as defined in 7240(d)(1) for each Complex Order Strategy;
- (v) Request for Quote messages (see Rule 100(a)[(58)](59), Rule 7070(h), and Rule 8050);
- (vi) PIP Order, COPIP Order, Improvement Order and Block Trade Order (Facilitation and Solicitation) information (as set forth in Rule 7150, 7245 and Rule 7270, respectively);
- (vii) Orders exposed at NBBO (as set forth in this Rule 7130(b)(2) and Rule 8040(d)(6) of the BOX Rules, respectively) and Complex Orders exposed pursuant to Rule 7240(b)(3)(iii)(B);
- (viii) Instrument dictionary (e.g. strike price, expiration date, underlying symbol, price threshold, and minimum trading increment for instruments traded on BOX);

- (ix) Options class and instrument status change notices (e.g., whether an instrument or class is in pre-opening, continuous trading, closed, halted, or whether prohibited from trading);
- (x) Options class opening time;
- (xi) Public Customer bid/ask volume at the best limit; and
- (xii) Participant ID, including any supplemental clearing information, if elected, pursuant to Rule 7130(b)(3)(iii).

(3) ~~through~~ (7) No Change.

(b) No Change.

* * * * *

7150 Price Improvement Period (“PIP”)

(a) For purposes of this Rule 7150,

- (1) an ~~“Unrelated Order”~~ shall be defined as a non-Improvement Order entered into the BOX market during a PIP; and
- (2) Professionals are treated as provided in Rule 100(a)[(51)](52).

(b) ~~through~~ (1) No Change.

* * * * *

7230 Limitation of Liability

(a) The Exchange, BOX and any of their respective affiliates, and their respective directors, officers, committee members, employees, contractors, and agents or other persons acting on their behalf (“Exchange Related Persons and/or Entities”) will not be liable to [Options] Participants or users for any loss, damages, claim or expense:

- (1) growing out of the use or enjoyment of BOX or the Trading Host; or
- (2) arising from or occasioned by any inaccuracy, error or delay in, or omission of or from the collection, calculation, compilation, maintenance, reporting or dissemination of any information derived from BOX, resulting either from any act or omission by any Exchange Related Persons and/or Entities, or from any act, condition or cause beyond the reasonable control of any Exchange Related Persons and/or Entities, including but not limited to flood, extraordinary weather conditions, earthquakes or other acts of God, fire, war, terrorism, insurrection, riot, labor dispute, accident, action of government, communications or power failure, or equipment or software malfunction.
- (3) Generally, in the event of a BOX market outage, or interruption of service, a loss pertaining to an order that is entered into BOX will be absorbed by the order entering [Options] Participant organization. Without limiting the generality of the foregoing, Exchange Related Persons and/or Entities shall not have any liability to any person for

any loss, expense, damages or claims that result from any error, omission or delay in calculating or disseminating any current or closing index value or any reports of transactions in or quotations for options or other securities, including underlying securities.

(b) Exchange Related Persons and/or Entities shall not be liable to [Options] Participants nor any persons associated with [Options] Participants for any loss, expense, damages or claims arising out of the use of the facilities, systems or equipment afforded by BOX in relation to the BOX market, or any interruption in or failure or unavailability of any such facilities, systems or equipment, whether or not such loss, expense, damages or claims result or are alleged to result from negligence or other unintentional errors or omissions on the part of any Exchange Related Persons and/or Entities or from systems failure, or from any other cause within or outside the control of BOX. Without limiting the generality of the foregoing, Exchange Related Persons and/or Entities shall not have any liability to any person for any loss, expense, damages or claims that result from any error, omission or delay in calculating or disseminating any current or closing index value or any reports of transactions in or quotations for options or other securities, including underlying securities.

(c) Exchange Related Persons and/or Entities make no warranty, express or implied, as to results to be obtained by any person or entity from the use of any data transmitted or disseminated by or on behalf of BOX or any reporting authority designated by BOX, including but not limited to, reports of transactions in or quotations for securities traded on BOX or underlying securities, or reports of interest rate measures or index values or related data, and Exchange Related Persons and/or Entities make no express or implied warranties of merchantability or fitness for a particular purpose or use with respect to any such data.

(d) No [Options] Participant or person associated with ~~an~~ [Options] Participant shall institute a lawsuit or other legal proceeding against any Exchange Related Persons and/or Entities for actions taken or omitted to be taken in connection with the official business of BOX or any subsidiary, except to the extent such actions or omissions constitute violations of the federal securities laws for which a private right of action exists. This provision shall not apply to appeals of disciplinary actions or other actions by the Exchange as provided for in the Rules.

(e) Notwithstanding paragraphs (a), (b), and (d) above, and subject to the express limits set forth below, BOX may compensate [Options] Participants for losses resulting directly from the malfunction of the physical equipment, devices, or programming of Exchange Related Persons and/or Entities, or from the negligent acts or omissions of employees of the Exchange or BOX.

(1) As to the aggregate of all claims made by all [Options] Participants under this Rule during a single calendar month, BOX shall not be liable in excess of the larger of \$500,000, or the amount of any recovery obtained by BOX under any applicable insurance maintained by BOX.

(2) In the event that all of the claims made under this Rule cannot be fully satisfied because in the aggregate they exceed the applicable maximum limitations provided in this Rule, then the maximum permitted amount will be proportionally allocated among all such claims arising during a single calendar month based on the proportion that each such claim bears to the sum of all such claims.

(3) All claims for compensation pursuant to this Rule shall be in writing and must be submitted no later than 12:00 p.m. ET on the next business day following the day on which the use of BOX gave rise to such claims. Once in receipt of a claim, BOX will verify that: (i) a valid order was accepted into BOX; and (ii) any loss claimed resulted directly from the malfunction of the physical equipment, devices, or programming of Exchange Related Persons and/or Entities, or from the negligent acts or omissions of employees of the Exchange or BOX during the execution or handling of that order.

(f) Each [Options] Participant that physically conducts business on the Exchange's Trading Floor is required, at its sole cost, to procure and maintain liability insurance that provides defense and indemnity coverage for itself, any person associated with it, and the Exchange for any action or proceeding brought, or claim made, to impose liability upon such [Options] Participant, associated person, or the Exchange resulting from, relating to, or arising out of the conduct of the [Options] Participant or associated person (hereinafter, "Insurance"). The Insurance shall further provide defense and indemnity coverage to the Exchange for the Exchange's sole, concurrent, or contributory negligence, or other wrongdoing, relating to or in connection with such claim. The Exchange shall be expressly named by endorsement as an Additional Insured under the Insurance. The Exchange's status and rights to coverage under the Insurance shall be the same rights of the named insured of the Insurance, including, without limitation, rights to the full policy limits. In addition:

(1) The limits for the Insurance shall be not less than \$1,000,000 without erosion by defense costs, but under no circumstance shall the Exchange be entitled to less than the full policy limits of such Insurance.

(2) The Insurance shall state that it is primary to any insurance maintained by the Exchange.

(3) Each [Options] Participant annually shall cause a certificate of insurance to be issued directly to the Exchange demonstrating that insurance compliant with this Rule has been procured and is maintained. Each [Options] Participant also shall furnish a copy of the Insurance to the Exchange for review upon the Exchange's request at any time.

(4) This section (f) is the only section of Rule 7230 specifically limited to [Options] Participants physically located on the Exchange's Trading Floor.

* * * * *

7245 Complex Order Price Improvement Period (COPIP)

(a) For purposes of this Rule 7245,

(1) an "Improvement Order" shall be defined as a competing Complex Order submitted to BOX by an OFP or Market Maker during a COPIP;

(2) an "Unrelated Order" shall be defined as a non-Improvement Order entered on BOX during a COPIP or BOX Book Interest during a COPIP;

(3) “BOX Book Interest” shall be defined as bids and offers on the BOX Book for the individual legs of a Strategy; and

(4) Professionals are treated as provided in Rule 100(a)[(51)](52).

(b)— through (l) No Change.

* * * * *

IM-8050-3

(a) Notwithstanding Rule 100(a)[(5655)](57), all quotes and quote updates on BOX after the opening are liquidity adding only. Specifically, after the Opening Match pursuant to Rule 7070, a Market Maker’s quote will not execute against a resting order or quote on the BOX Book. If an incoming quote is marketable against the BOX Book and will execute against a resting order or quote, it will be rejected.

(b) No Change.

* * * * *

11010 Investigation Following Suspension

(a) Every Participant or person associated with a Participant against which action has been taken in accordance with the Summary Suspension procedures of this Rule 11000 Series shall immediately afford every facility required by the Exchange for the investigation of his or its affairs and shall forthwith file with the Secretary a written statement covering all information requested, including a complete list of creditors and the amount owing to each and a complete list of each open long and short security position [in BOX options contracts] maintained by the Participant and each of his or its Customers.

(b) ~~No Change~~ Paragraph (a) includes, without limitation, the furnishing of such books and records of the Participant or person associated with a Participant and the giving of such sworn testimony as may be requested by the Exchange.

* * * * *

11030 Failure to Obtain Reinstatement

If an [~~n~~-Options] Participant suspended under the provisions of this Rule 11000 Series fails or is unable to apply for reinstatement in accordance with Rule 11020 or fails to obtain reinstatement as therein provided, the Exchange shall revoke his or its Participant status in accordance with Rule 12110(a).

* * * * *

12030 Letters of Consent

(a) In lieu of the procedures set forth in Rules 12040 through 12060 (Charges, Answer and Hearing), a matter may be disposed of through a letter of consent.

(1) A matter can only be disposed of through a letter of consent if regulatory staff, including regulatory staff of another SRO acting on the Exchange's behalf pursuant to Rule 12150 (collectively, "SRO Staff") and the [Options] Participant or person(s) who is the subject of the investigation (the "Subject") are able to agree upon terms of a letter of consent. Such letter must be signed by the Subject and must set forth a stipulation of facts and findings concerning the Participant's conduct, the violation(s) committed by the Participant and the sanction(s) therefor.

(2) through (3) No Change.

* * * * *

12140 Imposition of Fines for Minor Rule Violations

- (a) *General.* In lieu of commencing a disciplinary proceeding, the Exchange may, subject to the requirements set forth herein, impose a fine, not to exceed \$5,000, on any [Options] Participant, or person associated with or employed by ~~aan~~ [Options] Participant, with respect to any Rule violation listed in paragraph (d) and (e) of this Rule. Any fine imposed pursuant to this Rule that (i) does not exceed \$2,500 and (ii) is not contested, shall be reported on a periodic basis, except as may otherwise be required by Rule 19d-1 under the Exchange Act or by any other regulatory authority. The Exchange will proceed under this Rule only for violations that are minor in nature. Any other violation will be addressed pursuant to Rule 12030 or 12040.
- (b) *Notice.* Any person against whom a fine is imposed under this Rule (the "Subject") shall be served with a written statement setting forth (i) the Rule(s) allegedly violated; (ii) the act or omission constituting each such violation; (iii) the fine imposed for each violation; and (iv) the date by which such determination becomes final and such fine must be paid or contested as provided below, which date shall be not less than 25 calendar days after the date of service of such written statement.
- (c) *Review.* A Subject may contest the Exchange's determination by filing with the Office of the Secretary of the Exchange a written answer as provided in Rule 12050 on or before the date such fine must be paid.
- (1) Upon the receipt of an answer by the Exchange the matter becomes subject to review by the Hearing Committee, or a subcommittee thereof consisting of at least three (3) members of the Hearing Committee.
 - (2) The answer must include a request for a hearing, if a hearing is desired. Formal rules of evidence shall not apply to hearings conducted by the Hearing Committee under this Rule. The Hearing Committee shall determine the time and place of the hearing and make all determinations with regard to procedural or evidentiary matters, as well as prescribe the time within which all documents or written materials must be submitted. The regulatory staff and the Subject may present evidence and produce witnesses who shall testify under oath and are subject to being questioned by the Hearing Committee and the other party. No [Options] Participant or person associated with ~~aan~~ [Options] Participant shall refuse to furnish relevant testimony, documentary materials or other information requested

by the Hearing Committee during the course of the hearing. The Subject is entitled to be represented by counsel who may participate fully in the hearing.

- (3) If a hearing is not requested, the review will be based on written submissions and will be conducted in a manner to be determined by the Hearing Committee.
 - (4) If, after a hearing or review based on written submissions, the Hearing Committee determines that the Subject is guilty of the rule violation(s) alleged, the Committee may impose any one or more of the disciplinary sanctions authorized by the Exchange's By-Laws and Rules. Unless the sole disciplinary sanction imposed by the Committee for such rule violation(s) is a fine that is less than the total fine initially imposed by the Exchange for the subject violation(s), the person charged shall pay a forum fee in the amount of \$100 if the determination was reached without a hearing and \$300 if a hearing was conducted.
 - (5) The regulatory staff, the Subject or the Board on its own motion may require a review by the Board of any determination by the Hearing Committee under this Rule by proceeding in the manner described in Rule 12100.
 - (6) In the event that a fine imposed pursuant to this Rule is subsequently upheld by the Hearing Committee or, if applicable, on appeal to the Board, such fine, plus all interest that has accrued thereon since the fine was due and any forum fee imposed pursuant to subparagraph (4) above, shall be immediately payable.
- (d) — through (e) No Change.

(f) Transactions on BSTX. Rules and penalties relating to trading on BSTX that are set forth in Rule 24010 (Penalty for Minor Rule Violations).

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*All text set forth in this Exhibit 5A would be added to the Exchange's rules and therefore underlining of the text is omitted to improve readability.

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EXHIBIT 5A**17000 – GENERAL PROVISIONS OF BSTX****17000. Definitions**

- (a) With respect to the Rules contained in Rule 17000 Series to Rule 29000 Series below, relating to the listing and trading of securities on the Exchange, the following terms shall have the meanings specified in this Rule. A term defined elsewhere in the Exchange Rules shall have the same meaning with respect to this Rule 17000 Series, unless otherwise defined below.
- (1) The term “**Act**” or “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.
 - (2) The term “**adverse action**” means any action taken by the Exchange which affects adversely the rights of any Participant, applicant for membership, or any person associated with a Participant (including the denial of membership and the barring of any person from becoming associated with a Participant) and any prohibition or limitation by the Exchange imposed on any person with respect to access to services offered by the Exchange, or a Participant thereof. This term does not include disciplinary actions for violations of any provision of the Act or the rules and regulations promulgated thereunder, or any provision of the By-Laws or Exchange Rules or any interpretation thereof or resolution or order of the Board or appropriate Exchange committee which has been filed with the Commission pursuant to Section 19(b) of the Act and has become effective thereunder. Review of disciplinary actions is provided for in the Rule 12000 Series of the Exchange Rules.
 - (3) The term “**Affiliate**” means, with respect to any Person, any other Person controlling, controlled by or under common control with, such Person. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise with respect to such Person. A Person is presumed to control any other Person, if that Person: (i) is a director, general partner, or officer exercising executive responsibility (or having similar status or performing similar functions); (ii) directly or indirectly has the right to vote 25 percent or more of a class of voting security or has the power to sell or direct the sale of 25 percent or more of a class of voting securities of the Person; or (iii) in the case of a partnership, has contributed, or has the right to receive upon dissolution, 25 percent or more of the capital of the partnership.
 - (4) The term “**approved person**” means a person (excluding a member, principal executive or employee of a Participant, or governmental entity) who controls a Participant, is engaged in a securities or kindred business that is controlled by a Participant or a Participant’s affiliates, or is a U.S. registered broker-dealer under common control with a Participant. “Governmental entity” means a sovereign nation, state, or territory, or other political subdivision, agency, or instrumentality

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thereof.

- (5) The term “**associated person**” or “**person associated with a Participant**” or “**person associated with a BSTX Participant**” means any partner, officer, director, or branch manager of such Participant (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by, or under common control with such Participant or any employee of such Participant, except that any person associated with a Participant whose functions are solely clerical or ministerial shall not be included in the meaning of such term for purposes of these Rules.
- (6) The term “**bid**” means a limit order to buy one or more securities.
- (7) The term “**broker**” shall have the same meaning as in Section 3(a)(4) of the Act.
- (8) The term “**BSTX**” means the facility of the Exchange for executing transactions in securities.
- (9) The term “**BSTX Market Data Blockchain**” means the private, permissioned blockchain network that records certain order and transaction data related to trading activity on BSTX.
- (10) The term “**BSTX Book**” means the electronic book of orders on each security maintained by the BSTX System.
- (11) The term “**BSTX Operations Center**” refers to the provider of market support for Participants trading on BSTX during the trading day.
- (12) The term “**BSTX Participant**” is a Participant or Options Participant (as defined in the Rule 100 Series) that is authorized to trade securities on the Exchange.
- (13) The term “**BSTX Participation Agreement**” means the agreement to be executed by BSTX Participants to qualify to participate in trading on the BSTX System.
- (14) The term “**BSTX Regulation Center**” means the Exchange’s U.S. based facilities in which, pursuant to procedures established by the Board, Exchange Officials and personnel shall monitor, conduct surveillance of, and regulate the conduct of securities business on BSTX, in order to ensure the maintenance of a fair and orderly market.
- (15) The term “**BSTX System**” means the automated trading system used by BSTX for the trading of securities.
- (16) The term “**Commission**” means the Securities and Exchange Commission.
- (17) The term “**customer**” shall not include a broker or dealer.
- (18) The term “**dealer**” shall have the same meaning as in Section 3(a)(5) of the Act.
- (19) The term “**designated self-regulatory organization**” means a self-regulatory organization, other than the Exchange, designated by the Commission under

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Section 17(d) of the Act to enforce compliance by BSTX Participants with Exchange Rules.

- (20) The term “**Designated Market Maker**” or “**DMM**” refers to a BSTX Participant registered as a DMM pursuant to the Rule 25200 Series.
- (21) The term “**Exchange**” or “**BOX**” means BOX Exchange LLC and its facilities.
- (22) The terms “**FINRA**” or “**NASD**” mean, collectively, Financial Industry Regulatory Authority and its subsidiaries.
- (23) The term “**Market Maker**” means a BSTX Participant that acts as a Market Maker pursuant to Rule 25200 Series.
- (24) NBB, NBO, and NBBO: The term “**NBB**” shall mean the national best bid, the term “**NBO**” shall mean the national best offer, and the term “**NBBO**” shall mean the national best bid or offer, as set forth in Rule 600(b) of Regulation NMS under the Exchange Act.
- (25) The term “**offer**” means a limit order to sell one or more securities.
- (26) The term “**order**” means a firm commitment to buy or sell a security.
- (27) The term “**person**” means any natural person, company, government, or political subdivision, agency, or instrumentality of a government.
- (28) The term “**Pre-Opening Phase**” means the time between 8:30 a.m. and 9:30 a.m. Eastern Time.
- (29) The term “**Regular Trading Hours**” means the time between 9:30 a.m. and 4:00 p.m. Eastern Time.
- (30) The term “**Rules**” means the Exchange By-Laws, the Exchange LLC Agreement, and these Rules of the Exchange, including the Rule 100 to Rule 16000 Series.
- (31) The term “**Security**” means a NMS stock, as defined in Rule 600(b)(47) of the Exchange Act, trading on the BSTX System. References to a “security” or “securities” in the Rules may include Securities, as the context requires.

17010 Applicability

- (a) The Rules contained in Rule 17000 Series to Rule 29000 Series herein are the Exchange Rules applicable to the trading of securities by BSTX Participants approved for such trading, the listing of securities, and other matters relating to trading securities.
- (b) Except to the extent that specific Rules relating to securities govern or unless the context otherwise requires, the provisions of the Exchange Rules shall be applicable to BSTX Participants and to the trading of securities on the BSTX System and, for purposes of their application with respect to BSTX Participants and security trading shall be interpreted in light of the nature of equities trading and the BSTX System, and the fact that securities on the BSTX System shall be traded electronically. To the extent that the

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provisions of the Rules relating to the trading of securities contained in Rule 17000 Series to Rule 29000 Series are inconsistent with any other provisions of the Exchange Rules, the Rules relating to security trading shall control.

17020. BSTX Market Data Blockchain

- (a) *General.* The Exchange will make certain market data related to trading activity occurring on BSTX available through the use of a private, permissioned blockchain.
- (b) *BSTX Market Data Blockchain Addresses.* The Exchange will assign each BSTX Participant a BSTX Blockchain Market Data address that corresponds to the BSTX Participant's trading activity. The Exchange will also issue login credentials to each user (including non-BSTX Participants) through which the user may view the BSTX Market Data Blockchain through an application programming interface.
- (c) *BSTX Market Data Blockchain Information.* The BSTX Market Data Blockchain will allow a user to observe the market data described below related to trading activity on BSTX for Regular Trading Hours.
 - (1) Market Data Specific to a BSTX Participant's Trading Activity. A BSTX Participant may see the following with respect to all orders and messages submitted by the BSTX Participant and any executions of such orders (as applicable):
 - i. Symbol, side (buy/sell), limit price, quantity, time-in-force
 - ii. Order type (e.g., limit order, ISO)
 - iii. Order capacity (principal/agent)
 - iv. Short/long sale order marking
 - v. Message type (e.g., order, modification, cancellation)
 - (2) Anonymized Market Data Relating to All Trading Activity on BSTX. A BSTX Participant or non-BSTX Participant may see the following with respect to all trading activity occurring on BSTX:
 - i. In an anonymized format, all displayed orders, modifications, cancellations, and executions occurring on BSTX (*i.e.*, the user may see the symbol, side (buy/sell), limit price, quantity, and message type).
 - ii. Administrative data and other information from the Exchange.
 - (3) The information available on the BSTX Market Data Blockchain does not act as a substitute for any recordkeeping obligations of a BSTX Participant.
- (d) *Periodic Audit of the BSTX Market Data Blockchain.* The Exchange shall audit the BSTX Market Data Blockchain periodically, but in no case less than bi-annually, to ensure that that the BSTX Market Data Blockchain accurately captures order and transaction data on BSTX.

EXHIBIT 5A**18000 – PARTICIPATION ON BSTX****18000 BSTX Participation**

- (a) These Rules establish a new category of Exchange member participation called “BSTX Participant.” Only BSTX Participants may transact business on the BSTX System. BSTX Participants may trade securities for their own proprietary accounts or, if authorized to do so under applicable law, and consistent with these Rules and with applicable law and SEC rules and regulations, may conduct business on behalf of customers.
- (b) A prospective BSTX Participant must:
 - (1) Complete a BSTX Participant Application, BSTX Participant Agreement, and BSTX User Agreement in the form prescribed by the Exchange;
 - (2) Be an existing Participant or Options Participant or become a Participant or Options Participant of the Exchange, pursuant to the Rule 2000 Series, and continue to abide by all applicable requirements of the Rule 2000 Series;
 - (3) Provide such other information as required by the Exchange.
- (c) Upon completion of the application, the Exchange, or person(s) designated by the Exchange (“designee”) shall consider whether to approve the application, unless there is just cause for delay. In its consideration process, the Exchange may conduct such investigation as it deems appropriate and may take such steps as it deems necessary to confirm the information provided by the applicant. Within thirty (30) days after the Exchange or its designee has completed its consideration of an application, it shall provide written notice of the action of the Exchange, specifying in the case of disapproval of an application the grounds therefore.
- (d) BSTX Participant status cannot be leased or transferred except in the event of a change in control or corporate reorganization involving a BSTX Participant. In such a case, BSTX Participant status may be transferred to a qualified affiliate or successor upon written notice to the Exchange or its designee.

18010. Requirements for BSTX Participants

- (a) *Organization.* BSTX Participants may be corporations, partnerships, limited liability companies or sole proprietorships organized under the laws of a jurisdiction of the United States, or such other jurisdictions as the Exchange may approve.
- (b) *General Requirements.* No registered broker or dealer shall be admitted as, or be entitled to continue as, a BSTX Participant if such broker or dealer:
 - (1) fails to comply with either the financial responsibility requirements established by Rule 15c3-1 under the Act, or such other financial responsibility and operational capability requirements as may be established by the Rules;

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- (2) fails to adhere to Rules relating to the maintenance of books and records or those rules of other self-regulatory organizations of which such broker or dealer is or was a member/participant;
- (3) fails to demonstrate to the Exchange adequate systems capability, capacity, integrity, and security necessary to conduct business on the Exchange;
- (4) is not a member/participant of a registered clearing agency, or does not clear security transactions executed on the Exchange through another BSTX Participant that is a member/participant of a registered clearing agency;
- (5) is subject to any unsatisfied liens, judgments, or unsubordinated creditor claims of a material nature, which, in the absence of a reasonable explanation therefor, remain outstanding for more than six months;
- (6) has been subject to any bankruptcy proceeding, receivership, or arrangement for the benefit of creditors within the past three years; or
- (7) has engaged in an established pattern of failure to pay just debts or has defaulted, without a reasonable explanation, on an obligation to a self-regulatory organization, or any member/participant of a self-regulatory organization.

18020. Persons Associated with BSTX Participants

Associated persons of a BSTX Participant shall be bound by the Exchange Rules. The Exchange may discipline, suspend or terminate the registration with the Exchange of any person associated with a BSTX Participant for violation of the Rules of the Exchange.

19000 – BUSINESS CONDUCT FOR BSTX PARTICIPANTS**19000. Just and Equitable Principles of Trade**

No BSTX Participant shall engage in acts or practices inconsistent with just and equitable principles of trade. Persons associated with Participants shall have the same duties and obligations as Participants under this Rule 19000 Series.

19010. Adherence to Law

No BSTX Participant shall engage in conduct in violation of the Rules, the Exchange Act or the rules or regulations thereunder, or any policy or written interpretation of the Rules by the Board or an appropriate Board committee. Every BSTX Participant shall so supervise persons associated with the BSTX Participant as to assure compliance with those requirements.

19020. Use of Fraudulent Devices

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No BSTX Participant shall effect any transaction in, or induce the purchase or sale of, any security by means of any manipulative, deceptive, or other fraudulent device or contrivance.

19030. False Statements

No BSTX Participant or applicant for membership, or person associated with a BSTX Participant or applicant for membership, shall make any false statements or misrepresentations in any application, report or other communication to the Exchange. No BSTX Participant or person associated with a BSTX Participant shall make any false statement or misrepresentation to any Exchange committee, officer, the Board or the BSTX Participant's designated examining authority pursuant to Section 17(d) of the Exchange Act in connection with any matter within the jurisdiction of the Exchange.

19040. Know Your Customer

BSTX Participants shall comply with FINRA Rule 2090 as if such rule were part of the Exchange Rules.

19050. Fair Dealing with Customers

All BSTX Participants have a fundamental responsibility for fair dealing with their customers. BSTX Participants who handle customer orders on the Exchange shall establish and enforce objective standards to ensure queuing and executing of customer orders in a fair and equitable manner. Practices that do not represent fair dealing include, but are not limited to, the following:

- (a) Recommending speculative securities to customers without knowledge of or an attempt to obtain information concerning the customers' other securities holdings, their financial situation, and other necessary data. This prohibition has particular application to high pressure telephonic sales campaigns;
- (b) Excessive activity in customer accounts (churning or overtrading) in relation to the objectives and financial situation of the customer;
- (c) Establishment of fictitious accounts in order to execute transactions which otherwise would be prohibited or which are contrary to the BSTX Participant's policies;
- (d) Causing the execution of transactions which are unauthorized by customers or the sending of confirmations in order to cause customers to accept transactions not actually agreed upon;
- (e) Unauthorized use or borrowing of customer funds or securities; and
- (f) Recommending the purchase of securities or the continuing purchase of securities in amounts which are inconsistent with the reasonable expectation that the customer has the financial ability to meet such a commitment.

EXHIBIT 5A**19060. Suitability**

- (a) BSTX Participants and associated persons of BSTX Participants shall comply with FINRA Rule 2111 as if such rule were part of the Exchange Rules.
- (b) For purposes of this Exchange Rule:
 - (1) References to FINRA Rules 2111 and 4512 shall be construed as references to Exchange Rules 19060 and 20040, respectively;
 - (2) References to “FINRA’s rules” shall be construed as references to “Exchange Rules”;
 - (3) References to FINRA Rule 2214 shall be disregarded, and no comparable Exchange Rule shall apply to activities of BSTX Participants in connection with investment analysis tools.

19070. The Prompt Receipt and Delivery of Securities

- (a) *Purchases.* No BSTX Participant may accept a customer’s purchase order for any security until it has first ascertained that the customer placing the order or its agent agrees to receive securities against payment in an amount equal to any execution, even though such an execution may represent the purchase of only a part of a larger order.
- (b) *Sales.* Sales. No BSTX Participant shall execute a sale order for any customer or for its own account in any security unless such sale complies with the applicable provisions of the Act, including Regulation SHO.

19080. Charges for Services Performed

Charges, if any, for services performed, including, but not limited to, miscellaneous services such as collection of monies due for principal, dividends, or interest; exchange or transfer of securities; appraisals, safe-keeping or custody of securities, and other services shall be reasonable and not unfairly discriminatory among customers.

19090. Use of Information Obtained in Fiduciary Capacity

A BSTX Participant who, in the capacity of paying agent, transfer agent, trustee, or in any other similar capacity, has received information as to the ownership of securities, shall under no circumstances make use of such information for the purpose of soliciting purchases, sales or exchanges except at the request and on behalf of the issuer.

19100. Publication of Transactions and Quotations

No BSTX Participant shall publish or circulate, or cause to be published or circulated, any notice, circular, advertisement, newspaper article, investment service, or communication of any kind which purports to report any transaction as a purchase or sale of any security unless such BSTX Participant believes that such transaction was a bona

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fide purchase or sale of such security; or which purports to quote the bid price or asked price for any security, unless such BSTX Participant believes that such quotation represents a bona fide bid for, or offer of, such security.

19110. Offers at Stated Prices

No BSTX Participant shall make an offer to buy from or sell to any person any security at a stated price unless such BSTX Participant is prepared to purchase or sell, as the case may be, at such price and under such conditions as are stated at the time of such offer to buy or sell.

19120. Payments Involving Publications that Influence the Market Price of a Security

- (a) Except as provided in paragraph (b), no BSTX Participant shall directly or indirectly, give, permit to be given, or offer to give anything of value to any person, or intimidate any person for the purpose of influencing or rewarding the action of such person in connection with the publication or circulation in any electronic or other public media, including any investment service or similar publication, website, newspaper, magazine or other periodical, radio, or television program of any matter which has, or is intended to have, an effect upon the market price of any security;
- (b) The prohibitions in paragraph (a) shall not apply to compensation paid to a person in connection with the publication or circulation of:
 - (1) a communication that is clearly distinguishable as paid advertising;
 - (2) a communication that discloses the receipt of compensation and the amount thereof in accordance with Section 17(b) of the Securities Act; or
 - (3) a research report, as that term is defined in FINRA Rule 2241.

19130. Customer Confirmations

A BSTX Participant, at or before the completion of each transaction with a customer, shall give or send to such customer such written notification or confirmation of the transaction as is required by Exchange Act Rule 10b-10.

19140. Disclosure of Control Relationship with Issuer

A BSTX Participant controlled by, controlling, or under common control with, the issuer of any security, shall, before entering into any contract with or for a customer for the purchase or sale of such security, disclose to such customer the existence of such control, and if such disclosure is not made in writing, it shall be supplemented by the giving or sending of written disclosure at or before the completion of the transaction.

19150. Discretionary Accounts

- (a) Excessive Transactions. No BSTX Participant shall effect with or for any customer's account in respect to which such BSTX Participant or its agent or employee is vested

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with any discretionary power any transactions of purchase or sale which are excessive in size or frequency in view of the financial resources and character of such account.

- (b) Authorization and Acceptance of Account. No BSTX Participant or associated person of a BSTX Participant shall exercise any discretionary power in a customer's account unless such customer has given prior written authorization to a stated individual or individuals and the account has been accepted by the BSTX Participant, as evidenced in writing by the BSTX Participant or the partner, officer or manager, duly designated by the BSTX Participant.
- (c) Approval and Review of Transactions. The BSTX Participant, or the person duly designated, shall approve promptly in writing each discretionary order entered and shall review all discretionary accounts at frequent intervals in order to detect and prevent transactions which are excessive in size or frequency in view of the financial resources and character of the account.
- (d) Exception. This Rule shall not apply to an order by a customer for the purchase or sale of a definite amount of a specified security which order gives the BSTX Participant discretion only over the time and price of execution.

19160. Improper Use of Customers' Securities or Funds and Prohibition against Guarantees and Sharing in Accounts

- (a) Improper Use. No BSTX Participant or person associated with a BSTX Participant shall make improper use of a customer's securities or funds.
- (b) Prohibition against Guarantees. No BSTX Participant or person associated with a BSTX Participant shall guarantee a customer against loss in connection with any securities transaction or in any securities account of such customer.

19170. Sharing in Accounts; Extent Permissible

- (a) Except as provided in paragraph (c), no BSTX Participant or person associated with a BSTX Participant shall share directly or indirectly in the profits or losses in any account of a customer carried by the BSTX Participant or any other BSTX Participant; provided, however, that a BSTX Participant or person associated with a BSTX Participant may share in the profits or losses in such an account if:
 - (1) such person associated with a BSTX Participant obtains prior written authorization from the BSTX Participant employing the associated person;
 - (2) such BSTX Participant or person associated with a BSTX Participant obtains prior written authorization from the customer; and
 - (3) such BSTX Participant or person associated with a BSTX Participant shares in the profits or losses in any account of such customer only in direct proportion to the financial contributions made to such account by either the BSTX Participant or person associated with a BSTX Participant.

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- (b) Exempt from the direct proportionate share limitation of paragraph (a)(3) are accounts of the immediate family of such BSTX Participant or person associated with a BSTX Participant. For purposes of this Rule, the term "immediate family" shall include parents, mother-in-law or father-in-law, husband or wife, children or any relative to whose support the Participant or person associated with a BSTX Participant otherwise contributes directly or indirectly.
- (c) Notwithstanding the prohibition of paragraph (a), a BSTX Participant or person associated with a BSTX Participant that is acting as an investment adviser may receive compensation based on a share in profits or gains in an account if:
 - (1) such person associated with a BSTX Participant seeking such compensation obtains prior written authorization from the BSTX Participant employing the associated person;
 - (2) such BSTX Participant or person associated with a Participant seeking such compensation obtains prior written authorization from the customer; and
 - (3) all of the conditions in Rule 205-3 of the Investment Advisers Act of 1940 (as the same may be amended from time to time) are satisfied.

19180. Communications with the Public

BSTX Participants and persons associated with a BSTX Participant shall comply with FINRA Rule 2210 (except FINRA Rule 2210(c)) as if such FINRA Rule were part of the Exchange Rules. The Exchange and FINRA are parties to an agreement the pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, BSTX Participants are complying with this Exchange Rule 19180 by complying with FINRA Rule 2210 as written. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under this Exchange Rule 19180 are being performed by FINRA on the Exchange's behalf.

19190. Influencing or Rewarding Employees of Others; Gratuities

- (a) No BSTX Participant or person associated with a BSTX Participant shall, directly or indirectly, give or permit to be given anything of value, including gratuities, in excess of one hundred dollars per individual per year to any person, principal, proprietor, employee, agent, or representative of another person where such payment or gratuity is in relation to the business of the employer of the recipient of the payment or gratuity. A gift of any kind is considered a gratuity.
- (b) This Rule shall not apply to contracts of employment with or to compensation for services rendered by persons enumerated in paragraph (a) provided that there is in existence prior to the time of employment or before the services are rendered, a written agreement between the BSTX Participant and the person who is to be employed to perform such services. Such agreement shall include the nature of the proposed employment, the amount of the proposed compensation, and the written consent of such person's employer or principal.

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- (c) A separate record of all payments or gratuities in any amount known to the BSTX Participant, the employment agreement referred to in paragraph (b) and any employment compensation paid as a result thereof shall be retained by the BSTX Participant for the period specified by Rule 17a-4 of the Act.

19200. Telemarketing

BSTX Participants and persons associated with a BSTX Participant shall comply with FINRA Rule 3230 as if such rule were part of the Exchange's Rules.

19210. Mandatory Systems Testing

BSTX Participants shall comply with Exchange Rule 3180 (Mandatory Systems Testing).

19220. Short Interest Reporting

To the extent such information is not otherwise reported to FINRA in conformance with FINRA Rule 4560, BSTX Participants shall comply with FINRA Rule 4560, with respect to securities listed on BSTX, as if such rule were part of BSTX's Rules.

Information required to be reported pursuant to this Rule shall be reported to the Exchange in the form and manner specified by the Exchange.

20000 – FINANCIAL AND OPERATIONAL RULES FOR BSTX PARTICIPANTS**20000. Maintenance, Retention and Furnishing of Books, Records and Other Information**

- (a) BSTX Participants shall comply with the requirements of Exchange Rule 10000 (Maintenance, Retention and Furnishing of Books, Records, and Other Information).
- (b) BSTX Participants shall submit to the Exchange such Exchange-related order, market and transaction data as the Exchange by Information Circular may specify, in such form and on such schedule as the Exchange may require.
- (c) BSTX Participants and persons associated with a BSTX Participant shall comply with FINRA Rule 4511 as if such rule were part of the Exchange's Rules. For purposes of this BSTX Rule, references to "FINRA rules" shall be construed as references to "BSTX Rules" and references to "FINRA books and records" shall be construed as references to "BSTX books and records."

20010. Financial Reports

BSTX Participants shall comply with the requirements of Exchange Rule 10020 (Financial Reports).

20020. Capital Compliance

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Each BSTX Participant subject to Rule 15c3-1 under the Exchange Act shall comply with the capital requirements prescribed therein and with the additional requirements of this Rule 20000 Series.

20030. “Early Warning” Notification Requirements

Every BSTX Participant subject to the reporting or notification requirements of Rule 17a-11 under the Exchange Act or the “early warning” reporting, business restriction or business reduction requirements of another national securities exchange, registered securities association or registered securities clearing organization shall promptly notify the Exchange in writing and shall thereafter file with the Exchange such reports and financial statements as may be required by the Exchange.

20040. Power of CRO to Impose Restrictions

Whenever it shall appear to the Chief Regulatory Officer of the Exchange that a BSTX Participant obligated to give notice to the Exchange under Rule 20030 is unable within a reasonable period to reduce the ratio of its aggregate indebtedness to net capital, or to increase its net capital, to a point where it is no longer subject to such notification obligations, or that such BSTX Participant is engaging in any activity which casts doubt upon its continued compliance with the net capital requirements, the Chief Regulatory Officer may impose such conditions and restrictions upon the operations, business and expansion of such BSTX Participant and may require the submission of, and adherence to, such plan or program for the correction of such situation as he determines to be necessary or appropriate for the protection of investors, other BSTX Participants and the Exchange.

20050. Margin

- (a) A BSTX Participant shall not effect a securities transaction through the Exchange in a manner contrary to the regulations of the Board of Governors of the Federal Reserve System.
- (b) The margin which must be maintained in margin accounts of customers shall be as follows:
 - (1) 25% of the current market value of all securities “long” in the account; plus
 - (2) \$2.50 per share or 100% of the current market value, whichever amount is greater, of each security “short” in the account selling at less than \$5.00 per share; plus
 - (3) \$5.00 per share or 30% of the current market value, whichever amount is greater, of each security “short” in the account selling at \$5.00 per share or above; plus
 - (4) 5% of the principal amount or 30% of the current market value, whichever amount is greater, of each bond “short” in the account.

EXHIBIT 5A**20060. Day Trading Margin**

- (a) The term “day trading” means the purchasing and selling of the same security on the same day. A “day trader” is any customer whose trading shows a pattern of day trading.
- (b) Whenever day trading occurs in a customer’s margin account the margin to be maintained shall be the margin on the “long” or “short” transaction, whichever occurred first, as required pursuant to Exchange Rule 20050. When day trading occurs in the account of a day trader, the margin to be maintained shall be the margin on the “long” or “short” transaction, whichever occurred first, as required for initial margin by Regulation T of the Board of Governors of the Federal Reserve System, or as required pursuant to Exchange Rule 20050, whichever amount is greater.
- (c) No BSTX Participant shall permit a public customer to make a practice, directly or indirectly, of effecting transactions in a cash account where the cost of securities purchased is met by the sale of the same securities. No BSTX Participant shall permit a public customer to make a practice of selling securities with them in a cash account which are to be received against payment from another registered broker or dealer where such securities were purchased and are not yet paid for.

20070. Customer Account Information

BSTX Participants and persons associated with a BSTX Participant shall comply with FINRA Rule 4512 as if such rule were part of the Exchange’s Rules.

- (a) For purposes of this Exchange Rule:
 - (1) References to NASD 2510 (or any successor FINRA rule) shall be construed as references to Exchange Rule 19150;
 - (2) References to FINRA Rules 2070, 2090, and 4512 shall be construed as references to Exchange Rules 22030, 19040, and 20070, respectively;
 - (3) References to “a prior FINRA rule” shall be construed as references to “a FINRA rule in effect prior to the effectiveness of FINRA Rule 4512”;
 - (4) The Exchange and FINRA are parties to an agreement pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, BSTX Participants are complying with Exchange Rule 20070 by complying with FINRA Rule 4512 as written, including, for example, providing information required by FINRA staff. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under Exchange Rule 20070 are being performed by FINRA on behalf of the Exchange.

20080. Record of Written Customer Complaints

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BSTX Participants and persons associated with a BSTX Participant shall comply with FINRA Rule 4513 as if such rule were part of the Exchange's Rules.

20090. Disclosure of Financial Condition

- (a) A BSTX Participant shall make available to inspection by any bona fide regular customer, upon request, the information relative to such BSTX Participant's financial condition as disclosed in its most recent balance sheet prepared either in accordance with such BSTX Participant's usual practice or as required by any state or federal securities laws, or any rule or regulation thereunder. In lieu of making such balance sheet available to inspection, a BSTX Participant may deliver the balance sheet to the requesting bona fide regular customer in paper or electronic form; provided that, with respect to electronic delivery, the customer must consent to receive the balance sheet in electronic form.
- (b) Any BSTX Participant who is a party to an open transaction or who has on deposit cash or securities of another BSTX Participant shall deliver upon written request of the other BSTX Participant, in paper or electronic form, a statement of its financial condition as disclosed in its most recent balance sheet prepared either in accordance with such BSTX Participant's usual practice or as required by any state or federal securities laws, or any rule or regulation thereunder.
- (c) As used in paragraph (a) of this Exchange Rule 20090, the term "customer" means any person who, in the regular course of such BSTX Participant's business, has cash or securities in the possession of such BSTX Participant.

21000 – SUPERVISION**21000. Written Procedures**

Each BSTX Participant shall establish, maintain and enforce written procedures which will enable it to supervise properly the activities of associated persons of the BSTX Participant and to assure their compliance with applicable securities laws, rules, regulations and statements of policy promulgated thereunder, with the rules of the designated self-regulatory organization, where appropriate, and with Exchange Rules.

21010. Responsibility of BSTX Participants

Final responsibility for proper supervision shall rest with the BSTX Participant. The BSTX Participant shall designate a partner, officer or manager in each office of supervisory jurisdiction, including the main office, to carry out the written supervisory procedures. A copy of such procedures shall be kept in each such office.

21020. Records

Each BSTX Participant shall be responsible for making and keeping appropriate records for carrying out the BSTX Participant's supervisory procedures.

EXHIBIT 5A**21030. Review of Activities**

Each BSTX Participant shall review the activities of each office, which shall include the periodic examination of customer accounts to detect and prevent irregularities or abuses.

21040. Prevention of the Misuse of Material, Non-Public Information

- (a) Each BSTX Participant must establish, maintain and enforce written procedures reasonably designed, taking into consideration the nature of such BSTX Participant's business, to prevent the misuse of material, nonpublic information by such BSTX Participant or persons associated with such BSTX Participant. BSTX Participants for whom the Exchange is the Designated Examining Authority ("DEA") that are required to file SEC form X-17A-5 with the Exchange on an annual or more frequent basis must file contemporaneously with the submission for the calendar year end Insider Trading and Securities Fraud Enforcement Act of 1988 ("ITSFEA") compliance acknowledgements stating that the procedures mandated by this Rule have been established, enforced and maintained. Any BSTX Participant or associated person of a BSTX Participant who becomes aware of a possible misuse of material, non-public information must notify the Exchange's Surveillance Department.
- (b) For purposes of this Rule, conduct constituting the misuse of material, non-public information includes, but is not limited to, the following:
 - (1) Trading in any securities issued by a corporation, or in any related securities or related options or other derivative securities, while in possession of material, non-public information concerning that issuer; or
 - (2) Trading in a security or related options or other derivative securities, while in possession of material non-public information concerning imminent transactions in the security or related securities; or
 - (3) Disclosing to another person or entity any material, non-public information involving a corporation whose shares are publicly traded or an imminent transaction in an underlying security or related securities for the purpose of facilitating the possible misuse of such material, non-public information.
- (c) This Rule provides that, at a minimum, each BSTX Participant establish, maintain, and enforce the following policies and procedures:
 - (1) All associated persons of the BSTX Participant must be advised in writing of the prohibition against the misuse of material, non-public information;
 - (2) All associated persons of the BSTX Participant must sign attestations affirming their awareness of, and agreement to abide by the aforementioned prohibitions. These signed attestations must be maintained for at least three years, the first two years in an easily accessible place;

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- (3) Each BSTX Participant must receive and retain copies of trade confirmations and monthly account statements for each account in which an associated person has a direct or indirect financial interest or makes investment decisions. The activity in such brokerage accounts should be reviewed at least quarterly by the BSTX Participant for the purpose of detecting the possible misuse of material, non-public information; and
- (4) All associated persons must disclose to the BSTX Participant whether they, or any person in whose account they have a direct or indirect financial interest, or make investment decisions, are an officer, director or 10% shareholder in a company whose shares are publicly traded. Any transaction in the stock (or option thereon) of such company shall be reviewed to determine whether the transaction may have involved a misuse of material non-public information.

Maintenance of the foregoing policies and procedures will not, in all cases, satisfy the requirements and intent of this Rule; the adequacy of each BSTX Participant's policies and procedures will depend upon the nature of such BSTX Participant's business.

21050. Anti-Money Laundering Compliance Program

BSTX Participants shall comply with the requirements of Exchange Rule 10070 (Anti-Money Laundering Compliance Program).

22000 – MISCELLANEOUS PROVISIONS**22000. Comparison and Settlement Requirements**

- (a) Every BSTX Participant who is a member of a registered clearing agency shall implement comparison and settlement procedures as may be required under the rules of such entity.
- (b) For purposes of this Rule, a registered clearing agency shall mean a clearing agency (as defined in the Exchange Act) which has agreed to supply the Exchange with data reasonably requested in order to permit the Exchange to enforce compliance by BSTX Participants with the provisions of the Exchange Act, the rules and regulations thereunder, and the rules of the Exchange.
- (c) Anything contained in paragraph (a) to the contrary notwithstanding, the Board may extend or postpone the time of the delivery of a BSTX transaction whenever, in its opinion, such action is called for by the public interest, by just and equitable principles of trade or by the need to meet unusual conditions. In such case, delivery shall be effected at such time, place and manner as directed by the Board.

22010. Failure to Deliver and Failure to Receive

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- (a) Borrowing and deliveries shall be effected in accordance with Rule 203 of Regulation SHO, under the Exchange Act. The Exchange incorporates by reference Rules 200 and 203 of Regulation SHO, to this Rule 22020, as if they were fully set forth herein

22020. Forwarding of Proxy and Other Issuer-Related Materials; Proxy Voting

- (a) A BSTX Participant when so requested by an issuer and upon being furnished with: (1) sufficient copies of proxy material, annual reports, information statements or other material required by law to be sent to security holders periodically, and (2) satisfactory assurance that it will be reimbursed by such issuer for all out-of-pocket expenses, including reasonable clerical expenses, shall transmit promptly to each beneficial owner of securities (or the beneficial owner's designated investment adviser) of such issuer which are in its possession and control and registered in a name other than the name of the beneficial owner all such material furnished. In the event of a proxy solicitation, such material shall include a signed proxy indicating the number of shares held for such beneficial owner and bearing a symbol identifying the proxy with proxy records maintained by the BSTX Participant, and a letter informing the beneficial owner (or the beneficial owner's designated investment adviser) of the time limit and necessity for completing the proxy form and forwarding it to the person soliciting proxies prior to the expiration of the time limit in order for the shares to be represented at the meeting. A BSTX Participant shall furnish a copy of the symbols to the person soliciting the proxies and shall also retain a copy thereof pursuant to the provisions of Exchange Act Rule 17a-4. This paragraph shall not apply to beneficial owners residing outside of the United States of America though BSTX Participants may voluntarily comply with the provisions hereof in respect of such persons if they so desire.
- (b) No BSTX Participant shall give a proxy to vote stock that is registered in its name, unless: (i) such BSTX Participant is the beneficial owner of such stock; (ii) such proxy is given pursuant to the written instructions of the beneficial owner; or (iii) such proxy is given pursuant to the rules of any national securities exchange or association of which it is a member provided that the records of the BSTX Participant clearly indicate the procedure it is following.
- (c) Notwithstanding the foregoing, a BSTX Participant that is not the beneficial owner of a security registered under Section 12 of the Exchange Act is prohibited from granting a proxy to vote the security in connection with a shareholder vote on the election of a member of the board of directors of an issuer (except for a vote with respect to uncontested election of a member of the board of directors of any investment company registered under the Investment Company Act of 1940), executive compensation, or any other significant matter, as determined by the Commission, by rule, unless the beneficial owner of the security has instructed the BSTX Participant to vote the proxy in accordance with the voting instructions of the beneficial owner.
- (d) Notwithstanding the foregoing, a BSTX Participant may give a proxy to vote any stock registered in its name if such BSTX Participant holds such stock as executor,

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administrator, guardian, trustee, or in a similar representative or fiduciary capacity with authority to vote. A BSTX Participant that has in its possession or within its control stock registered in the name of another BSTX Participant and that desires to transmit signed proxies pursuant to the provisions of paragraph (a) of this Rule, shall obtain the requisite number of signed proxies from such holder of record. Notwithstanding the foregoing: (1) any BSTX Participant designated by a named Employee Retirement Income Security Act of 1974 (as amended) (“ERISA”) Plan fiduciary as the investment manager of stock held as assets of the ERISA Plan may vote the proxies in accordance with the ERISA Plan fiduciary responsibilities if the ERISA Plan expressly grants discretion to the investment manager to manage, acquire, or dispose of any plan asset and has not expressly reserved the proxy voting right for the named ERISA Plan fiduciary; and (2) any designated investment adviser may vote such proxies.

- (e) For purposes of this Rule, the term “designated investment adviser” is a person registered under the Investment Advisers Act of 1940, or registered as an investment adviser under the laws of a state, who exercises investment discretion pursuant to an advisory contract for the beneficial owner and is designated in writing by the beneficial owner to receive proxy and related materials and vote the proxy, and to receive annual reports and other material sent to security holders.
- (f) For purposes of this Rule, the term “state” shall have the meaning given to such term in Section 202(a)(19) of the Investment Advisers Act of 1940 (as the same may be amended from time to time).
- (g) The written designation must be signed by the beneficial owner; be addressed to the BSTX Participant; and include the name of the designated investment adviser.
- (h) BSTX Participants that receive such a written designation from a beneficial owner must ensure that the designated investment adviser is registered with the SEC pursuant to the Investment Advisers Act, or with a state as an investment adviser under the laws of such state, and that the investment adviser is exercising investment discretion over the customer’s account pursuant to an advisory contract to vote proxies and/or to receive proxy soliciting material, annual reports and other material. BSTX Participants must keep records substantiating this information.
- (i) Beneficial owners have an unqualified right at any time to rescind designation of the investment adviser to receive materials and to vote proxies. The rescission must be in writing and submitted to the BSTX Participant.

22030. Commissions

Nothing in the Exchange Rules or the Exchange practices shall be construed to require, authorize or permit any BSTX Participant, or any person associated with a BSTX Participant, to agree or arrange, directly or indirectly, for the charging of fixed rates of commission for transactions effected on, or effected by the use of the facilities of, the Exchange.

EXHIBIT 5A**22040. Regulatory Services Agreements**

The Exchange may enter into one or more agreements with another self-regulatory organization to provide regulatory services to the Exchange to assist the Exchange in discharging its obligations under Section 6 and Section 19(g) of the Exchange Act. Any action taken by another self-regulatory organization, or its employees or authorized agents, acting on behalf of the Exchange pursuant to a regulatory services agreement shall be deemed to be an action taken by the Exchange; provided, however, that nothing in this provision shall affect the oversight of such other self-regulatory organization by the Commission. Notwithstanding the fact that the Exchange may enter into one or more regulatory services agreements, the Exchange shall retain ultimate legal responsibility for, and control of, its self-regulatory responsibilities, and any such regulatory services agreement shall so provide.

22050. Transactions Involving Exchange Employees

- (a) When a BSTX Participant has actual notice that an Exchange employee has a financial interest in, or controls trading in, an account, the BSTX Participant shall promptly obtain and implement an instruction from the employee directing that duplicate account statements be provided by the BSTX Participant to the Exchange.
- (b) No BSTX Participant shall directly or indirectly make any loan of money or securities to any Exchange employee. Provided, however, that this prohibition does not apply to loans made in the context of disclosed, routine banking and brokerage agreements, or loans that are clearly motivated by a personal or family relationship.
- (c) Notwithstanding the annual dollar limitation set forth in Rule 19200, no BSTX Participant shall directly or indirectly give, or permit to be given, anything of more than nominal value to any BOX employee who has responsibility for a regulatory matter that involves the BSTX Participant. For purposes of this subsection, the term “regulatory matter” includes, but is not limited to, examinations, disciplinary proceedings, membership applications, listing applications, delisting proceedings, and dispute-resolution proceedings that involve the BSTX Participant.

22060. Data Products

- (a) BSTX Depth-of-Book. BSTX Depth-of-Book is a data feed that contains all displayed orders for securities trading on the Exchange, order executions, order cancellations, order modifications, order identification numbers, administrative messages, and auction information disseminated pursuant to Rule 25040 (Auctions).
- (b) BSTX Top-of-Book. BSTX Top-of-Book is an uncompressed data feed that offers top of book quotations and execution information based on orders entered into the BSTX System as well as auction information disseminated pursuant to Rule 25040 (Auctions).

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- (c) BSTX Last Sale. BSTX Last Sale is an uncompressed data feed that offers only execution information based on orders entered into the BSTX System.
- (d) BSTX Market Data Blockchain. The BSTX Market Data Blockchain provides historical market data with respect to trading on the BSTX System, as set forth in Rule 17020.

22070. Off-Exchange Transactions

- (a) No rule, stated policy, or practice of this Exchange shall prohibit or condition, or be construed to prohibit or condition, or otherwise limit, directly or indirectly, the ability of any BSTX Participant acting as agent to effect any transaction otherwise than on this Exchange with another person (except when such BSTX Participant also is acting as agent for such other person in such transaction) in any equity security listed on this Exchange or to which unlisted trading privileges on this Exchange have been extended.
- (b) No rule, stated policy or practice of this Exchange shall prohibit or condition, or be construed to prohibit or condition or otherwise limit, directly or indirectly, the ability of any BSTX Participant to effect any transaction otherwise than on this Exchange with another person in any security listed on this Exchange or to which unlisted trading privileges on this Exchange have been extended.

23000 – TRADING PRACTICE RULES**23000. Market Manipulation**

No BSTX Participant shall execute or cause to be executed or participate in an account for which there are executed purchases of any security at successively higher prices, or sales of any security at successively lower prices, or otherwise engage in activity, for the purpose of creating or inducing a false, misleading or artificial appearance of activity in such security on the Exchange or for the purpose of unduly or improperly influencing the market price for such security or for the purpose of establishing a price which does not reflect the true state of the market in such security.

23010. Fictitious Transactions

No BSTX Participant, for the purpose of creating or inducing a false or misleading appearance of activity in a security traded on the Exchange or creating or inducing a false or misleading appearance with respect to the market in such security shall:

- (1) execute any transaction in such security which involves no change in the beneficial ownership thereof, or
- (2) enter any order or orders for the purchase of such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the sale of such security, has been or will be entered by or for the same or different parties, or

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- (3) enter any order or orders for the sale of any such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the purchase of such security, has been or will be entered by or for the same or different parties.

23020. Excessive Sales by a BSTX Participant

No BSTX Participant shall execute purchases or sales in any security traded on the Exchange for any account in which such BSTX Participant is directly or indirectly interested, which purchases or sales are excessive in view of the BSTX Participant's financial resources or in view of the market for such security.

23030. Manipulative Transactions

- (a) No BSTX Participant shall participate or have any interest, directly or indirectly, in the profits of a manipulative operation or knowingly manage or finance a manipulative operation.
- (b) Any pool, syndicate or joint account organized or used intentionally for the purpose of unfairly influencing the market price of a security shall be deemed to be a manipulative operation.
- (c) The solicitation of subscriptions to or the acceptance of discretionary orders from any such pool, syndicate or joint account shall be deemed to be managing a manipulative operation.
- (d) The carrying on margin of a position in such security or the advancing of credit through loans to any such pool, syndicate or joint account shall be deemed to be financing a manipulative operation.

23040. Dissemination of False Information

Consistent with Exchange Rule 3080 (Rumors), no BSTX Participant shall make any statement or circulate and disseminate any information concerning any security traded on the Exchange which such BSTX Participant knows or has reasonable grounds for believing is false or misleading or would improperly influence the market price of such security.

23050. Prohibition against Trading Ahead of Customer Orders

- (a) Except as provided herein, a BSTX Participant that accepts and holds an order in an security from its own customer or a customer of another broker-dealer without immediately executing the order is prohibited from trading that security on the same side of the market for its own account at a price that would satisfy the customer order, unless it immediately thereafter executes the customer order up to the size and at the same or better price at which it traded for its own account.

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- (b) A BSTX Participant must have a written methodology in place governing the execution and priority of all pending orders that is consistent with the requirements of this Rule. A BSTX Participant also must ensure that this methodology is consistently applied.
- (c) *Large Orders and Institutional Account Exceptions.* With respect to orders for customer accounts that meet the definition of an “institutional account” or for orders of 10,000 shares or more (unless such orders are less than \$100,000 in value), a BSTX Participant is permitted to trade a security on the same side of the market for its own account at a price that would satisfy such customer order, provided that the BSTX Participant has provided clear and comprehensive written disclosure to such customer at account opening and annually thereafter that:
- (1) discloses that the BSTX Participant may trade proprietarily at prices that would satisfy the customer order, and
 - (2) provides the customer with a meaningful opportunity to opt in to the Rule 23050 protections with respect to all or any portion of its order.

If the customer does not opt in to the Rule 23050 protections with respect to all or any portion of its order, the BSTX Participant may reasonably conclude that such customer has consented to the BSTX Participant trading a security on the same side of the market for its own account at a price that would satisfy the customer’s order.

In lieu of providing written disclosure to customers at account opening and annually thereafter, a BSTX Participant may provide clear and comprehensive oral disclosure to and obtain consent from the customer on an order-by-order basis, provided that the BSTX Participant documents who provided such consent and such consent evidences the customer’s understanding of the terms and conditions of the order.

For purposes of this Rule, “institutional account” shall mean the account of:

- i. a bank savings and loan association, insurance company or registered investment company;
 - ii. an investment adviser registered either with the SEC under Section 203 of the Investment Advisers Act or with a state securities commission (or any agency or office performing like functions); or
 - iii. any other person (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least \$50 million
- (d) *No-Knowledge Exception.*
- (1) With respect to NMS stocks (as defined in Rule 600 under of the Securities and Exchange Commission’s Regulation NMS), if a BSTX Participant implements and utilizes an effective system of internal controls, such as appropriate

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information barriers, that operate to prevent one trading unit from obtaining knowledge of customer orders held by a separate trading unit, those other trading units trading in a proprietary capacity may continue to trade at prices that would satisfy the customer orders held by the separate trading unit. A BSTX Participant that structures its order handling practices in NMS stocks to permit its proprietary and/or market-making desk to trade at prices that would satisfy customer orders held by a separate trading unit must disclose in writing to its customers, at account opening and annually thereafter, a description of the manner in which customer orders are handled by the BSTX Participant and the circumstances under which the BSTX Participant may trade proprietarily at its proprietary and/or market-making desk at prices that would satisfy the customer order.

- (2) If a BSTX Participant implements and utilizes appropriate information barriers in reliance on this exception, the BSTX Participant must uniquely identify such information barriers in place at the department within the BSTX Participant where the order was received or originated. Appropriate information barriers must, at minimum, comply with the requirements set forth in Rule 21040.
 - (3) BSTX Participants must maintain records that indicate which orders rely on the No Knowledge Exception and submit these records to the Exchange upon request.
- (e) *Riskless Principal Exception.* The obligations under this Rule shall not apply to a BSTX Participant's proprietary trade if such proprietary trade is for the purposes of facilitating the execution, on a riskless principal basis, of an order from a customer (whether its own customer or the customer of another broker-dealer) (the "facilitated order"), provided that the BSTX Participant:
- (1) submits a report, contemporaneously with the execution of the facilitated order, identifying the trade as riskless principal to the Exchange (or another self-regulatory organization if not required under Exchange rules); and
 - (2) has written policies and procedures to ensure that riskless principal transactions for which the BSTX Participant is relying upon this exception comply with applicable Exchange rules. At a minimum these policies and procedures must require that the customer order was received prior to the offsetting principal transaction, and that the offsetting principal transaction is at the same price as the customer order exclusive of any markup or markdown, commission equivalent or other fee and is allocated to a riskless principal or customer account in a consistent manner and within 60 seconds of execution. A BSTX Participant must have supervisory systems in place that produce records that enable the BSTX Participant and the Exchange to reconstruct accurately, readily, and in a time-sequenced manner all facilitated orders for which the BSTX Participant relies on this exception.

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- (f) *ISO Exception.* A BSTX Participant shall be exempt from the obligation to execute a customer order in a manner consistent with this Rule with regard to trading for its own account that is the result of an Inter-market Sweep Order (“ISO”) routed in compliance with Rule 600(b)(38) of Regulation NMS where the customer order is received after the BSTX Participant routed the ISO. Where a BSTX Participant routes an ISO to facilitate a customer order and that customer has consented to not receiving the better prices obtained by the ISO, the BSTX Participant also shall be exempt with respect to any trading for its own account that is the result of the ISO with respect to the consenting customer’s order.
- (g) *Odd Lot and Bona Fide Error Transaction Exceptions.* The obligations under this Rule shall not apply to a BSTX Participant’s proprietary trade that is (1) to offset a customer order that is in an amount less than a normal unit of trading; or (2) to correct a bona fide error. BSTX Participants are required to demonstrate and document the basis upon which a transaction meets the bona fide error exception. For purposes of this Rule, a bona fide error is:
- (1) the inaccurate conveyance or execution of any term of an order, including, but not limited to, price, number of shares or other unit of trading; identification of the security; identification of the account for which securities are purchased or sold; lost or otherwise misplaced order tickets; short sales that were instead sold long or vice versa; or the execution of an order on the wrong side of a market;
 - (2) the unauthorized or unintended purchase, sale, or allocation of securities or the failure to follow specific client instructions;
 - (3) the incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals, or securities positions reflected in an account; or
 - (4) a delay, outage, or failure of a communication system used to transmit market data prices or to facilitate the delivery or execution of an order.
- (h) *Minimum Price Improvement Standards.* The minimum amount of price improvement necessary for a BSTX Participant to execute an order on a proprietary basis when holding an unexecuted limit order in that same security, and not be required to execute the held limit order, is as follows:
- (1) For customer limit orders priced greater than or equal to \$1.00, the minimum amount of price improvement required is \$0.01 for NMS stocks;
 - (2) For customer limit orders priced greater than or equal to \$0.01 and less than \$1.00, the minimum amount of price improvement required is the lesser of \$0.01 or one-half (1/2) of the current inside spread;

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- (3) For customer limit orders priced less than \$0.01 but greater than or equal to \$0.001, the minimum amount of price improvement required is the lesser of \$0.001 or one-half (1/2) of the current inside spread;
- (4) For customer limit orders priced less than \$0.001 but greater than or equal to \$0.0001, the minimum amount of price improvement required is the lesser of \$0.0001 or one-half (1/2) of the current inside spread;
- (5) For customer limit orders priced less than \$0.0001 but greater than or equal to \$0.00001, the minimum amount of price improvement required is the lesser of \$0.00001 or one-half (1/2) of the current inside spread;
- (6) For customer limit orders priced less than \$0.00001, the minimum amount of price improvement required is the lesser of \$0.000001 or one-half (1/2) of the current inside spread; and
- (7) For customer limit orders priced outside the best inside market, the minimum amount of price improvement required must either meet the requirements set forth above or the BSTX Participant must trade at a price at or inside the best inside market for the security.

In addition, if the minimum price improvement standards above would trigger the protection of a pending customer limit order, any better-priced customer limit order(s) must also be protected under this Rule, even if those better-priced limit orders would not be directly triggered under the minimum price improvement standards above.

- (i) *Order Handling Procedures.* A BSTX Participant must make every effort to execute a marketable customer order that it receives fully and promptly. A BSTX Participant that is holding a customer order that is marketable and has not been immediately executed must make every effort to cross such order with any other order received by the BSTX Participant on the other side of the market up to the size of such order at a price that is no less than the best bid and no greater than the best offer at the time that the subsequent order is received by the BSTX Participant and that is consistent with the terms of the orders. In the event that a BSTX Participant is holding multiple orders on both sides of the market that have not been executed, the BSTX Participant must make every effort to cross or otherwise execute such orders in a manner that is reasonable and consistent with the objectives of this Rule and with the terms of the orders. A BSTX Participant can satisfy the crossing requirement by contemporaneously buying from the seller and selling to the buyer at the same price.

23060. Joint Activity

No BSTX Participant, directly or indirectly, shall hold any interest or participation in any joint account for buying or selling a security traded on the Exchange, unless such joint account is promptly reported to the Exchange. The report should contain the following information for each account:

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- (1) the name of the account, with names of all participants and their respective interests in profits and losses;
- (2) a statement regarding the purpose of the account;
- (3) the name of the BSTX Participant carrying and clearing the account; and
- (4) a copy of any written agreement or instrument relating to the account.

23070. Influencing Data Feeds

No BSTX Participant shall attempt to execute a transaction or transactions to buy or sell a security for the purpose of influencing any report appearing on any data feed providing information with respect to such security.

23080. Trade Shredding

No BSTX Participant or associated person of a BSTX Participant may engage in “trade shredding.” Trade shredding is conduct that has the intent or effect of splitting any order into multiple smaller orders for execution or any execution into multiple smaller executions for the primary purpose of maximizing a monetary or in-kind amount to be received by a BSTX Participant or associated person of a BSTX Participant as a result of the execution of such orders or the transaction reporting of such executions. For purposes of this Rule 23080, “monetary or in-kind amount” shall be defined to include, but not be limited to, any credits, commissions, gratuities, payments for or rebates of fees, or any other payments of value to a BSTX Participant or associated person of a BSTX Participant.

23090. Best Execution

In executing customer orders, a BSTX Participant is not a guarantor of “best execution” but must use the care of a reasonably prudent person in the light of all circumstances deemed relevant by the BSTX Participant and having regard for the BSTX Participant’s brokerage judgment and experience.

As part of a BSTX Participant’s fiduciary obligation to provide best execution for its customer limit orders, the BSTX Participant shall refer to, and comply with, Rule 604 of the Exchange Act.

23100. Publication of Transactions and Changes

- (a) The Exchange shall cause to be disseminated for publication on the data feed(s) relating to the effective transaction reporting plan for securities all last sale price reports of transactions executed through the facilities of the Exchange pursuant to the requirements of an effective transaction reporting plan approved by the Commission.

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- (b) To facilitate the dissemination of such last sale price reports, each BSTX Participant shall cause to be reported to the Exchange, as promptly as possible after execution, all information concerning each transaction required by the effective transaction reporting plan for securities.
- (c) An official of the Exchange shall approve any corrections to reports transmitted over the data feed(s) relating to the effective transaction reporting plan for securities. Any such corrections shall be made within one day after detection of the error.

23110. Trading Ahead of Research Reports

- (a) No BSTX Participant shall establish, increase, decrease or liquidate an inventory position in a security or a derivative of such security based on non-public advance knowledge of the content or timing of a research report in that security.
- (b) BSTX Participant must establish, maintain and enforce policies and procedures reasonably designed to restrict or limit the information flow between research department personnel, or other persons with knowledge of the content or timing of a research report, and trading department personnel, so as to prevent trading department personnel from utilizing non-public advance knowledge of the issuance or content of a research report for the benefit of the BSTX Participant or any other person.

23120. Front Running of Block Transactions

- (a) BSTX Participants and persons associated with BSTX Participants shall comply with FINRA Rule 5270 as if such rule were part of the Exchange's Rules.
- (b) Front Running of Non-Block Transactions. Although the prohibitions in FINRA Rule 5270 are limited to imminent block transactions, the front running of other types of orders that place the financial interests of a BSTX Participant or persons associated with a BSTX Participant ahead of those of its customers or the misuse of knowledge of an imminent customer order may violate other Exchange rules, including Rule 19000 and Rule 23050, and/or provisions of the federal securities laws.

23130. Disruptive Quoting and Trading Activity Prohibited

BSTX Participants shall comply with the requirements of Exchange Rule 3220 (Disruptive Quoting and Trading Activity Prohibited).

24000 – DISCIPLINE AND SUMMARY SUSPENSION**24000. Suspensions**

The provisions of the Rule 11000 Series (Summary Suspension), 12000 Series (Discipline), 13000 Series (Review of Certain Exchange Actions), and 14000 Series (Arbitration) of the Exchange Rules shall be applicable to BSTX Participants and trading on the BSTX System.

EXHIBIT 5A**24010. Penalty for Minor Rule Violations**

The following BSTX Rule and policy violations may be determined by the Exchange to be minor in nature. If so, the Exchange may, with respect to any such violation, proceed under Rule 12140 (Imposition of Fines for Minor Violations) and impose the fine set forth below. The Exchange is not required to proceed under said Rules as to any rule violation and may, whenever such action is deemed appropriate, commence a disciplinary proceeding under the Rule 12000 Series as to any such violation. A subsequent violation is calculated on the basis of a rolling 12-month period.

(a) Fine schedule pursuant to Rule 24010:

Occurrence*	Individual	BSTX Participant
First Offense	\$100	\$500
Second Offense	\$300	\$1,000
Third Offense	\$500	\$2,500

* Within a “rolling” 12-month period.

(b) Violations Appropriate for Dispositions under Rule 24010:

- (1) Rule 19180 – Communications with the Public
- (2) Rule 20000 – Maintenance, Retention and Furnishing of Records
- (3) Rule 25070 – Consolidated Audit Trail
- (4) Rule 25130 – Locking or Crossing Quotations in NMS Stocks
- (5) Rule 25210(a)(1) – BSTX Market Maker Two-Sided Quote Obligation
- (6) Rule 25120 – Short Sales.

For failures to comply with the Consolidated Audit Trail Compliance Rule requirements of Rules 25070 (which in turn incorporates by reference the Rule 16000 Series), the Exchange may impose a minor rule violation fine of up to \$2,500. For more serious violations, other disciplinary action may be sought.

25000 – TRADING RULES**25000. Access to and Conduct on the BSTX Marketplace**

- (a) *Access to BSTX*. Unless otherwise provided in the Rules, no one but a BSTX Participant approved for trading on the BSTX System or a person associated with such a BSTX

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Participant shall effect any transactions on the BSTX System.

- (b) *Authorized Traders.* A BSTX Participant shall maintain a list of authorized traders who may obtain access to the BSTX System on behalf of the BSTX Participant. The BSTX Participant shall update the list of authorized traders as necessary. BSTX Participants must provide the list of authorized traders to the Exchange upon request.
- (1) BSTX Participants must have procedures in place that are reasonably designed to ensure that all authorized traders comply with all Exchange Rules and all other procedures related to the BSTX System.
 - (2) A BSTX Participant must suspend or withdraw a person's status as an authorized trader if the Exchange has determined that the person caused the BSTX Participant to fail to comply with the Rules of the Exchange and the Exchange has directed the BSTX Participant to suspend or withdraw the person's status as an authorized trader.
 - (3) A BSTX Participant must have reasonable procedures to ensure that authorized traders maintain the physical security of the equipment for accessing the facilities of the Exchange to prevent the improper use or access to the systems, including unauthorized entry of information into the systems.
 - (4) To be eligible to become an authorized trader of a BSTX Participant, a person must register as an associated person of the BSTX Participant pursuant to Exchange Rule 2050.
- (c) *Exchange Conduct.* BSTX Participants and persons employed by or associated with any BSTX Participant, while using the facilities of the Exchange, including BSTX, shall not engage in conduct:
- (1) inconsistent with the maintenance of a fair and orderly market;
 - (2) likely to impair public confidence in the operations of the Exchange; or
 - (3) inconsistent with the ordinary and efficient conduct of business.
- (d) Activities that shall violate the provisions of paragraph (b) include, but are not limited to, the following:
- (1) failure of a BSTX Market Maker to comply with the requirements in Rule 25200 Series;
 - (2) failure of a BSTX Participant to adequately supervise a person employed by or associated with such BSTX Participant to ensure that person's compliance with paragraph (c).
 - (3) failure to maintain adequate procedures and controls that permit the BSTX Participant to effectively monitor and supervise the entry of orders by users to prevent the prohibited practices set forth in paragraph (c) and the Rule 23000 Series;

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- (4) failure to abide by a determination of the Exchange;
 - (5) effecting transactions that are manipulative as provided in the Rule 23000 Series and any Exchange policy;
 - (6) refusal to provide information requested by the Exchange (See Rules 10000 and 12010); and
 - (7) failure to abide by the provisions of the Rule 23000 Series related to limitations on orders.
- (e) Subject to the Rules, the Exchange will provide access to the BSTX System to Participants in good standing that wish to conduct business on BSTX.
- (f) Pursuant to the Rules, the Exchange may:
- (1) suspend a Participant's access to the BSTX System following a warning which may be made in writing or verbally (and subsequently confirmed in writing); or
 - (2) terminate a Participant's access to the BSTX System by notice in writing.

25010. Days and Hours of Business

- (a) The Board shall determine the days BSTX shall be open for business (referred to as "business days") and the hours of such days during which transactions may be made on BSTX. No Participant shall make any bid, offer, or transaction on BSTX before or after such hours, except as provided in Rule 25040.
- (b) The Exchange shall not be open for business on the following holidays: New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. When any holiday observed by the Exchange falls on a Saturday, the Exchange will not be open for business on the preceding Friday. When any holiday observed by the Exchange falls on a Sunday, the Exchange will not be open for business on the following Monday, unless unusual business conditions exist at the time.
- (c) Orders may be executed on the BSTX System between 9:30 a.m. and 4:00 p.m. Eastern Time.
- (d) The Chief Executive Officer, President, or Chief Regulatory Officer of the Exchange, or his designee, who must be a senior officer of the Exchange, shall have the power to halt, suspend trading in any and all Securities traded on BSTX, to close some or all BSTX facilities, and to determine the duration of any such halt, suspension, or closing, when he deems such action necessary for the maintenance of fair and orderly markets, the protection of investors, or otherwise in the public interest including special circumstances such as (1) actual or threatened physical danger, severe climatic conditions, civil unrest, terrorism, acts of war, or loss or interruption of facilities utilized by BSTX, (2) a request by a governmental agency or official, or (3) a period of mourning or recognition for a person or event. No such action shall continue longer than a period of two days, or as soon thereafter

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as a quorum of Directors can be assembled, unless the Board approves the continuation of such suspension.

25020. Securities Eligible for Trading and Units of Trading

- (a) The Exchange shall designate securities for trading. Any class of securities listed on the Exchange shall be eligible to become designated for trading on the Exchange in accordance with the Rules 26000 and 28000 Rule Series. All securities designated for trading are eligible for odd-lot, round-lot, and mixed-lot executions, unless otherwise indicated by the Exchange or limited pursuant to the Rules.
- (b) One hundred (100) shares shall constitute a “round lot” or “normal unit of trade,” any amount less than 100 shares shall constitute an “odd lot,” and any amount greater than 100 shares that is not a multiple of a round lot shall constitute a “mixed lot.”
- (c) The minimum unit of trading on the BSTX System shall be one share.

25030. Minimum Price Variant (“MPV”)

Bids, offers, orders, or indications of interest in securities traded on BSTX shall not be made in an increment smaller than:

- (a) \$0.01 if those bids, offers or indications of interests are priced equal to or greater than \$1.00 per share; or
- (b) \$0.0001 if those bids, offers or indications of interests are priced less than \$1.00 per share and the security is an NMS stock pursuant to Commission Rule 600(b)(54) and is trading on the Exchange; or
- (c) Any other increment established by the Commission for any security which has been granted an exemption from the minimum price increment requirements of Commission Rule 612(a) or 612(b).

25040. Auctions

- (a) *Opening the Market for BSTX-Listed Securities.*
 - (1) *Pre-Opening Phase.* Starting at 8:30 a.m. Eastern Time, the BSTX System will accept orders. During this period, known as the Pre-Opening Phase, orders are placed on the BSTX Book but do not generate trade executions. Orders may not be canceled or modified from 9:28 a.m. to 9:30 a.m. Orders received during the 10 seconds prior to the Opening Auction are rejected.
 - (2) *Calculation of Theoretical Opening Price.* From the time that the BSTX System commences accepting orders at the start of the Pre-Opening Phase, the BSTX System will calculate and provide the Theoretical Opening Price (“TOP”) for the current resting orders on the BSTX Book during the Pre-Opening Phase. The TOP is the price at which the Opening Auction would occur at the current time, if that time were the opening, according to the Opening Auction procedures described in

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paragraph (4) below. The quantity that would trade at this price is also calculated.

A TOP can only be calculated if an opening trade is possible. An opening trade is possible if the BSTX Book is crossed (highest bid is higher than the lowest offer) or locked (highest bid equals the lowest offer).

- (3) *Broadcast Information During Pre-Opening Phase.* The BSTX System will disseminate certain information to all BSTX Participants about any orders sent in before the Opening Auction via electronic means. This broadcast will include (“Broadcast Information”):
- i. The TOP;
 - ii. The “Paired Orders,” which is the quantity of shares that would execute at the TOP;
 - iii. The “Imbalance Quantity,” which is the number of shares that may not be matched with other orders at the TOP at the time of dissemination;
 - iv. The “Imbalance Side,” which is the buy/sell direction of any imbalance at the time of dissemination.

Any orders which are at a price better (*i.e.*, bid higher or offer lower) than the TOP will be shown only as a total quantity on the BSTX Book at a price equal to the TOP (*i.e.*, shown as Paired Orders).

- (4) *Timing of Dissemination of Broadcast Information.* Broadcast Information is recalculated and disseminated every five (5) seconds.
- (5) *Collar Price Range.* The term “Collar Price Range” shall mean the range from a set percentage below the Collar Midpoint (as defined below) to above the Collar Midpoint, such set percentage being dependent on the value of the Collar Midpoint at the time of the Opening Auction, as described below. Specifically, the Collar Price Range will be determined as follows: where the Collar Midpoint is \$25.00 or less, the Collar Price Range shall be the range from 10% below the Collar Midpoint to 10% above the Collar Midpoint; where the Collar Midpoint is greater than \$25.00 but less than or equal to \$50.00, the Collar Price Range shall be the range from 5% below the Collar Midpoint to 5% above the Collar Midpoint; and where the Collar Midpoint is greater than \$50.00, the Collar Price Range shall be the range from 3% below the Collar Midpoint to 3% above the Collar Midpoint.
- i. For all applicable auctions other than an Initial Security Offering in an ETP, the Collar Midpoint will be the midpoint of the NBBO for a particular security where the NBBO is a “Valid NBBO.” A NBBO is a Valid NBBO where: (i) there is both a NBB and NBO for the security; (ii) the NBBO is not crossed; and (iii) the midpoint of the NBBO is less than the “Maximum Percentage” away from both the NBB and the NBO. The Maximum Percentage will be determined by the Exchange and will be

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published in a circular distributed to BSTX Participants with reasonable advance notice prior to initial implementation and any change thereto. Where the NBBO is not a Valid NBBO, the price of the Final Last Sale Eligible Trade will be used. In the case of an Initial Security Offering that is not an ETP, the Collar Midpoint is the Initial Security Offering Reference Price, defined below.

1. For an Initial Security Offering in an ETP, the Collar Midpoint shall be the issue price of the ETP.
 - ii. The “Final Last Sale Eligible Trade” shall mean the last round lot trade (*i.e.*, 100 shares) occurring during Regular Trading Hours on the Exchange, which price shall also be the “BSTX Official Closing Price.” For Halt Auctions, the Final Last Sale Eligible Trade shall mean the last round lot trade prior to trading in the security being halted. If there is no such qualifying trade for the current day, the BSTX Official Closing Price from the previous trading day will be used.
- (6) *Opening Auction.* The “Opening Auction” is the process of crossing orders in BSTX-listed securities to open the market, as set forth below.
- i. The “BSTX Official Opening Price” is the price resulting from the Opening Auction. The BSTX System will establish the BSTX Official Opening Price at the time of the Opening Auction at 9:30 a.m. Eastern Time, which is the TOP at the moment of the Opening Auction match, provided that the resulting price must be within the Collar Price Range. The Opening Auction occurs at the “market clearing” price which will leave bids and offers which cannot trade with each other. In determining the priority of orders to be filled, orders priced at or more aggressively than the BSTX Official Opening Price will be executed on the basis of price priority. Consistent with Rule 25080, among multiple orders at the same price, execution priority during the Opening Auction is determined based on the time the order was received by the BSTX System.
 - ii. The BSTX Official Opening Price is therefore the single price at which a particular security will be opened through the Opening Auction that is within the Collar Price Range. BSTX will calculate the optimum number of shares that could be matched at a price, taking into consideration all the orders on the BSTX Book.
 1. The BSTX Official Opening Price is the price which will result in the matching of the highest number of shares.
 2. Should two or more prices satisfy the maximum quantity criteria, the price which will leave the fewest resting shares in the BSTX Book will be selected as the BSTX Official Opening Price.
 3. Should there still be two or more prices which meet both criteria in

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subparagraphs (1) and (2) above, the price which is closest to the previous day's BSTX Official Closing Price will be selected as the BSTX Official Opening Price. For Initial Security Offerings, BSTX will utilize the price assigned to the Security by the underwriter for the offering ("Initial Security Offering Reference Price").

- (7) *Transition to Normal Trading.* As the BSTX Official Opening Price is determined and the matched shares are executed in the Opening Auction, the BSTX System will proceed to move the Security from the Pre-Opening Phase to the continuous or regular trading phase and disseminate the opening trade price, if any. At this point, the BSTX System is open for trading and all orders are accepted and processed according to these Rules. Any orders that remain unexecuted in the Opening Auction, including any remaining portion of a partially executed order, shall be moved onto the BSTX Order Book for the regular trading phase and shall retain their price/time priority consistent with Rule 25080. When the BSTX System cannot determine an opening price from the Opening Auction, the Security will nevertheless move from Pre-Opening Phase to the continuous trading phase with all orders received during the Pre-Opening Phase being moved to the BSTX Book for regular hours trading. In such case the BSTX Official Opening Price shall be the Final Last Sale Eligible Trade.
 - (8) Orders marked IOC submitted during the Pre-Opening Phase are rejected.
- (b) *Auctions for the Initial Public Offering of a Security.* An initial public offering of a Security ("Initial Security Offering") will follow the same general process described above in paragraph (a) subject to the following:
- (1) *Quote-Only Period.* In advance of an auction related to an Initial Security Offering ("Initial Security Offering Auction"), the Exchange shall announce a "Quote-Only Period" that shall be between fifteen (15) and thirty (30) minutes plus a short random period prior to the Initial Security Offering Auction. Limit orders with time-in-force of DAY submitted during the Quote Only Period shall be eligible to participate in the Initial Security Offering Auction. Orders may not be submitted to participate in an Initial Security Offering until the beginning of the Quote-Only Period. During the Quote Only Period, orders may be canceled, but not modified. Orders marked IOC submitted during the Quote-Only Period are rejected. All orders associated with Initial Security Offering Auction must be received prior to the end of the Quote-Only Period in order to participate in the auction.
 - (2) *Extending the Quote Only Period.* The Quote-Only Period may be extended where:
 - i. There is no TOP;

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- ii. The underwriter requests an extension;
 - iii. The TOP moves the greater of 10% or fifty (50) cents in the fifteen (15) seconds prior to the initial cross; or
 - iv. In the event of a technical or systems issue at the Exchange that may impair the ability of BSTX Participants to participate in the Initial Security Offering Auction or of the Exchange to complete the Initial Security Offering Auction.
- (3) *Broadcast Information.* The Exchange will disseminate Broadcast Information as described in paragraph (a)(3) above beginning at the commencement of the Quote Only Period. Broadcast Information is re-calculated and disseminated every five (5) seconds.
 - (4) *Notification of Extensions of the Quote-Only Period.* In the event of any extension to the Quote-Only Period as set forth in paragraph (b)(2) above, the Exchange will notify market participants regarding the circumstances and length of the extension.
 - (5) *Determination of Initial Security Offering Price and Transition to Normal Trading.* Orders will be matched and executed in a manner consistent with paragraph (a)(6) above at the conclusion of the Quote-Only Period, rather than at 9:30 a.m. Eastern Time. Following the initial cross at the end of the Quote-Only Period, the Exchange will transition to normal trading pursuant to paragraph (a)(7) above. The Initial Security Offering Auction price will be BSTX Official IPO Opening Price.
 - (6) Orders marked IOC submitted during the Pre-Opening Phase of an Initial Security Offering Auction are rejected.
- (c) *Halt Auctions.* “Halt Auctions” are used to re-open trading in a security trading on the exchange following a trading halt or a LULD Trading Pause pursuant to Rule 25050.
- (1) *Quote-Only Period.* In advance of reopening after a trading halt or LULD Trading Pause, the Exchange shall announce a “Quote-Only Period” that shall be five (5) minutes prior to the Halt Auction. Limit orders with time-in-force of DAY submitted during the Quote Only period shall be eligible to participate in Halt Auction. Orders may not be submitted to participate in a Halt Auction until the beginning of the Quote-Only Period. During the Quote-Only Period, orders may be canceled, but not modified. Orders marked IOC submitted during the Quote-Only Period are rejected. All orders associated with the Halt Auction must be received prior to the end of the Quote-Only Period in order to participate in the auction.
 - (2) *Incremental Quote Period Extensions for Halt Auctions Following a Regulatory Halt.* The Quote-Only Period with respect to a Halt Auction shall commence five

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(5) minutes prior to such Halt Auction. The Quote-Only Period shall be extended for an additional five (5) minutes in the event that a Halt Auction is unable to be performed due to the absence of a TOP, or where the TOP is outside the applicable Halt Auction Collars (before any adjustments to the Halt Auction Collars through additional extensions of the Quote-Only Period) set forth in subparagraphs (i) and (ii) below (an “Impermissible Price”) (“Initial Extension Period”). After the Initial Extension Period, the Quote-Only Period shall be extended for additional five (5) minute periods should a Halt Auction be unable to be performed due to an Impermissible Price (“Additional Extension Period”) until a Halt Auction occurs. The Exchange shall attempt to conduct a Halt Auction during the course of each Additional Extension Period.

i. Initial Halt Auction Collars shall be calculated as follows:

1. For Halt Auctions following a LULD Trading Pause, the Halt Auction Reference Price shall equal the price of the Upper or Lower Price Band that triggered the halt. If the Halt Auction Reference Price is the Lower (Upper) Price Band, the initial lower (upper) Halt Auction Collar shall be five (5) percent less (greater) than the Halt Auction Reference Price, rounded to the nearest minimum price variation and the upper (lower) Halt Auction Collar shall be the Upper (Lower) Price Band. For securities with a Halt Auction Reference Price of \$3.00 or less, the initial lower (upper) Halt Auction Collar shall be \$0.15 less (greater) than the Halt Auction Reference Price, rounded to the nearest minimum price variation and the upper (lower) Halt Auction Collar shall be the Upper (Lower) Price Band.
 2. For Halt Auctions following trading halt, the Halt Auction Reference Price shall equal the price of the Final Last Sale Eligible Trade. The initial lower (upper) Halt Auction Collar shall be five (5) percent less (greater) than the Halt Auction Reference Price, rounded to the nearest minimum price variation. For securities with a Halt Auction Reference Price of \$3.00 or less, the initial lower (upper) Halt Auction Collar shall be \$0.15 less (greater) than the Halt Auction Reference Price, rounded to the nearest minimum price variation.
- ii. At the beginning of the Initial Extension Period the upper (lower) Halt Auction Collar shall be increased (decreased) by five (5) percent in the direction of the Impermissible Price, rounded to the nearest minimum price variation. For securities with a Halt Auction Reference Price of \$3.00 or less, the Halt Auction Collar shall be increased (decreased) in \$0.15 increments in the direction of the Impermissible Price. At the beginning of each Additional Extension Period, the Halt Auction Collar shall be widened in accordance with this paragraph by the same amount as

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the Initial Extension Period.

- (3) *Broadcast Information.* The Exchange will disseminate Broadcast Information for a Halt Auction as described in paragraph (a)(3) above beginning at the commencement of the Quote Only Period. Broadcast Information is re-calculated and disseminated every five (5) seconds. In addition, the Exchange will disseminate the Halt Auction Reference Price and the applicable Halt Auction Collar to market participants along with the Broadcast Information.
 - (4) *Notification of Extensions of the Quote-Only Period and Trading Halts during the Quote-Only Period.* In the event of any extension to the Quote-Only Period as set forth in paragraph (c)(2) above, the Exchange will notify market participants regarding the circumstances and length of the extension and the number of extensions. If a trading halt is triggered by the Exchange or if the Exchange is unable to reopen trading at the end of the trading halt due to a systems or technology issue, the Exchange will immediately notify the single plan processor responsible for consolidation of information for the security pursuant to Rule 603 of Regulation NMS under the Securities Exchange Act of 1934.
 - (5) *Determination of Halt Auction Price and Transition to Normal Trading.* Orders will be matched and executed in a manner consistent with paragraph (a)(6) and at a price within the Halt Auction Collars above at the conclusion of the Quote-Only Period for the Halt Auction. Following the initial cross at the end of the Quote-Only Period, the Exchange will transition to normal trading pursuant to paragraph (a)(7) above.
- (d) *Contingency Procedures.* When a disruption occurs that prevents the execution of an Initial Security Offering Auction or Halt Auction, including any extensions thereof, as set forth above, the Exchange shall apply the following “Contingency Procedures”:
- (1) For an Initial Security Offering Auction, the Exchange will publicly announce that the Quote-Only Period for the Initial Security Offering Auction will reset for the subject security. The Exchange will then cancel all orders on the BSTX Book and disseminate a new scheduled time for the Quote-Only Period and opening match.
 - (2) For a Halt Auction, the Exchange will publicly announce that no Halt Auction will occur. All orders in the halted security on the BSTX Book will be canceled, and the Exchange will open the security for trading without an auction.
- (e) *Opening the Market for Non-BSTX-Listed Securities.*
- (1) *Order Entry and Cancellation before the Opening Process.* Prior to the beginning of Regular Trading Hours, BSTX Participants who wish to participate in the opening process may enter orders to buy or sell. The Exchange will accept orders and quotes for inclusion in the BSTX Book but such orders and quotes cannot execute until the termination of the Pre-Opening Phase (“Opening Process”). Orders cancelled before the Opening Process will not participate in the Opening

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Process.

- i. The Exchange will open by attempting to execute all orders eligible for the Opening Process.
- (2) *Performing the Opening Process.* The Exchange will attempt to perform the Opening Process and will match buy and sell orders that are executable at the midpoint of the NBBO as described in paragraph (3) below. All orders eligible to trade at the midpoint will be processed in time sequence, beginning with the order with the oldest time stamp. Matches will occur until there is no remaining volume or there is an imbalance of orders (the “Opening Process”). An imbalance of orders on the buy side or sell side may result in orders that are not executed in whole or in part. Such orders may, in whole or in part, be placed on the BSTX Book, cancelled, or executed. If no matches can be made, the Opening Process will conclude with all orders that participated in the Opening Process being placed in the BSTX Book, cancelled, or executed.
- (3) *Determining the Price of the Opening Process.* The price of the Opening Process will be at the midpoint of the first NBBO subsequent to the first two-sided quotation published by the listing exchange after 9:30:00 a.m. Eastern Time.
- (4) *Contingent Open.* If the conditions to establish the price of the Opening Process set forth above do not occur by 9:45:00 a.m. Eastern Time, orders will be handled in time sequence, beginning with the order with the oldest time stamp, and will be placed on the BSTX Book, cancelled, or executed in accordance with the terms of the order.
- (5) *Re-Opening After a Halt.* While a non-BSTX-listed security is subject to a halt, suspension, or pause in trading, the Exchange rejects orders until there is a resumption of trading in the security. Once the trading halt, suspension, or pause is lifted and the Exchange has received the price bands for the security from the plan processor, BSTX Participants may resume submitting orders to BSTX.
- (f) Whenever, in the judgment of the Exchange, the interests of a fair and orderly market so require, the Exchange may adjust the timing of or suspend the auctions set forth in this Rule with prior notice to BSTX Participants.
- (g) For purposes of Rule 611(b)(3) of Regulation NMS, orders executed pursuant to the Opening Auction, Initial Security Offering Auction, and Halt Auction may trade through any other trading center’s manual or protected quotations if the transaction that constituted the trade-through was a single-priced opening, reopening, or closing transaction by the trading center.

25050. Limit Up-Limit Down Plan and Trading Halts

- (a) The provisions of paragraphs (a) through (f) of this Rule shall be in effect during a pilot period that expires at the close of business on March 18, 2022. If the pilot is not either extended or approved permanently at the end of the pilot period, the Exchange will

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amend this Rule. The remaining provisions of this Rule are not subject to a pilot period and are in effect unless and until amended. The Exchange shall halt trading in all Securities and shall not reopen for the time periods specified in this Rule 25050 if there is a Level 1, 2, or 3 Market Decline.

- (1) For purposes of this Rule, a Market Decline means a decline in price of the S&P 500® Index between 9:30 a.m. and 4:00 p.m. Eastern Time on a trading day as compared to the closing price of the S&P 500® Index for the immediately preceding trading day. The Level 1, Level 2, and Level 3 Market Declines that will be applicable for the trading day will be publicly disseminated before 9:30 a.m. Eastern Time.
 - (2) A “Level 1 Market Decline” means a Market Decline of 7%.
 - (3) A “Level 2 Market Decline” means a Market Decline of 13%.
 - (4) A “Level 3 Market Decline” means a Market Decline of 20%.
- (b) *Halts in Trading.*
- (1) If a Level 1 Market Decline or a Level 2 Market Decline occurs after 9:30 a.m. Eastern Time and up to and including 3:25 p.m., or in the case of an early scheduled close, 12:25 p.m., the Exchange shall halt trading in all securities for 15 minutes after a Level 1 or Level 2 Market Decline. The Exchange shall halt trading based on a Level 1 or Level 2 Market Decline only once per trading day. The Exchange will not halt trading if a Level 1 Market Decline or a Level 2 Market Decline occurs after 3:25 p.m. or, in the case of an early scheduled close, after 12:25 p.m.
 - (2) If a Level 3 Market Decline occurs at any time during the trading day, the Exchange shall halt trading in all securities for the remainder of the trading day.
- (c) If a primary listing market halts trading in all securities, the Exchange will halt trading in all securities until trading has resumed on the primary listing market or notice has been received from the primary listing market that trading may resume. If the primary listing market does not reopen a security within 15 minutes following the end of the 15-minute halt period, the Exchange may resume trading in that security.
- (d) *Acceptance of Orders.* BSTX does not accept any orders in a non-BSTX-listed security subject to a trading halt for the duration of the trading halt. Any order submitted during a halt in a non-BSTX-listed security will be rejected by the BSTX System. All orders and trading interest resting on the BSTX book during any trading halt, including both non-BSTX listed securities and BSTX listed securities will be canceled. Orders may be accepted by BSTX only following a broadcast message to BSTX Participants indicating a forthcoming re-opening of trading, as described in paragraph (e) below.
- (e) *Re-opening of Trading.* The re-opening of trading following a Level 1 or 2 trading halt in a BSTX-Listed security shall follow the procedures set forth in Rule 25040(c). The re-opening of trading following a Level 1 or 2 trading halt in a non-BSTX-Listed security

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shall follow the procedures set forth in Rule 25040(e)(5).

- (f) Nothing in this Rule should be construed to limit the ability of the Exchange to otherwise halt, suspend, or pause the trading in any security traded on the Exchange in circumstances in which the Exchange deems it necessary to protect investors and the public interest, or pursuant to any other Exchange rule or policy.
- (g) Limit Up-Limit Down Mechanism
 - (1) Definitions.
 - i. The term “Plan” or “Limit Up-Limit Down Plan” or “LULD” means the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act, as amended from time to time.
 - ii. All capitalized terms not otherwise defined in this paragraph (g) shall have the meanings set forth in the Plan or Exchange rules, as applicable.
 - (2) *Exchange Participation in the Plan.* As of the time trading commences on BSTX, the Exchange is a Participant in, and subject to the applicable requirements of, the Plan, which establishes procedures to address extraordinary volatility in NMS Stocks.
 - (3) *Participant Compliance.* BSTX Participants shall comply with the applicable provisions of the Plan.
 - (4) *Exchange Compliance with the Plan.* The BSTX System shall not display or execute buy (sell) interest above (below) the Upper (Lower) Price Bands, unless such interest is specifically exempted under the Plan.
 - (5) *Re-pricing and Cancellation of Interest.* The BSTX System does not reprice orders. An order that is priced or that could be executed above (below) the Upper (lower) Price Band shall be canceled back to the BSTX Participant that submitted the order.
 - (6) *Trading Pause during a Straddle State.* The Exchange may declare a trading pause in accordance with Section VII of the Limit Up-Limit Down Plan (“Trading Pause”) for a security listed on the Exchange when (i) the National Best Bid (Offer) is below (above) the Lower (Upper) Price Band and the security is not in a Limit State; and (ii) trading in that security deviates from normal trading characteristics.
 - (7) *Re-opening of Trading following a Trading Pause.* At the end of the Trading Pause, the Exchange shall re-open the security in a manner similar to the procedures set forth in Rule 25040(c).
- (h) All times referenced in this Rule 25050 shall be Eastern Time.

25060. Order Entry

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- (a) Orders can be submitted to the BSTX System from commencement of pre-opening until market close. Submitted orders, once validated by the BSTX System, are time-stamped to within one millisecond.
- (b) On BSTX:
- (1) a bid is represented as an order to buy (“buy order”);
 - (2) an offer is represented as an order to sell (“sell order”); and
 - (3) an execution, or trade, is defined as the matching of a buy order and sell order in the BSTX Book.
- (c) The following types of orders may be submitted to the BSTX System:
- (1) *Limit Order*. Limit Orders entered into the BSTX Book are executed at the price stated or better. Any residual volume left after part of a Limit Order has traded is retained in the BSTX Book until it is withdrawn by the BSTX Participant or the BSTX System at the end of the trading day, or traded (unless a designation described in paragraph (d) below is added which prevents the untraded part of a limit order from being retained). All Limit Orders are automatically withdrawn by the BSTX System at market close. If a BSTX Participant fails to specify a limit price with respect to its limit order, such order shall be rejected.
 - (2) *Inter-market Sweep Orders*. The System will accept incoming Intermarket Sweep Orders (“ISO”) (as such term is defined in Regulation NMS). Incoming ISOs are immediately executable against orders in the BSTX System to which they are marketable. In order to be eligible for treatment as an Inter-market Sweep Order, the limit order must be marked “ISO” and the individual entering the order must simultaneously route one or more additional limit orders marked “ISO,” as necessary, to away markets to execute against the full displayed size of any protected quotation for the security with a price that is superior to the limit price of the ISO entered. Such orders, if they meet the requirements of the foregoing sentence, may be executed at one or multiple price levels in the BSTX System without regard to protected quotations at away markets consistent with Regulation NMS (i.e., may trade through such quotations). The Exchange relies on the marking of an order as an ISO when handling such order, and thus, the BSTX Participant entering the order, not the Exchange, has the responsibility to comply with the requirements of Regulation NMS relating to Intermarket Sweep Orders. An ISO:
 - i. Must be a limit order.
 - ii. Must have a time-in-force of IOC.
 - iii. Is not eligible for routing.
 - iv. Must be submitted with a limit price.
 - v. May be submitted during Regular Trading Hours.

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- (d) Where no order type is specified, the BSTX System will reject the order.
- (1) All orders, including those submitted during the Pre-Opening Phase, have a default time-in-force of “DAY.” DAY orders may queue during the Pre-Opening Phase or before the resumption of trading following a trading halt. DAY orders are only available for trading during Regular Trading Hours. Any DAY orders remaining unexecuted at the time of the BSTX close (4:00 p.m. Eastern Time) are canceled.
 - (2) The following optional designations can be added to the order types referred to in paragraph (c) above:
 - i. Immediate-or-cancel (“IOC”). Orders entered into the BSTX System marked IOC are executed on BSTX in whole or in part, as soon as such order is received, and the portion not so executed is canceled. Orders marked IOC are never posted to the BSTX Book. Orders marked IOC are not accepted during the Pre-Opening Phase. Marking an order as IOC overrides the default time-in-force of DAY.
- (e) The identity of BSTX Participants who submit orders to the BSTX System will remain anonymous to market participants at all times, except during error resolution or through the normal settlement process.
- (f) Orders can be cancelled but not modified once they are held in the BSTX Book. The cancellation and submission of a new order will result in a time stamp being associated with the order for purposes of BSTX Book priority.
- (g) All orders will be canceled at market close.
- (h) A BSTX Participant may submit an order with a preference for same day (T+0) settlement (“Order with a T+0 Preference”) or next trading day (T+1) settlement (“Order with a T+1 Preference”).
- (1) An Order with a T+0 Preference will execute against any order against which it is marketable and BSTX will transmit the matched order information to a registered clearing agency for settlement on a standard settlement cycle (T+2) pursuant to the rules, policies and procedures of the registered clearing agency except where:
 - i. The Order with a T+0 Preference executes against another Order with a T+0 Preference, in which case BSTX will transmit the matched order information to a registered clearing agency for settlement on the trade date as may be permitted under the rules, policies and procedures of the registered clearing agency subject to the limitations in subparagraph (h)(3) of this Rule; or
 - ii. The Order with a T+0 Preference executes against an Order with a T+1 Preference, in which case BSTX will transmit the matched order information to a registered clearing agency for settlement on the next trading day after the trade date (i.e., T+1) as may be permitted under the

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rules, policies and procedures of the registered clearing agency.

- (2) An Order with a T+1 Preference will execute against any order against which it is marketable with settlement occurring on a standard settlement cycle (T+2) except where:
 - i. The Order with a T+1 Preference executes against another Order with a T+1 Preference or an Order with a T+0 Preference, in which case BSTX will transmit the matched order information to a registered clearing agency for settlement on the next trading day after the trade date (i.e., T+1) as may be permitted under the rules, policies and procedures of the registered clearing agency.
- (3) *Cut-Off Time for T+0 Executions.* For an Order with a T+0 Preference to be eligible to be transmitted by BSTX to a registered clearing agency for settlement on the trade date, the relevant Orders with a T+0 Preference that execute against each other must be executed on the BSTX System prior to the T+0 Cut-Off Time. The “T+0 Cut-Off Time” shall be one minute before any applicable cut-off time established by the registered clearing agency for inclusion of T+0 settling trades in its continuous net settlement process established pursuant to its rules, policies and procedures. The BSTX System will not accept new Orders with a T+0 Preference after the T+0 Cut-Off Time. An Order with a T+0 Preference resting on the BSTX Book after the T+0 Cut-Off Time may still execute against orders against which it is marketable pursuant to subparagraph (h)(1) of this Rule.

25070. Consolidated Audit Trail

BSTX Participants shall comply with the Rule 16000 Series related to the Consolidated Audit Trail.

25080. Execution and Price/Time Priority

Subject to the restrictions under these Exchange Rules or the Act and the rules and regulations thereunder, orders shall be matched for execution in accordance with this Rule.

- (a) *Ranking.* Orders of BSTX Participants shall be ranked and maintained in the BSTX Book according to price-time priority, such that within each price level, all orders shall be organized by the time of entry.
- (b) *Execution Against the BSTX Book.* For purposes of this Rule any order falling within the parameters of this paragraph shall be referred to as “executable.” An order will be canceled back to the BSTX Participant if, based on the market conditions, BSTX Participant instructions, applicable Exchange Rules and/or the Act and the rules and regulations thereunder, such order is not executable and cannot be posted to the BSTX Book.
 - (1) *Compliance with Regulation SHO.* For any execution of a short sale order to

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occur on the Exchange when a short sale price test restriction is in effect, the price must be better than the NBB, unless the sell order was initially displayed by the System at a price above the then current NBB or is marked “short exempt” pursuant to Regulation SHO.

- (2) *Compliance with Regulation NMS and Trade-Through Protection.* The BSTX System will ensure that for any execution that occurs during the Regular Trading Hours, the price must be equal to or better than the Protected NBBO, unless the order is marked ISO or unless the execution falls within another exception set forth in Rule 611(b) of Regulation NMS.
- (3) *Compliance with the Limit Up-Limit Down Plan.* For any executions to occur during Regular Trading Hours, such executions must comply with the Limit Up-Limit Down Plan, as set forth in Rule 25050.
- (4) *Execution Against the BSTX Book.* An incoming order will attempt to be matched for execution against orders in the BSTX Book, as described below.
 - i. *Buy Orders.* An incoming order to buy will be automatically executed to the extent that it is priced at an amount that equals or exceeds the resting price of any order to sell in the BSTX Book and is executable, as defined above. Such order to buy shall be executed at the price(s) of the lowest priced order(s) to sell having priority in the BSTX Book.
 - ii. *Sell Orders.* An incoming order to sell will be automatically executed to the extent that it is priced at an amount that equals or is less than the resting price of any other order to buy in the BSTX Book and is executable, as defined above. Such order to sell shall be executed at the price(s) of the highest priced order(s) to buy having priority in the BSTX Book.

25090. BSTX Risk Controls

- (a) The Exchange offers certain risk controls applicable to a BSTX Participant’s activities on the Exchange. The risk settings currently offered by the Exchange include:
 - (1) Controls related to the size of an order (including restrictions on the maximum notional value per order and maximum shares per order);
 - (2) Controls related to the price of an order (including percentage-based and dollar-based controls);
 - (3) Controls related to the order types or modifiers that can be utilized (*e.g.*, short sales);
 - (4) Controls to prohibit duplicative orders;
 - (5) Controls to restrict the types of securities transacted (including restricted securities and easy to borrow securities as well as restricting activity to test

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symbols only);

- (6) Controls to restrict the overall rate of orders; and
 - (7) Controls related to the size of an order as compared to the average daily volume of the security (including the ability to specify the minimum average daily volume of the securities for which such controls will be activated); and
 - (8) Credit controls measuring net exposure that warn when approached and, when breached, prevent submission of either all new orders.
- (b) The Exchange also offers risk functionality that permits BSTX Participants to block new orders submitted, to cancel all open orders, or to both block new orders and cancel all open orders. Furthermore, the Exchange offers risk functionality that automatically cancels a BSTX Participant's orders to the extent the BSTX Participant loses its connection to the Exchange.
- (c) The Exchange offers batch cancel functionality that permits a BSTX Participant to simultaneously cancel all or a subset of its orders in one or more symbols by requesting the Exchange to effect such cancellation.
- (d) The risk controls described in this Rule are meant to supplement, and not replace, a BSTX Participant's own internal systems, monitoring, and procedures related to risk management and are not designed for compliance with Rule 15c3-5 under the Exchange Act. Responsibility for compliance with all Exchange and SEC rules remains with the BSTX Participant.

25100. Trade Execution, Reporting, and Dissemination of Quotations

- (a) *Dissemination of Last Sale Information.* Executions occurring as a result of orders matched against the BSTX Book, pursuant to Rule 25080, shall be collected and made available to last sale vendors for dissemination and shall be reported by the Exchange to an appropriate consolidated transaction reporting system to the extent required by the Exchange Act and the rules and regulations thereunder. The Exchange will maintain connectivity and access to the Consolidated Tape Association ("CTA") Plan and Unlisted Trading Privileges ("UTP") Plan (collectively, "the SIPs") for dissemination of last sale information. The Exchange shall promptly notify Users of all executions of their orders as soon as such executions take place.
- (b) The Exchange shall identify all trades executed pursuant to an exception or exemption from Rule 611 of Regulation NMS in accordance with specifications approved by the operating committee of the relevant national market system plan for an NMS stock. If a trade is executed pursuant to both the inter-market sweep order exception of Rule 611(b)(5) of Regulation NMS and the self-help exception of Rule 611(b)(1) of Regulation NMS, such trade shall be identified as executed pursuant to the inter-market sweep order exception.

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- (c) *Display and Quotation Dissemination.* The BSTX System will operate as an “automated trading center” within the meaning of Regulation NMS, and in furtherance thereof, will display “automated quotations” within the meaning of Regulation NMS at all times except in the event that a systems malfunction renders the BSTX System incapable of displaying automated quotations. All non-marketable Limit Orders are eligible to be displayed.
- (1) The aggregate of the best-ranked non-marketable Limit Order(s), pursuant to Rule 25080, to buy and the best-ranked non-marketable Limit Order(s) to sell in the BSTX Book shall be collected and made available to quotation vendors for dissemination pursuant to the requirements of Rule 602 of Regulation NMS. The Exchange will maintain connectivity and access to the SIPs for dissemination of quotation information.
 - (2) Pursuant to Rule 602 of Regulation NMS, the Exchange will transmit for display to the appropriate SIP for each security:
 - i. the highest price to buy wherein the aggregate size of all displayed buy interest in the BSTX System greater than or equal to that price is one round lot (*i.e.*, 100 shares) or greater;
 - ii. the aggregate size of all displayed buy interest in the BSTX System greater than or equal to the price in subparagraph (i), rounded down to the nearest round lot;
 - iii. the lowest price to sell wherein the aggregate size of all displayed sell interest in the BSTX System less than or equal to that price is one round lot or greater; and
 - iv. the aggregate size of all displayed sell interest in the BSTX System less than or equal to the price in subparagraph (iii) above, rounded down to the nearest round lot.
- (d) *Trade Execution and Settlements.* Executions occurring as a result of orders matched against the BSTX Book, pursuant to Rule 25080, shall be transmitted by BSTX to a registered clearing agency to clear and settle pursuant to the rules, policies and procedures of the registered clearing agency.
- (e) *Obligation to Honor System Trades.*
- (1) If a BSTX Participant, or clearing member/participant acting on a BSTX Participant’s behalf, is reported by the BSTX System, or shown by the activity reports generated by the BSTX System, as constituting a side of a BSTX System trade, such BSTX Participant, or clearing member/participant acting on its behalf, shall honor such trade on the scheduled settlement date.
 - (2) The Exchange shall have no liability if a BSTX Participant, or a clearing member acting on the BSTX Participant’s behalf, fails to satisfy the obligations in paragraph (1).

EXHIBIT 5A**25110. Clearly Erroneous Executions**

- (a) *Definition.* For purposes of this Rule, the terms of a transaction executed on the BSTX System are “clearly erroneous” when there is an obvious error in any term, such as price, number of shares or other unit of trading, or identification of the security. A transaction made in clearly erroneous error and canceled by both parties or determined by the Exchange to be clearly erroneous will be removed from the Consolidated Tape. Executions as a result of a Halt Auction under Rule 25040(c) are not eligible for a request to review as clearly erroneous under paragraph (b) of this Rule.
- (b) *Request and Timing of Review.* A BSTX Participant that receives an execution on an order that was submitted erroneously to the Exchange for its own or customer account may request that the Exchange review the transaction under this Rule. An officer of the Exchange or such other employee designee of the Exchange (“Official”) shall review the transaction under dispute and determine whether it is clearly erroneous, with a view toward maintaining a fair and orderly market and the protection of investors and the public interest. Such request for review shall be made in writing via e-mail or other electronic means specified from time to time by the Exchange in a circular distributed to BSTX Participants.
- (1) *Requests for Review.* Requests for review must be received by the Exchange within thirty (30) minutes of execution time and shall include information concerning the time of the transaction(s), security symbol(s), number of shares, price(s), side (bought or sold), and factual basis for believing that the trade is clearly erroneous. Upon receipt of a timely filed request that satisfies the numerical guidelines set forth in paragraph (c)(1) of this Rule, the counterparty to the trade, if any, shall be notified by the Exchange as soon as practicable, but generally within thirty (30) minutes. An Official may request additional supporting written information to aid in the resolution of the matter. If requested, each party to the transaction shall provide any supporting written information as may be reasonably requested by the Official to aid resolution of the matter within thirty (30) minutes of the Official’s request. Either party to the disputed trade may request supporting written information provided by the other party on the matter.
- (2) *Routed Executions.* Other market centers will generally have an additional thirty (30) minutes from receipt of their participant’s timely filing, but no longer than sixty (60) minutes from the time of the execution at issue, to file with the Exchange for review of transactions routed to the Exchange from that away market center and executed on the Exchange.
- (c) *Thresholds.* Determinations of whether an execution is clearly erroneous will be made as follows:
- (1) Subject to the provisions of paragraph (c)(3) below, a transaction executed during Regular Trading Hours shall be found to be clearly erroneous if the price of the transaction to buy (sell) that is the subject of the complaint is greater than (less

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than) the Reference Price by an amount that equals or exceeds the Numerical Guidelines set forth below. The Reference Price will be equal to the consolidated last sale immediately prior to the execution(s) under review except for: (A) Multi-Stock Events involving twenty or more securities, as described in paragraph (c)(2) below; and (B) in other circumstances, such as, for example, relevant news impacting a security or securities, periods of extreme market volatility, sustained illiquidity, or widespread system issues, where use of a different Reference Price is necessary for the maintenance of a fair and orderly market and the protection of investors and the public interest.

Reference Price, Circumstance or Product	Regular Trading Hours Numerical Guidelines (Subject transaction's % difference from the Reference Price):
Greater than \$0.00 up to and including \$25.00	10%
Greater than \$25.00 up to and including \$50.00	5%
Greater than \$50.00	3%
Multi-Stock Event Filings involving five or more, but less than twenty, securities whose executions occurred within a period of five minutes or less.	10%
Multi-Stock Event Filings involving twenty or more securities whose executions occurred within a period of five minutes or less.	30% subject to the terms of paragraph (c)(2) below
Leveraged ETP Securities	Regular Trading Hours Numerical Guidelines multiplied by the leverage multiplier (e.g., 2x)

- (2) Multi-Stock Events Involving Twenty or More Securities. During Multi-Stock Events involving twenty or more securities the number of affected transactions may be such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest. In such circumstances, the Exchange may use a Reference Price other than consolidated last sale. To ensure consistent application across trading centers when this paragraph is invoked, the Exchange will promptly coordinate with the away trading centers to determine the

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appropriate review period, which may be greater than the period of five minutes or less that triggered application of this paragraph, as well as select one or more specific points in time prior to the transactions in question and use transaction prices at or immediately prior to the one or more specific points in time selected as the Reference Price. The Exchange will nullify as clearly erroneous all transactions that are at prices equal to or greater than 30% away from the Reference Price in each affected security during the review period selected by the Exchange and other markets consistent with this paragraph.

- (3) *Additional Factors.* Except in the context of a Multi-Stock Event involving five or more securities, an Official may also consider additional factors to determine whether an execution is clearly erroneous, including but not limited to, system malfunctions or disruptions, volume and volatility for the security, derivative securities products that correspond to greater than 100% in the direction of a tracking index, news released for the security, whether trading in the security was recently halted/resumed, whether the security is an initial public offering, whether the security was subject to a stock-split, reorganization, or other corporate action, overall market conditions, validity of the consolidated tape trades and quotes, consideration of primary market indications, and executions inconsistent with the trading pattern in the stock. Each additional factor shall be considered with a view toward maintaining a fair and orderly market and the protection of investors and the public interest.
- (d) *Outlier Transactions.* In the case of an Outlier Transaction, an Official may, in his or her sole discretion, and on a case-by-case basis, consider requests received pursuant to paragraph (b) of this Rule after thirty (30) minutes, but not longer than sixty (60) minutes after the transaction in question, depending on the facts and circumstances surrounding such request.
 - (1) An “Outlier Transaction” means a transaction where the execution price of the security is greater than three times the current Numerical Guidelines set forth in paragraph (c)(1) of this Rule.
 - (2) If the execution price of the security in question is not within the Outlier Transaction parameters set forth in paragraph (d)(1) of this Rule but breaches the 52-week high or 52-week low, the Exchange may consider Additional Factors as outlined in paragraph (c)(3), in determining if the transaction qualifies for further review or if the Exchange shall decline to act.
- (e) *Review Procedures*
 - (1) *Determination by Official.* Unless both parties to the disputed transaction agree to withdraw the initial request for review, the transaction under dispute shall be reviewed, and a determination shall be rendered by the Official. If the Official determines that the transaction is not clearly erroneous, the Official shall decline to take any action in connection with the completed trade. In the event that the Official determines that the transaction in dispute is clearly erroneous, the Official

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shall declare the transaction null and void. A determination shall be made generally within thirty (30) minutes of receipt of the complaint, but in no case later than the start of Regular Trading Hours on the following trading day. The parties shall be promptly notified of the determination.

- (2) *Appeals.* If a BSTX Participant affected by a determination made under this Rule so requests within the time permitted below, a Clearly Erroneous Execution Panel (“CEE Panel”) will review decisions made by the Official under this Rule, including whether a clearly erroneous execution occurred and whether the correct determination was made; provided however that the CEE Panel will not review decisions made by an Officer under paragraph (f) of this Rule if such Officer also determines under paragraph (d) of this Rule that the number of the affected transactions is such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest, and further provided that with respect to rulings made by the Exchange in conjunction with one or more additional market centers, the number of affected transactions is similarly such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest and, hence, are also non-appealable.
- i. The CEE Panel will be comprised of the Exchange’s Chief Regulatory Officer (“CRO”), or a designee of the CRO, and representatives from two (2) BSTX Participants.
 - ii. The Exchange shall designate at least ten (10) representatives of BSTX Participants to be called upon to serve on the CEE Panel as needed. In no case shall a CEE Panel include a person affiliated with a party to the trade in question. To the extent reasonably possible, the Exchange shall call upon the designated representatives to participate on a CEE Panel on an equally frequent basis.
 - iii. A request for review on appeal must be made in writing via e-mail or other electronic means specified from time to time by BSTX in a circular distributed to BSTX Participant within thirty (30) minutes after the party making the appeal is given notification of the initial determination being appealed. The CEE Panel shall review the facts and render a decision as soon as practicable, but generally on the same trading day as the execution(s) under review. On requests for appeal received between 3:00 p.m. Eastern Time and the close of trading, a decision will be rendered as soon as practicable, but in no case later than the trading day following the date of the execution under review.
 - iv. The CEE Panel may overturn or modify an action taken by the Official under this Rule. All determinations by the CEE Panel shall constitute final action by the Exchange on the matter at issue.
 - v. If the CEE Panel votes to uphold the decision made pursuant to paragraph

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- (e)(1) above, the Exchange will assess a \$500.00 fee against the BSTX Participant(s) who initiated the request for appeal. In addition, in instances where the Exchange, on behalf of a BSTX Participant, requests a determination by another market center that a transaction is clearly erroneous, the Exchange will pass any resulting charges through to the relevant BSTX Participant.
- vi. Any determination by an Official or by the CEE Panel shall be rendered without prejudice as to the rights of the parties to the transaction to submit their dispute to arbitration.
- (f) *System Disruption or Malfunctions.* In the event of any disruption or a malfunction in the operation of any electronic communications and trading facilities of BSTX in which the nullification of transactions may be necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest exist, an Officer of the Exchange or other senior level employee designee, on his or her own motion, may review such transactions and declare such transactions arising out of the operation of such facilities during such period null and void. In such events, the Officer of the Exchange or such other senior level employee designee will rely on the provisions of paragraph (c) of this Rule, but in extraordinary circumstances may also use a lower Numerical Guideline if necessary to maintain a fair and orderly market, protect investors and the public interest. Absent extraordinary circumstances, any such action of the Officer of the Exchange or other senior level employee designee pursuant to this paragraph (f) shall be taken within thirty (30) minutes of detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the Officer of the Exchange or senior level employee designee must be taken by no later than the start of Regular Trading Hours on the trading day following the date of execution(s) under review. Each BSTX Participant involved in the transaction shall be notified as soon as practicable by BSTX, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above.
- (g) *Officer Acting on Own Motion.* An Officer of the Exchange or senior level employee designee, acting on his or her own motion, may review potentially erroneous executions and declare trades null and void or shall decline to take any action in connection with the completed trade(s). In such events, the Officer of the Exchange or such other senior level employee designee will rely on the provisions of paragraph (c) of this Rule. Absent extraordinary circumstances, any such action of the Officer of the Exchange or other senior level employee designee shall be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the Officer of the Exchange or other senior level employee designee must be taken by no later than the start of Regular Trading Hours on the trading day following the date of execution(s) under review. When such action is taken independently, each party involved in the transaction shall be notified as soon as practicable by BSTX, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above.

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- (h) *Securities Subject to Limit Up-Limit Down Plan.* For purposes of this paragraph, the phrase “Limit Up-Limit Down Plan” shall mean the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act. The provisions of paragraphs (a) through (g) above and (i) through (j) below shall govern all Exchange transactions, including transactions in securities subject to the Plan, other than as set forth in this paragraph (h). If as a result of an Exchange technology or systems issue any transaction occurs outside of the applicable price bands disseminated pursuant to the Plan, an Officer of the Exchange or senior level employee designee, acting on his or her own motion or at the request of a third party, shall review and declare any such trades null and void. Absent extraordinary circumstances, any such action of the Officer of the Exchange or other senior level employee designee shall be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the Officer of the Exchange or other senior level employee designee must be taken by no later than the start of Regular Market Hours on the trading day following the date on which the execution(s) under review occurred. Each BSTX Participant involved in the transaction shall be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above. In the event that a single plan processor experiences a technology or systems issue that prevents the dissemination of price bands, the Exchange will make the determination of whether to nullify transactions based on paragraphs (a) through (g) above and (i) through (j) below.
- (i) *Multi-Day Event.* A series of transactions in a particular security on one or more trading days may be viewed as one event if all such transactions were effected based on the same fundamentally incorrect or grossly misinterpreted issuance information resulting in a severe valuation error for all such transactions (the “Event”). An Officer of the Exchange or senior level employee designee, acting on his or her own motion, shall take action to declare all transactions that occurred during the Event null and void not later than the start of trading on the day following the last transaction in the Event. If trading in the security is halted before the valuation error is corrected, an Officer of the Exchange or senior level employee designee shall take action to declare all transactions that occurred during the Event null and void prior to the resumption of trading. Notwithstanding the foregoing, no action can be taken pursuant to this paragraph with respect to any transactions that have reached settlement date or that result from an initial public offering of a security. To the extent transactions related to an Event occur on one or more other market centers, the Exchange will promptly coordinate with such other market center(s) to ensure consistent treatment of the transactions related to the Event, if practicable. Any action taken in connection with this paragraph will be taken without regard to the Numerical Guidelines set forth in this Rule. Each BSTX Participant involved in a transaction subject to this paragraph shall be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above.
- (j) *Trading Halts.* In the event of any disruption or malfunction in the operation of the electronic communications and trading facilities of BSTX or the responsible single plan processor in connection with the transmittal or receipt of a regulatory trading halt,

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suspension or pause, an Officer of the Exchange or senior level employee designee, acting on his or her own motion, shall nullify any transaction in a security that occurs after the primary listing market for such security declares a regulatory trading halt, suspension or pause with respect to such security and before such regulatory trading halt, suspension or pause with respect to such security has officially ended according to the primary listing market. In addition, in the event a regulatory trading halt, suspension or pause is declared, then prematurely lifted in error and is then re-instituted, an Officer of the Exchange or senior level employee designee shall nullify transactions that occur before the official, final end of the halt, suspension or pause according to the primary listing market. Any action taken in connection with this paragraph shall be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction and in no circumstances later than the start of Regular Trading Hours on the trading day following the date of execution(s) under review. Any action taken in connection with this paragraph will be taken without regard to the Numerical Guidelines set forth in this Rule. Each BSTX Participant involved in a transaction subject to this paragraph shall be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above.

25120. Short Sales

- (a) *Marking*. All sell orders entered into the Exchange must be marked long, short, or short exempt.
- (b) *Definitions*. For purposes of this Rule, the terms “covered security,” “listing market,” and “national best bid” shall have the same meaning as in Rule 201 of Regulation SHO.
- (c) *Short Sale Price Test*. The BSTX System shall not execute or display a short sale order not marked short exempt with respect to a covered security at a price that is less than or equal to the current national best bid if the price of that security decreases by 10% or more, as determined by the listing market for the covered security, from the covered security's closing price on the listing market as of the end of Regular Trading Hours on the prior day (the “Trigger Price”).
- (d) *Determination of Trigger Price*. For covered securities, the BSTX System shall determine whether a transaction in a covered security has occurred at a Trigger Price and shall immediately notify the responsible single plan processor.
 - (1) If a covered security did not trade on BSTX on the prior trading day (due to a trading halt, trading suspension, or otherwise), BSTX’s determination of the Trigger Price shall be based on the last sale price on the BSTX System for that security on the most recent day on which the security traded.
- (e) Duration of Short Sale Price Test. If the Short Sale Price Test is triggered by the listing market with respect to a covered security, the Short Sale Price Test shall remain in effect until the close of trading on the next trading day, as provided for in Regulation SHO Rule 201(b)(1)(ii) (the “Short Sale Period”).

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- (1) If the Exchange determines pursuant to Rule 25110 that the Short Sale Price Test for a covered security was triggered because of a clearly erroneous execution, the Exchange may lift the Short Sale Price Test before the Short Sale Period ends for the securities for which the Exchange is the listing market or, for securities listed on another market, notify the other market of the Exchange's determination that the triggering transaction was a clearly erroneous execution as soon as practicable following such determination. The Exchange may also lift the Short Sale Price Test before the Short Sale Period ends, for a covered security for which the Exchange is the listing market, if the Exchange has been informed by another exchange or a self-regulatory organization ("SRO") that a transaction in the covered security that occurred at the Trigger Price was a clearly erroneous execution, as determined by the rules of that exchange or SRO.
- (2) If the Exchange determines that the prior day's BSTX Official Closing Price for a listed Security is incorrect in the System and resulted in an incorrect determination of the Trigger Price, the Exchange may correct the prior day's BSTX Official Closing Price and lift the Short Sale Price Test before the Short Sale Period ends.

25130. Locking or Crossing Quotations in NMS Stocks

(a) *Definitions.* For purposes of this Rule 25130, the following definitions shall apply:

- (1) The terms automated quotation, effective national market system plan, intermarket sweep order, manual quotation, NMS stock, protected quotation, regular trading hours, and trading center shall have the meanings set forth in Rule 600(b) of Regulation NMS.
- (2) The term crossing quotation shall mean the display of a bid for an NMS stock during regular trading hours at a price that is higher than the price of an offer for such NMS stock previously disseminated pursuant to an effective national market system plan, or the display of an offer for an NMS stock during regular trading hours at a price that is lower than the price of a bid for such NMS stock previously disseminated pursuant to an effective national market system plan.
- (3) The term locking quotation shall mean the display of a bid for an NMS stock during regular trading hours at a price that equals the price of an offer for such NMS stock previously disseminated pursuant to an effective national market system plan, or the display of an offer for an NMS stock during regular trading hours at a price that equals the price of a bid for such NMS stock previously disseminated pursuant to an effective national market system plan.

(b) *Prohibition.* Except for quotations that fall within the provisions of paragraph (d) of this Rule, the BSTX System shall not make available for dissemination, and BSTX Participants shall reasonably avoid displaying, and shall not engage in a pattern or practice of displaying, any quotations that lock or cross a protected quotation previously

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disseminated pursuant to an effective national market system plan.

(c) *Exceptions.*

- (1) The locking or crossing quotation was displayed at a time when the trading center displaying the locked or crossed quotation was experiencing a failure, material delay, or malfunction of its systems or equipment.
 - (2) The locking or crossing quotation was displayed at a time when a protected bid was higher than a protected offer in the NMS stock.
- (d) The BSTX System will reject any order or quotation that would lock or cross a protected quotation of another exchange at the time of entry.

25140. Clearance and Settlement, Anonymity

- (a) Each BSTX Participant must either (i) be a member of a registered clearing agency that uses a continuous net settlement (“CNS”) system, or (ii) clear transactions executed on the Exchange through another BSTX Participant that is a member of such a registered clearing agency. The Exchange will maintain connectivity and access to the Universal Trade Capture (“UTC”) of the National Securities Clearing Corporation (“NSCC”), a subsidiary of the Depository Trust & Clearing Corporation (“DTCC”), for transmission of executed transactions. If a BSTX Participant clears transactions through another BSTX Participant that is a member of a registered clearing agency (“clearing member”), such clearing member shall affirm to the Exchange in writing, through letter of authorization, letter of guarantee or other agreement acceptable to the Exchange, its agreement to assume responsibility for clearing and settling any and all trades executed by the BSTX Participant designating it as its clearing firm. The rules of any such clearing agency shall govern with respect to the clearance and settlement of any transactions executed by the BSTX Participant on the Exchange.
- (1) Solely at the discretion of the Exchange, a BSTX Participant may clear transactions executed on the Exchange through a non-BSTX Participant that is a member of a foreign clearing agency with which a registered clearing agency has an agreement of mutual recognition, and is permitted to clear transactions of the BSTX Participant in the registered clearing agency’s CNS system.
 - (2) Each transaction executed within the BSTX System is executed on a locked-in basis and shall be automatically processed for clearance and settlement.
 - (3) The transaction reports produced by the BSTX System will indicate the details of transactions executed in the BSTX System but shall not reveal contra party identities. Except as set forth in paragraph (4) below, transactions executed in the BSTX System will also be cleared and settled anonymously.

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- (4) Except as required by any registered clearing agency, the Exchange will reveal the identity of a BSTX Participant or BSTX Participant's clearing firm in the following circumstances:
- i. For regulatory purposes or to comply with an order of a court or arbitrator;
or
 - ii. When a registered clearing agency ceases to act for a BSTX Participant or the BSTX Participant's clearing firm, and determines no to guarantee the settlement of the BSTX Participant's trades.

25200 - Market Making on BSTX**25200. General Requirements of Market Makers and DMMs**

- (a) No BSTX Participant will act as a Market Maker in any security unless such Market Maker is:
1. Registered as a Market Maker or a DMM in such security by the Exchange pursuant to this Rule 25200 Series; and
 2. the Exchange has not suspended or canceled such registration.

Registered Market Makers and DMMs are designated as dealers on the Exchange for all purposes under the Exchange Act and the rules and regulations thereunder.

- (b) An applicant for registration as a Market Maker or DMM will file an application in writing on such form as the Exchange may prescribe. Applications will be reviewed by the Exchange, which will consider the applicants's capital, operations, personnel, technical resources, and disciplinary history. After reviewing the application, the Exchange will either approve or disapprove the BSTX Participant's registration as a Market Maker or DMM.
- (c) An applicant's registration as a Market Maker or DMM will become effective upon receipt by the BSTX Participant of notice of an approval of registration by the Exchange. In the event that an application is disapproved by the Exchange, the applicant will have an opportunity to be heard upon the specific grounds for the denial, in accordance with the provisions of the Rule 13000 Series.
- (d) The registration of a Market Maker or DMM may be suspended or terminated by the Exchange upon a determination of any substantial or continued failure by such Market Maker to engage in dealings in accordance with Rule 25220 and 25240.

EXHIBIT 5A**25210. Registration as a Non-DMM BSTX Market Maker**

Quotations and quotation sizes may be entered into the BSTX System only by a BSTX Participant registered as a BSTX Market Maker or other entity approved by the Exchange to function in a market-making capacity on the BSTX System.

- (a) A BSTX Market Maker may become registered in a Security by entering a registration request via an Exchange-approved electronic interface with the BSTX System or by contacting the BSTX Operations Center. Registration shall become effective on the next trading day after the registration is entered. The Exchange may, in its discretion, provide for a registration to become effective on the day the registration is entered and will provide notice to the prospective BSTX Market Maker in such event.
- (b) A BSTX Market Maker's registration in an issue shall be terminated by the Exchange if the Market Maker fails to enter quotations in the issue within five (5) business days after the Market Maker's registration in the issue becomes effective.
- (c) In considering the approval of the registration of a Market Maker in a security, the Exchange may consider:
 - 1. the financial resources available to the Market Maker;
 - 2. the Market Maker's experience, expertise and past performance in making markets, including the BSTX Market Maker's performance in other securities;
 - 3. the BSTX Market Maker's operational capability;
 - 4. the maintenance and enhancement of competition among BSTX Market Makers in each security in which they are registered;
 - 5. the existence of satisfactory arrangements for clearing the BSTX Market Maker's transactions;
 - 6. the character of the market for the security, *e.g.*, price, volatility, and relative liquidity.
- (d) *Voluntary Termination of Security Registration.* A BSTX Market Maker, other than a DMM, may voluntarily terminate its registration in a security by providing the Exchange with a one-day written notice of such termination. A BSTX Market Maker that fails to give advanced written notice of termination to the Exchange may be subject to formal disciplinary action pursuant to the Rule 24000 Series.
- (e) The Exchange may suspend or terminate any registration of a BSTX Market Maker in a security or securities under this Rule whenever, in the Exchange's judgment, the interests of a fair and orderly market are best served by such action.
- (f) A BSTX Participant may seek review of any action taken by the Exchange pursuant to this Rule, including the denial of the application for, or the termination or suspension of,

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a BSTX Market Maker's registration in a security or securities, in accordance with the Rule 13000 Series or, in the case of a disciplinary action, the Rule 12000 Series.

25220. Market Maker Obligations

A BSTX Participant registered as a BSTX Market Maker shall engage in a course of dealings for its own account to assist in the maintenance, insofar as reasonably practicable, of fair and orderly markets in accordance with this Rule.

(a) *Quotation Requirements and Obligations*

- (l) A Market Maker shall maintain continuous, two-sided trading interest in those securities in which the Market Maker is registered to trade ("Two-Sided Obligation").
 - i. Two-Sided Quote Obligation. For each security in which a BSTX Participant is registered as a BSTX Market Maker, the BSTX Participant shall be willing to buy and sell such security for its own account on a continuous basis during Regular Trading Hours and shall enter and maintain a two-sided trading interest ("Two-Sided Obligation") that is identified to the Exchange as the interest meeting the obligation and is displayed on the BSTX System at all times. Interest eligible to be considered as part of a Market Maker's Two-Sided Obligation shall have a displayed quotation size of at least one normal unit of trading; provided, however, that a BSTX Market Maker may augment its Two-Sided Obligation size to display limit orders priced at the same price as the Two-Sided Obligation. A "normal unit of trading" shall be one hundred shares. After an execution against its Two-Sided Obligation, a BSTX Market Maker must ensure that additional trading interest exists on the BSTX Book to satisfy its Two-Sided Obligation either by immediately entering new interest to comply with this obligation to maintain continuous two-sided quotations or identifying to BSTX current resting interest that satisfies the Two-Sided Obligation.
 - ii. Pricing Obligations. For securities, a BSTX Market Maker shall adhere to the pricing obligations established by this Rule during Regular Trading Hours; provided, however, that such pricing obligations (i) shall not commence during any trading day until after the first regular way transaction on the primary listing market in the security, as reported by the responsible single plan processor, and (ii) shall be suspended during a trading halt, suspension, or pause, and will not re-commence until after the first regular way transaction on the primary listing market in the security following such halt, suspension, or pause, as reported by the responsible single plan processor.
 - A. Bid (Offer) Quotations. At the time of entry of bid (offer) interest satisfying the Two-Sided Obligation, the price of the bid (offer)

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interest shall be not more than the Designated Percentage away from the then current National Best Bid (Offer), or if there is no National Best Bid (Offer), not more than the Designated Percentage away from the last reported sale from the responsible single plan processor. In the event that the National Best Bid(Offer) (or if no National Best Bid (Offer), the last reported sale) increases (decreases) to a level that would cause the bid (offer) interest of the Two-Sided Obligation to be more than the Defined Limit away from the National Best Bid (Offer) (or if no National Best Bid (Offer), the last reported sale), or if the bid (offer) is executed or canceled, the BSTX Market Maker shall enter new bid (offer) interest at a price not more than the Designated Percentage away from the then current National Best Bid (Offer) (or if no National Best Bid (Offer), the last reported sale), or identify to the Exchange current resting interest that satisfies the Two-Sided Obligation.

- B. The NBB and NBO shall be determined by the Exchange in accordance with its procedures for determining protected quotations under Rule 600 under Regulation NMS.
- C. For purposes of this Rule, the “Designated Percentage” shall be eight (8) percentage points for securities that are included in the S&P 500®, Russell 1000® Index, or a pilot list of Exchange Traded Products; 28% for securities with a price equal to or greater than \$1 per share that are not included in the S&P 500®, Russell 1000® Index, or a pilot list of Exchange Traded Products; and 30% for securities with a price less than \$1 per share that are not included in the S&P 500® Index, Russell 1000® Index, or a pilot list of Exchange Traded Products; except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, the Designated Percentage shall be 20% for securities that are included in the S&P 500®, Russell 1000® Index, or a pilot list of Exchange Traded Products, 28% for securities with a price equal to or greater than \$1 per share that are not included in the S&P 500®, Russell 1000® Index, or a pilot list of Exchange Traded Products, and 30% for securities with a price less than \$1 per share that are not included in the S&P 500® Index, Russell 1000® Index, or a pilot list of Exchange Traded Products. The Designated Percentage for rights and warrants shall be 30%.
- D. For purposes of this Rule, the “Defined Limit” shall be 9.5% for securities that are included in the S&P 500®, Russell 1000® Index, or a pilot list of Exchange Traded Products; 29.5% for with a price equal to or greater than \$1 per share that are not included in the S&P 500®, Russell 1000® Index, or a pilot list of Exchange

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Traded Products; and 31.5% for securities with a price less than \$1 per share that are not included in the S&P 500® Index, Russell 1000® Index, or a pilot list of Exchange Traded Products; except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, the Defined Limit shall be 21.5% for securities that are included in the S&P 500®, Russell 1000® Index, or a pilot list of Exchange Traded Products; 29.5% for securities with a price equal to or greater than \$1 per share that are not included in the S&P 500®, Russell 1000® Index, or a pilot list of Exchange Traded Products; and 31.5% for securities with a price less than \$1 per share that are not included in the S&P 500® Index, Russell 1000® Index, or a pilot list of Exchange Traded Products.

- E. The minimum quotation increment for quotations of \$1.00 or above in all securities shall be \$0.01. The minimum quotation increment in the System for quotations below \$1.00 in securities shall be \$0.0001.
- iii. Nothing in this Rule shall preclude a BSTX Market Marker from entering trading interest at price levels that are closer to the National Best Bid (Offer) in the marketplace than the levels required by this Rule.
- (2) A Market Maker shall maintain adequate minimum capital in accordance with the provisions of Rule 15c3-1 under the Securities Exchange Act of 1934;
- (3) A Market Maker shall remain in good standing with the Exchange;
- (4) A Market Maker shall inform the Exchange of any material change in financial or operational condition or in personnel.
- (5) A Market Maker shall clear and settle transactions through the facilities of a registered clearing agency. This requirement may be satisfied by direct participation, use of direct clearing services, or by entry into a correspondent clearing arrangement with another BSTX Participant that clears trades through such agency.
- (6) *Firm Quotations.* All interests to buy and sell entered into the BSTX System by BSTX Market Makers are firm and automatically executable for their size in the BSTX System by all BSTX Participants.
- (b) A Market Maker must satisfy the responsibilities and duties as set forth in paragraph (a) of this Rule during the Regular Trading Hours on all days in which the Exchange is open for business.
- (c) If the Exchange finds any substantial or continued failure by a BSTX Market Maker to engage in a course of dealings as specified in paragraph (a) of this Rule, such BSTX Market Maker will be subject to disciplinary action or suspension or revocation of the registration by the Exchange in one or more of the Securities in which the BSTX Market

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Maker is registered. Nothing in this Rule will limit any other power of the Board of Directors under the Bylaws, Rules, or procedures of the Exchange with respect to the registration of a BSTX Market Maker or in respect to any violation by a BSTX Market Maker of the provisions of this Rule. In accordance with the Rule 13000 Series, a BSTX Participant may seek review of actions taken by the Exchange pursuant to this Rule.

- (d) *Temporary Withdrawal.* A BSTX Market Maker, other than a DMM, may apply to the Exchange to withdraw temporarily from its BSTX Market Maker status in the Security in which it is registered. The BSTX Market Maker must base its request on demonstrated legal or regulatory requirements that necessitate its temporary withdrawal, or provide the Exchange an opinion of counsel certifying that such legal or regulatory basis exists. The Exchange will act promptly on such request and, if the request is granted, the Exchange may temporarily reassign the Security to another BSTX Market Maker.

25230. Obligations of Market Maker Authorized Traders (“MMATs”)

- (a) *General.* MMATs are permitted to enter orders only for the account of the Market Maker or DMM for which they are registered.
- (b) *Registration of Market Maker Authorized Traders.* The Exchange may, upon receiving an application in writing from a BSTX Market Maker or DMM on a form prescribed by the Exchange, register a person as a MMAT.
- (1) MMATs may be officers, partners, employees or other associated persons of a BSTX Participant that are registered with the Exchange as Market Makers.
 - (2) To be eligible for registration as a MMAT, a person must successfully complete the Securities Trader Examination (Series 57) and complete any other training and/or certification program as may be required by the Exchange; provided, however, the requirement to complete the Series 57 Examination may be waived by the Exchange if the applicant MMAT has served as a dealer-specialist or market maker on a registered national securities exchange or association for at least two consecutive years within three years of the date of application.
 - (3) The Exchange may require a Market Maker or DMM to provide additional information the Exchange considers necessary to establish whether registration should be granted.
 - (4) The Exchange may grant a person conditional registration as a MMAT subject to any conditions it considers appropriate in the interests of maintaining a fair and orderly market.
 - (5) A BSTX Market Maker or DMM must ensure that a MMAT is properly qualified to perform market making activities, including but not limited to ensuring the MMAT has met the requirements set forth in paragraph (b)(2) of this Rule.
- (c) *Suspension or Withdrawal of Registration.*
- (1) The Exchange may suspend or withdraw the registration previously given to a

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person to be a MMAT if the Exchange determines that:

- i. the person has caused the BSTX Market Maker or DMM to fail to comply with the securities laws, rules and regulations or the Rules and procedures of the Exchange;
 - ii. the person is not properly performing the responsibilities of a MMAT;
 - iii. the person has failed to meet the conditions set forth under paragraph (b) above; or
 - iv. the Exchange believes it is in the interest of maintaining fair and orderly markets.
- (2) If the Exchange suspends the registration of a person as a MMAT, the Market Maker or DMM must not allow the person to submit orders into the Exchange.
 - (3) The registration of a MMAT will be withdrawn upon the written request of the BSTX Participant for which the MMAT is registered. Such written request will be submitted on the form prescribed by the Exchange.

25240. Registration and Obligations of Designated Market Makers

- (a) *General.* BSTX-listed Securities may be assigned to a Designated Market Maker (“DMM”) and there will be no more than one DMM per BSTX-listed Security.
- (b) *Registration.* A Participant must be registered as a Market Maker and approved as a DMM to be eligible to receive an allocation as a DMM under Rule 25250.
 - (1) Reserved.
 - (2) BSTX Market Makers must file an application in writing in such form as required by the Exchange to be considered eligible to receive an allocation as a DMM. In reviewing an application, the Exchange may consider the BSTX Market Maker’s market making ability, capital available for market making, and such other factors as the Exchange deems appropriate, including those set forth in Rules 25250(f) and 25260. After reviewing the application, the Exchange will either approve or disapprove the applicant BSTX Market Maker’s registration as a DMM.
 - (3) A BSTX Participant registered as a DMM in a Security may also be registered as a Market Maker in such Security pursuant to Rule 25200 only if such BSTX Participant maintains information barriers between the trading unit operating as a DMM and the trading unit operating as a BSTX Market Maker in the same Security.
 - (4) A DMM may apply to withdraw temporarily from its DMM status in one or more assigned Securities. The DMM must base its request on demonstrated legal or regulatory requirements that necessitate its temporary withdrawal, or provide the Exchange an opinion of counsel certifying that such legal or

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regulatory basis exists. The Exchange will act promptly on such request and, if the request is granted, the Exchange may temporarily reassign the Security or Securities to another DMM. The DMM temporarily assigned such Security or Securities will be subject to the obligations set forth in paragraph (c) of this Rule when acting as a temporary DMM in such Security or Securities. The Exchange is not required to assign a DMM if the Security has an adequate number of BSTX Market Makers assigned to such Security.

- (5) A DMM may not be registered in a Security of an issuer, or a partner or subsidiary thereof, if such entity is an approved person or affiliate of the DMM.

(c) *DMM Obligations.* In addition to meeting the obligations set forth in Rule 25220 DMMs must maintain a bid or an offer at the National Best Bid and National Best and Offer (“inside”) at least 25% of the day as measured across all BSTX-listed Securities that have been assigned to the DMM. Time at the inside is calculated as the average of the percentage of time the DMM unit has a bid or offer at the inside.

25250. DMM Security Allocation and Reallocation

(a) *Eligibility for Security Allocation and Reallocation.*

- (1) Reserved.
- (2) A Security may be allocated to a DMM when such Security:
 - i. is initially listed on BSTX;
 - ii. must be reassigned under this Rule; or
 - iii. when a Security is currently listed without a DMM assigned.
- (3) A DMM’s eligibility to participate in the allocation process is determined at the time the interview is scheduled by the Exchange.
- (4) A DMM is eligible to participate in the allocation process of a listed Security if the DMM meets the quoting requirements specified in Rule 25240(c) (“DMM obligations”).
 - i. If a DMM fails to meet the DMM obligations for a one-month period, the Exchange will issue an initial warning to the DMM advising it of the poor performance. The DMM must provide a written explanation and articulation of corrective action.
 - ii. If the DMM fails to meet the DMM obligations for a second consecutive month, the DMM will be ineligible to participate in the allocation process for a minimum of two months following the second consecutive month of its failure to meet its quoting requirement (“Penalty Period”). The DMM must satisfy the DMM obligations for the two consecutive months of the Penalty Period.

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- iii. If a DMM fails to meet the DMM obligations for the two consecutive months of the Penalty Period, the DMM will remain ineligible to participate in the allocation process until it has met DMM obligations for a consecutive two-calendar month period.
 - iv. The Exchange will review each DMM's trading on a monthly basis to determine whether the DMM has satisfied its DMM obligations.
- (b) *Allocation Process*. The issuer may select its DMM directly, delegate the authority to the Exchange to select its DMM, or opt to proceed with listing without a DMM, in which case a minimum of four non-DMM Market Makers must be assigned to its Security consistent with Rule 26106. After the Exchange provides written notice to DMMs that the issuer is listing on BSTX, no individual associated with a DMM may contact such issuer, or the Exchange if applicable, until the allocation is made, except as otherwise provided below.
- (l) Issuer Selection of DMM Unit by Interview
 - i. The issuer may select multiple DMMs to interview from the pool of DMMs eligible to participate in the allocation process.
 - ii. Interview Between the Issuer and DMMs
 - A. DMMs selected for an interview may provide material to the Exchange, which will be given to the issuer prior to the scheduled interview. Such material may include a corporate overview of the DMM. DMMs are prohibited from giving issuers information about other DMMs or any additional market performance data.
 - B. Within five business days after the issuer selects the eligible DMMs to be interviewed (unless the Exchange has determined to permit a longer time period in a particular case), the issuer will meet with representatives of each of the DMMs. At least one representative of the listing company must be a senior official of the rank of Corporate Secretary or above of that company, or a designee of such senior official. In the case of the listing of a structured product, a senior officer of the issuer may be present in lieu of the Corporate Secretary. Representatives of each eligible DMM must participate in the meeting. Meetings will normally be held at the Exchange, unless the Exchange has agreed that they may be held elsewhere.
 - C. Teleconference meetings will be permitted at the request of issuers in compelling circumstances.
 - D. Following its interview, a DMM may not have any contact with an issuer. If an issuer has a follow-up question regarding any DMM(s) it interviewed, it must be conveyed to the Exchange. The

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Exchange will contact the DMM(s) to which the question pertains and will provide any available information received from the DMM(s) to the listing company.

- E. Within two business days of the issuer's interviews with the DMMs, the issuer will select its DMM in writing, signed by a senior official of the rank of Corporate Secretary or higher, or in the case of a structured product listing, a senior officer of the issuer, duly authorized to so act on behalf of the company. The Exchange will then confirm the allocation of the Security to that DMM, at which time the Security will be deemed to have been so allocated. An issuer may request an extension from the Exchange if the issuer is unable to complete its selection within the specified period.

(2) Exchange Selection of DMM by Delegation

- i. If the issuer delegates authority to the Exchange to select its DMM, an Exchange Selection Panel ("ESP") will be convened to select a DMM. The ESP will consist of three Exchange employees designated by the CEO of the Exchange. Such issuer may choose to submit a letter to the ESP indicating its preference and supporting justification for a particular DMM. The ESP may consider such letter in performing its duty to select a DMM for the issuer. The ESP may also interview one or more individuals associated with a DMM.
 - ii. The ESP will select the DMM and inform the issuer of its selection.
- (3) The DMM selected to receive the Security allocation will be required to remain the assigned DMM for one year from the date that the issuer begins trading on BSTX.
- (4) *Spin-Off or Related Company.* If a listing company is a spin-off of or a company related to a listed company, the listing company may remain with the DMM registered in the related listed company or be allocated through the allocation process under paragraph (b) of this Rule. The Exchange will honor a request by a spin-off company or company related to a listed company to have its DMM selected by the Exchange under paragraph (b)(2) of this Rule instead of being allocated to the DMM that is its listed company's DMM. A DMM that is ineligible to receive a new allocation due to its failure to meet the DMM obligations will remain eligible to receive the spin-off and listing of related companies.
- (5) *Warrants.* A warrant issued by a listed company and traded on BSTX is allocated to the DMM registered in the underlying Security of the listed company. Upon request by the issuer, the warrant may be allocated through the allocation process under paragraph (b) of this Rule.

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- (6) *Rights*. Rights traded on BSTX are not subject to the provisions of this Rule and are assigned, when issued, to a DMM by the Exchange.
- (7) *Relistings*. Relistings are treated as new listings and may be allocated through the allocation process under paragraph (b) of this Rule. If the relisting chooses to have its DMM selected by the Exchange under paragraph (b)(2) of this Rule and requests not to be allocated to its former DMM, such request will be honored. A DMM that is ineligible to receive a new allocation due to its failure to meet the DMM obligations will remain eligible to receive an allocation under this paragraph.
- (8) *Equity Security listing after Preferred Security*. When a company applies to list an issue of equity Securities after having listed a preferred issue, the equity Security is referred for allocation through the allocation process under paragraph (b) of this Rule. A DMM that is ineligible to receive a new allocation due to its failure to meet the DMM obligations will remain eligible to receive an allocation under this paragraph.
- (9) *Listed Company Mergers*. When two Exchange-listed companies merge, the merged company may select one of the DMMs trading the merging companies without the Security being referred for reallocation, or it may request that the matter be referred for allocation through the allocation process under paragraph (b) of this Rule. A DMM that is ineligible to receive a new allocation due to its failure to meet the DMM obligations will remain eligible to be selected pursuant to this paragraph in its capacity as the DMM for one of the two pre-merger companies, but will not be eligible to participate in the allocation process if the post-merger listed company requests that the matter be referred for allocation through the allocation process under paragraph (b) of this Rule.
 - i. If the merging company chooses to have its DMM selected by the Exchange under paragraph (b)(2) of this Rule, the company may not request that the Exchange not allocate the Security to one of the DMMs trading the merging company. A DMM that is ineligible to receive a new allocation due to its failure to meet the DMM obligations will remain eligible to receive an allocation under this paragraph.
 - ii. In situations involving the merger of a listed company and an unlisted company, the merged company may choose to remain registered with the DMM that had traded the listed company entity in the merger, or it may request that the matter be referred for allocation through the allocation process under paragraph (b) of this Rule. A DMM that is ineligible to receive a new allocation due to its failure to meet the DMM obligations will remain eligible to be selected pursuant to this paragraph in its capacity as the DMM for the pre-merger listed company, but will not be eligible to participate in the allocation process if the post-merger listed company requests that the matter be referred for allocation through the allocation process pursuant to paragraph (b) of this Rule.

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- iii. If the unlisted company chooses to have its DMM selected by the Exchange pursuant to paragraph (b)(2) of this Rule, the company may not request that the Exchange exclude from consideration the DMM that had traded the listed company. A DMM that is ineligible to receive a new allocation due to its failure to meet the DMM obligations will remain eligible to receive an allocation under this paragraph.

(10) *Target Security.*

- i. If a tracking (“target”) Security (or Securities) is issued by a listed company, the listed company may choose to have its newly-issued tracking Security (or Securities) stay with the DMM registered in the listed company that issued the tracking Security (or Securities) or be referred for allocation through the allocation process under paragraph (b) of this Rule. A DMM that is ineligible to receive a new allocation due to its failure to meet the DMM obligations will remain eligible to receive an allocation under this paragraph.
- ii. If the listed company chooses to have the DMM of the tracking Security (or Securities) selected by the Exchange pursuant to paragraph (b)(2) of this rule, the DMM registered in such Security prior to a separate listing will remain registered in such Security after its separate listing, unless the listing company requests that the matter be referred for allocation through the allocation process under paragraph (b) of this Rule. In such a case, the Exchange will honor the company’s request not to be allocated to the DMM that had traded the target Security. A DMM that is ineligible to receive a new allocation due to its failure to meet the DMM obligations will remain eligible to receive an allocation under this paragraph.

(11) *Closed-End Management Investment Companies (“Funds”).* Funds listing on BSTX will be subject to the allocation process under paragraph (b) of this Rule. If the issuer of an initial Fund lists additional funds within nine months from the date of its initial listing, the issuer may choose to maintain the same DMM for those subsequently listed funds or it may select a different DMM from the group of eligible DMMs that the issuer interviewed or reviewed in the allocation process for its initial fund. The fund may also delegate the selection of its DMM to the Exchange if it so chooses under paragraph (b)(2) of this Rule.

- i. If a DMM is ineligible from participating in an allocation at the time of a subsequent new Fund listing (within the designated nine-month period), that DMM will not be included for consideration for subsequent listings.
- ii. In any case where all the Funds in a group of closed-end management investment companies are being listed concurrently with a common investment adviser or investment advisers who are “affiliated persons” pursuant to the alternate criteria in Rule 26000 Series of the BSTX Listing Guide (for groups where one or more Funds do not meet the ordinary

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requirement for public market value of \$15,000,000), the entire group should be allocated to one DMM, unless there are factors, such as the number of funds in the group, the types of funds, or the relative values of the funds, that the Exchange believes make allocation to more than one DMM appropriate.

(c) *Reallocation Process.*

- (1) A listed company may file with the Corporate Secretary of the Exchange a written notice (the “Issuer Notice”), signed by the company’s chief executive officer, that it wishes to request a change of DMM. The Issuer Notice will indicate the specific issues prompting this request. The Corporate Secretary will provide copies of the Issuer Notice to the DMM currently registered in the Security and the Exchange’s staff.
 - i. Exchange staff will review the Issuer Notice and any DMM response and may request a review of the matter by the Exchange’s Regulatory Oversight Committee. No change of DMM may occur until Exchange staff makes a final determination that it is appropriate to permit such change. In making such determination, Exchange staff may consider all relevant regulatory issues, including without limitation whether the requested change appears to be in aid or furtherance of conduct that is illegal or violates Exchange rules, or in retaliation for a refusal by a DMM to engage in conduct that is illegal or violates Exchange rules. Notwithstanding Exchange staff review of any matter raised during the process described herein, the Exchange may at any time take any regulatory action that it may determine to be warranted.
 - ii. At the completion of the Exchange staff review, the Security will be put up for allocation under paragraph (b) of this Rule.
 - iii. No negative inference for allocation or regulatory purposes is to be made against a subject DMM in the event that a DMM is changed under paragraph (c) of this Rule. Similarly, the DMM will not be afforded preferential treatment in subsequent allocations as a result of a change pursuant to such provision.
- (2) In any instance where a DMM’s performance in a particular market situation was, in the judgment of the Exchange, so egregiously deficient as to call into question the Exchange’s integrity or impair the Exchange’s reputation for maintaining an efficient, fair, and orderly market, the CEO or his or her designee may immediately initiate a reallocation proceeding upon written notice to the DMM and the issuer specifying the reasons for the initiation of the proceeding.
 - i. Following this decision, if the CEO or his or her designee makes a final determination that a Security should be referred for reallocation, the CEO or his or her designee will, in his or her expert business judgment, be responsible for reallocating the Security to one of the remaining DMMs

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eligible for allocation.

- ii. The CEO or his or her designee will then make a final determination as to which one or more of the DMM's Security (or Securities) will be referred for reallocation. All determinations made by the CEO or his or her designee will be communicated in writing to the DMM, with a statement of the reasons for such determinations.
- iii. A decision by the Exchange that one or more Securities should be reallocated will be final, subject to the DMM's right to have such decision reviewed by the Exchange's Board of Directors.
- iv. In the event that a DMM asserts its right to review, no reallocation may occur until the Board of Directors completes its review.

(d) *Allocation Freeze Policy*. If a DMM:

- (1) loses its registration as a DMM in a Security as a result of proceedings under the Rule 12000 or 13000 Series as applicable;
- (2) or voluntarily withdraws its registration in a Security assigned to it as a result of possible proceedings under those rules, the DMM will be ineligible to apply for future allocations for the six month period immediately following the reassignment of the Security ("Allocation Prohibition").
 - i. Following the Allocation Prohibition, a second six-month period will begin during which a DMM may participate in the allocation process under Rule 25230(b), if Exchange staff determines that such DMM may participate in such allocation process. In making this determination, Exchange staff will consider the DMM's particular situation and may consider whether the DMM has taken one or more steps:
 - A. supplying additional manpower/experience;
 - B. making changes in professional staff;
 - C. attaining appropriate dealer participation;
 - D. enhancing back-office staff; and
 - E. implementing more stringent supervision/new procedures.

(e) *Allocation Sunset Policy*. Allocation decisions will remain effective with respect to any initial public offering listing company that lists on BSTX within 18 months of such decision. In situations in which the selected DMM merges or is involved in a combination within the 18-month period, the company may choose whether to stay with the selected DMM, or be referred to allocation. If a listing company does not list within 18 months, the matter will be referred for allocation through the allocation process under paragraph (b) of this Rule.

(f) Criteria for applicants that are not currently DMMs to be eligible to be allocated a

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Security as a DMM.

- (1) Since an entity seeking to enter the DMM business does not have a history directly comparable to that of existing DMMs, the Exchange considers the following criteria with respect to such Participants.
 - i. The proposed DMM must demonstrate that it understands the DMM business, including the needs of issuers.
 - ii. The proposed DMM must demonstrate an ability and willingness to trade as necessary to maintain fair and orderly markets. If the proposed DMM or any of its participants is currently a DMM or market maker on any exchange, performance during the prior 12 months, as evidenced by available data maintained by such exchange that evaluates the quality of performance of the unit or its participants as a DMM or market maker on such exchange, will be considered by the Exchange.
 - iii. Other factors that will be considered by the Exchange include any action taken or warning issued within the past 12 months by any regulatory or self-regulatory organization against the unit or any of its participants with respect to any capital or operational problem, or any regulatory or disciplinary matter.

25260. DMM Combination Review Policy

- (a) No DMM will complete a “proposed combination” (as defined below in paragraph (b) of this rule) with one or more other DMMs unless the combination has been approved by the Exchange.
- (b) For purposes of this rule, a “proposed combination” means:
 - (1) a transaction in which two or more DMMs agree to merge or otherwise combine their businesses, with the result that the total number of existing independent DMMs will be reduced;
 - (2) two or more DMMs agree to combine their businesses with the result that the existing number of DMMs will not be reduced, but one or more of the surviving units is substantially reduced in size; or
 - (3) a DMM merges or otherwise combines with a non-DMM business resulting in a change of control of the existing DMM.
- (c) Proponents of a DMM combination must make a written submission to the Office of the Corporate Secretary of the Exchange, discussing all the factors for review pursuant to subparagraph (d) below. The written submission should also address and discuss:
 - (1) performance in any securities, including Securities, received through previous combinations or transfers of registrations during the preceding two years;
 - (2) whether the proposed combined DMM will have a real-time surveillance system

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that monitors DMM trading and uses exception alerts to detect unusual trades or trading patterns;

- (3) whether the proposed combined DMM will have disaster recovery facilities for its computer network and software; and
 - (4) whether the combined DMM will designate a senior staff member to be responsible for reviewing DMM performance data, with specific procedures for correcting any deficiencies identified.
- (d) The Exchange will consider the following criteria in its review of a proposed combination:
- (1) the ability of the DMM resulting from the transaction to comply with Exchange rules, including Rules 25220 and 25240;
 - (2) whether the proposed combination minimizes both the potential for financial failure and the negative consequences of any such failure on the DMM system as a whole;
 - (3) whether the proposed combination maintains or increases operational efficiencies;
 - (4) the surviving DMM's commitment to the BSTX market, including but not limited to whether the constituent DMM:
 - i. works to support, strengthen and advance BSTX, its market and its competitiveness in relation to other markets;
 - ii. participates upon request in BSTX's marketing seminars, sales calls and other marketing initiatives seeking to attract order flow and new listings;
 - iii. accepts innovations in order-routing and other trade-support systems and willingness to make optimal use of the systems once they become fully operational;
 - iv. engages in efforts to streamline the efficiency of its own operations and its competitive posture;
 - v. The effect of the proposed combination on overall concentration of DMMs; and
- (e) Where a proposed combination involves an organization that is not a DMM, consideration will entail an assessment of whether the organization will work to support, strengthen and advance BSTX, and its competitiveness in relation to other markets.
- (f) The Exchange will approve or disapprove a proposed combination within 10 business days based on its assessment of the criteria pursuant to subparagraph (d) above and, in the case of a proposed combination involving a non-DMM, its assessment of the additional criterion pursuant to subparagraph (e) above. The Exchange reserves the right to extend its review process if the information submitted by the proponents of the DMM combination is inadequate or requires additional time to review to enable the Exchange to

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reach a decision.

- (l) The Exchange will approve a proposed combination if the proposed combination satisfies the criteria set forth in paragraph (d) of this Rule, and if the Exchange determines that the proposed combination would:
 - i. not create or foster concentration in the DMM business detrimental to the Exchange and its markets;
 - ii. foster competition among DMMs; and
 - iii. enhance the performance of the constituent DMM and the quality of the markets in the Securities involved.
- (g) The Exchange may condition its approval upon compliance by the resulting DMM with any steps the Exchange may specify to address any concerns it may have in regard to considerations of the above criteria.
- (h) In any instance where the Exchange does not approve a proposed DMM combination, the proponents of such proposed combination have a right to have such decision reviewed by the Exchange's Board of Directors.

26000 – BSTX Listing Rules Other Than for Exchange Traded Products**26000. Definitions**

- (a) With respect to these BSTX Listing Standards, the following terms shall have the meanings specified in this Rule 26000. A term defined elsewhere in these Rules shall have the same meaning with respect to this Rule 26000 Series, unless otherwise defined below.
 - (1) The term “BSTX Listing Standards” or “BSTX Listing Requirements” refer to the Exchange's Rules, policies, and any supplemental material governing the listing of Securities on BSTX.
 - (2) The term “Covered Security” means a security described in Section 18(b) of the Securities Act of 1933.
 - (3) The term “Initial Security Offering” means the public offering of a company's equity Security with such security being the company's Primary Equity Security.
 - (4) The terms “public distribution” and “public shareholders” as used herein include both shareholders of record and beneficial holders, but are exclusive of the holdings of officers, directors, controlling shareholders and other concentrated (i.e. 10% or greater), affiliated or family holdings.
 - (5) The term “Primary Equity Security” means a company's first class of common stock, equity securities, ordinary shares, shares or certifications of beneficial interest of trust, limited partnership interests, or American depositary receipts (“ADRs”) or shares (“ADSs”).

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- (6) The term “Round Lot” means 100 shares of a particular issuer.
- (7) The terms “shareholder” or “holder” or “security holder” mean a record owner or beneficial owner of a security, including a Security.

26101. General

The approval of an application for the listing of a security for trading on BSTX is a matter solely within the discretion of the Exchange. The Exchange has established certain minimum numerical standards, set forth below. The fact that an applicant may meet the Exchange’s numerical standards does not necessarily mean that its application will be approved. Other factors which will also be considered include, but are not limited to, the nature of an issuer’s business, the market for its products, its regulatory history, its past corporate governance activities, the reputation of its management, its historical record and pattern of growth, its financial integrity (including, but not limited to, any filing for protection under any provision of the federal bankruptcy laws or comparable foreign laws, the issuance by an issuer’s independent accountants of a disclaimer opinion on financial statements required to be audited, or failure to provide a required certification along with financial statements), its demonstrated earning power and its future outlook.

For an Initial Security Offering on BSTX, a company’s security must meet the following requirements:

(a) Initial Listing Standard 1

- (1) Size—Shareholder’s equity of at least \$4,000,000.
- (2) Income—Pre-tax income from continuing operations of at least \$750,000 in its last fiscal year (with operating history of at least one year), or in two of its last three fiscal years.
- (3) Distribution— Meet the standard in Rule 26102(a).
- (4) Aggregate Market Value of Publicly Held Shares – \$5,000,000.
- (5) Share Price/Market Value of Shares Publicly Held—See Rule 26102(b).

(b) Initial Listing Standard 2

- (1) History of Operations—Two years of operations.
- (2) Size—Shareholder’s equity of at least \$5,000,000.
- (3) Distribution— Meet the standard in Rule 26102(a).
- (4) Aggregate Market Value of Publicly Held Shares—\$15,000,000.
- (5) Share Price/Market Value of Shares Publicly Held—See Rule 26102(b).

(c) Initial Listing Standard 3

- (1) Size—Shareholder’s equity of at least \$4,000,000.
- (2) Total Value of Market Capitalization—\$50,000,000 for the prior 90 consecutive days.

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- (3) Aggregate Market Value of Publicly Held Shares—\$15,000,000.
 - (4) Distribution— Meet the standard in Rule 26102(a).
 - (5) Share Price/Market Value of Shares Publicly Held—See Rule 26102(b).
- (d) Initial Listing Standard 4
- (1) Total Value of Market Capitalization—\$75,000,000 for the prior 90 consecutive days.
 - (2) Aggregate Market Value of Publicly Held Shares—\$20,000,000.
 - (3) Distribution— Meet the standard in Rule 26102(a).
 - (4) Share Price/Market Value of Shares Publicly Held—See Rule 26102(b).
- (e) For purposes of this Rule 26101(e), a “Reverse Merger” means any transaction whereby an operating company becomes an Exchange Act reporting company by combining directly or indirectly with a shell company which is an Exchange Act reporting company, whether through a reverse merger, exchange offer, or otherwise. However, a Reverse Merger does not include the acquisition of an operating company by a listed company which qualified for initial listing under Rule 26119. In determining whether a company is a shell company, the Exchange will consider, among other factors: whether the Company is considered a “shell company” as defined in Rule 12b-2 under the Exchange Act; what percentage of the company’s assets are active versus passive; whether the company generates revenues, and if so, whether the revenues are passively or actively generated; whether the company’s expenses are reasonably related to the revenues being generated; how many employees work in the company’s revenue-generating business operations; how long the company has been without material business operations; and whether the company has publicly announced a plan to begin operating activities or generate revenues, including through a near-term acquisition or transaction. In order to qualify for initial listing, a company that is formed by a Reverse Merger (a “Reverse Merger Company”) must comply with one of the initial listing standards set forth in Rules 26101(a)—(d) and the applicable requirements of Rule 26102. In addition to satisfying all of the Exchange’s other initial listing requirements, a Reverse Merger Company shall be eligible to submit an application for initial listing only if the combined entity has, immediately preceding the filing of the initial listing application:
- (1) traded for at least one year in the U.S. over-the-counter market, on another national securities exchange or on a regulated foreign exchange following the consummation of the Reverse Merger and (i) in the case of a domestic issuer, has filed with the Commission a Form 8-K containing all of the information required by Item 2.01(f) of Form 8-K, including all required audited financial statements, after the consummation of the Reverse Merger, or (ii) in the case of a foreign private issuer, has filed all of the information described in (i) above on Form 20-F;
 - (2) maintained a closing security price equal to the security price requirement applicable to the initial listing standard under which the Reverse Merger

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Company is qualifying to list for a sustained period of time, but in no event for less than 30 of the most recent 60 trading days prior to the filing of the initial listing application; and

- (3) filed with the Commission all required reports since the consummation of the Reverse Merger, including the filing of at least one annual report containing all required audited financial statements for a full fiscal year commencing on a date after the date of filing with the Commission of the filing described in (1) above.

In addition, in order to qualify for listing, a Reverse Merger Company must have timely filed all required reports for the most recent 12-month period prior to the listing date.

In addition, a Reverse Merger Company will be required to maintain a closing security price equal to the security price requirement applicable to the initial listing standard under which the Reverse Merger Company is qualifying to list for a sustained period of time, but in no event for less than 30 of the most recent 60 trading days prior to the date of the Reverse Merger Company's listing.

The Exchange may in its discretion impose more stringent requirements than those set forth above if the Exchange believes it is warranted in the case of a particular Reverse Merger Company based on, among other things, an inactive trading market in the Reverse Merger Company's securities, the existence of a low number of publicly held shares that are not subject to transfer restrictions, if the Reverse Merger Company has not had a Securities Act registration statement or other filing subjected to a comprehensive review by the Commission, or if the Reverse Merger Company has disclosed that it has material weaknesses in its internal controls which have been identified by management and/or the Reverse Merger Company's independent auditor and has not yet implemented an appropriate corrective action plan.

A Reverse Merger Company will not be subject to the requirements of this Rule 26101(e) if it is listing in connection with a firm commitment underwritten public offering where the proceeds to the Reverse Merger Company will be at least \$40,000,000 and the offering is occurring subsequent to or concurrently with the Reverse Merger. In addition, a Reverse Merger Company will not be subject to the requirement of this Rule 26101(e) that it must maintain a closing security price equal to the security price requirement applicable to the initial listing standard under which the Reverse Merger Company is qualifying to list for at least 30 of the most recent 60 days prior to each of the filing of the initial listing application and the date of the Reverse Merger Company's listing, if it has satisfied the one-year trading requirement contained in paragraph (1) above and has filed at least four annual reports with the Commission which each contain all required audited financial statements for a full fiscal year commencing after filing the information described in paragraph (1) above. However, such companies will be required to (i) comply with the applicable security price requirement of Rule 26102(b) at the time of each of the filing of the initial listing application and the date of the Reverse Merger Company's listing and (ii) not be delinquent in their filing obligations with the Commission. In either of the cases described in this paragraph, the Reverse Merger Company will only need to meet the requirements of one of the financial initial listing standards in Rule 26101(a) in addition to all other applicable non-financial listing standard requirements, including, without limitation, the

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requirements of Rules 26102(a) and 26102(b) and the applicable corporate governance requirements of the Rule 26800 Series.

- (f) Reserved.
- (g) Closed-End Management Investment Companies—The Exchange will generally authorize the listing of a closed-end management investment company registered under the Investment Company Act of 1940 (a “Closed-End Fund”) that meets the following criteria:
 - (1) Size—market value of publicly held shares of at least \$50,000,000 for the prior 90 consecutive days; or
 - (2) A Closed-End Fund which is part of a group of Closed-End Funds which are or will be listed on BSTX, and which are managed by a common investment adviser or investment advisers who are “affiliated persons” as defined in Section 2(a)(3) of the Investment Company Act of 1940 as amended (the “Group”), is subject to the following criteria:
 - i. The Group has a total market value of publicly held shares of at least \$75,000,000 for the prior 90 consecutive days;
 - ii. The Closed-End Funds in the Group have an average market value of publicly held shares or net assets of at least \$15,000,000; and
 - iii. Each Closed-End Fund in the Group has a market value of publicly held shares or net assets of at least \$10,000,000.
 - (3) Distribution—See Rule 26102(a).
- (h) Additional criteria applicable to various classes of securities and issuers are set forth below. Applicants should also consider the policies regarding conflicts of interest, independent directors and voting rights described in Rules 26120-26125.
- (i) Initial Listing Requirements for Secondary Classes of Common Stock.
 - (1) When the Primary Equity Security is listed on BSTX or is a Covered Security, a company’s secondary class of common stock must meet all of the requirements in Rules (i) through (iv) below in order to be listed.
 - i. Minimum bid price of at least \$4 per share;
 - ii. At least 100 Round Lot holders and at least 50% of such Round Lot Holders must each hold shares that are not subject to resale restrictions for any reason and that have a market value of at least \$2,500;
 - iii. At least 200,000 publicly held shares that are not subject to resale restrictions for any reason;
 - iv. Market value of publicly held shares that are not subject to resale restrictions for any reason of at least \$3.5 million; and
 - v. if the security is trading in the U.S. over-the-counter market as of the date

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of application, such security must have a minimum average daily trading volume of 2,000 shares over the 30 trading day period prior to listing, with trading occurring on more than half of those 30 days, unless such security is listed on BSTX in connection with a firm commitment underwritten public offering of at least \$4 million.

- (2) In the event the company's Primary Equity Security is not listed on BSTX or is not a Covered Security, the secondary class of common stock may be listed on BSTX so long as it satisfies the initial listing criteria set forth in the initial listing standards outlined above in Rule 26101.
- (3) The listing requirements for preferred stock can be found in Rule 26103.
- (4) For the avoidance of doubt, the provisions of Rule 26102 shall not apply to this paragraph (i) of Rule 26101.

IM-26101-01 Corporate Governance Standards

In addition to the numerical listing standards, the Exchange has adopted certain corporate governance listing standards, which are set forth in Rule 26800 Series.

IM-26101-02

Reserved

26102. Equity Issues

Meet all of the following standards:

(a) Distribution

A minimum public distribution of 1,000,000 shares together with a minimum of 400 public shareholders.

(b) Stock Price/Market Value of Shares Publicly Held—A minimum market price of \$4 per share for applicants seeking to qualify for listing pursuant to Rule 26101.

(c) At least 300 Round Lot Holders.

(d) Voting Rights—See Rule 26122.

26103. Preferred Stock

The listing of preferred issues is considered on a case by case basis, in light of the suitability of the issue for trading on BSTX.

The Exchange, as a general rule, will not consider listing the convertible preferred stock of a company unless current last sale information is available with respect to the underlying common stock into which the preferred stock is convertible.

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Companies applying for listing of a preferred stock are expected to meet the following criteria:

- (a) Size and Earnings—The company appears to be in a financial position sufficient to satisfactorily service the dividend requirements for the preferred stock and meets the size and earnings criteria set forth in Rule 26101 above.
- (b) Distribution—In the case of an issuer whose Primary Equity Security is listed on BSTX or is a Covered Security, the preferred security must satisfy one of the following standards:

(1) Preferred Stock Distribution Standard 1.

Shares Publicly Held	100,000
Aggregate Public Market Value/Price	\$2,000,000/\$10

or

(2) Preferred Stock Distribution Standard 2.

- i. Minimum bid price of at least \$4 per share;
- ii. At least 100 Round Lot holders and at least 50% of such Round Lot Holders must each hold shares that are not subject to resale restrictions for any reason with a market value of at least \$2,500;
- iii. At least 200,000 publicly held shares that are not subject to resale restrictions for any reason;
- iv. Market value of publicly held shares that are not subject to resale restrictions for any reason of at least \$3.5 million; and
- v. If the security is trading in the U.S. over-the-counter as of the date of application, such security must have a minimum average daily trading volume of 2,000 shares over the 30 trading day period prior to listing, with trading occurring on more than half of those 30 days, unless such security is listed on BSTX in connection with a firm commitment underwritten public offering of at least \$4 million

To ensure adequate public interest in the preferred stock of non-listed issuers, the Exchange has established the following standards, which shall apply to all subsections of this paragraph (b):

Preferred Shares Publicly Held	400,000
Public Round-Lot Shareholders	800

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Aggregate Public Market
Value/ Minimum Bid Price \$4,000,000/\$10

Alternatively, in the event the Company's Primary Equity Security is not listed on BSTX or is not a Covered Security, the preferred Security may be listed on BSTX so long as it satisfies the initial listing criteria for Securities set forth in the initial listing standards outlined above in Rule 26101.

- (c) Voting Rights—See Rule 26124.
- (d) Conversion Provisions—The Exchange will not list convertible preferred issues containing a provision which gives the company the right, at its discretion, to reduce the conversion price for periods of time or from time to time unless the company establishes a minimum period of ten business days within which such price reduction will be in effect.

26104. Reserved**26105. Warrant Securities**

The listing of warrant issues is considered on a case by case basis. The Exchange will not consider listing the warrant issue of a company unless the common stock or other security underlying the warrants are listed and in good standing on BSTX and there are at least 200,000 warrants publicly held by not less than 100 public warrant holders. In addition, to be listed, warrant issues are expected to meet the following criteria:

- (a) Exercise Provisions—The Exchange will not list warrant issues containing provisions which give the company the right, at its discretion, to reduce the exercise price of the warrants for periods of time, or from time to time, during the life of the warrants unless (i) the company undertakes to comply with any applicable tender offer regulatory provisions under the federal securities laws, including a minimum period of 20 business days within which such price reduction will be in effect (or such longer period as may be required under the SEC's tender offer rules) and (ii) the company promptly gives public notice of the reduction in exercise price in a manner consistent with the Exchange's immediate release policy set forth in Rule 26401 and 26402 hereof. The Exchange will apply the requirements in the preceding sentence to the taking of any other action that has the same economic effect as a reduction in the exercise price of a listed warrant. This policy will not preclude the listing of warrant issues for which regularly scheduled and specified changes in the exercise price have been previously established at the time of issuance of the warrants.
- (b) Warrant issuers are advised that the Exchange requires advance notice of any extension of the Expiration Date of the warrants. It is suggested that warrant issuers provide at least two months notice in this regard, but in no event less than 20 days. (See Rule 26920.)

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- (c) Whenever a company having warrants listed on BSTX effects a split of 3 for 2 or greater in the underlying shares, the Exchange requires that a corresponding split be made in the warrants.

26106. Market Maker Requirement

- (a) All Securities listed pursuant to the BSTX Listing Standards must meet one of the following requirements:

- (1) DMM Requirement: a DMM must be assigned to the Security; or
- (2) Active Market Maker Requirement:

The Security must have at least four registered and active Market Makers.

26107. Reserved**26108. Assessable Securities**

The Exchange will not accept applications to list assessable securities.

26109. Canadian Companies

The financial criteria for listing securities of Canadian companies are the same as for United States companies (see Rule 26101). With respect to public distribution (Rule 26102), consideration will be given to the total number of shareholders and publicly held shares in Canada and the United States. Current U.S. market interest will also be considered in evaluating the suitability of the issue for trading on BSTX.

26110. Securities of Canadian Companies

- (a) The Exchange recognizes that every corporate entity must operate in accordance with the laws and customary practices of its country of origin or incorporation. Therefore, in evaluating the eligibility for listing of a **Canadian** based entity, the Exchange will consider the laws, customs and practices of the applicant's country of domicile, to the extent not contrary to the federal securities laws (including but not limited to Rule 10A-3 under the Securities Exchange Act of 1934), regarding such matters as: (i) the election and composition of the Board of Directors; (ii) the issuance of quarterly earnings statements; (iii) shareholder approval requirements; and (iv) quorum requirements for shareholder meetings. A company seeking relief under these provisions should provide written certification from independent local counsel that the non-complying practice is not prohibited by home country law. Any foreign based entity that is a foreign private issuer (as defined in Exchange Act Rule 3b-4(c)) can avail itself of an exemption from the requirements of Section 805(c) hereof, but exemptive relief under Section 805(c) is not available to a foreign based issuer that is not a foreign private issuer. In addition, the company must provide English language disclosure of any significant ways in which its corporate governance practices differ from those followed by domestic companies pursuant to the Exchange's standards. This disclosure may be provided either on the company's web site and/or in its annual

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report it is required to file with the SEC that includes audited financial statements (including on Forms 10-K, 20-F, or 40-F). If the disclosure is only available on the web site, the annual report must so state and provide the web address at which the information may be obtained.

(b) Form of Security

(1) ADRs—Normally, shares of foreign companies are listed as "American Depository Receipts" (sometimes designated as "ADRs" or "American Shares") of an acceptable American bank or trust company, representing the deposit of an equivalent amount of underlying foreign shares.

Generally, the deposit agreement, under which ADRs are issued, should provide for the following:

- i. Release of Shares—The deposit agreement must permit the prompt release of shares deposited abroad on either mail or cable advice by the depository of the cancellation of equivalent American Depository Receipts, and the issuance of additional receipts in New York upon either mail or cable advice from the sub-depository abroad of the deposit of additional shares.
 - ii. Interchangeability—Underlying shares will not be accepted for deposit or transfer if they are subject to any restrictions on sale or transfer and unless they are accompanied by all certifications required by the U.S. or the country of origin. The Exchange may, however, accept restrictions in the deposit agreement on interchangeability of certificates for a short period after the date of listing.
 - iii. Dividends, Distributions and Reports—Dividends on deposited foreign shares underlying ADRs are collected by the U.S. depository (or its foreign correspondent or agent) and, in turn, paid in U.S. dollars by the depository to registered ADR owners. The depository is also usually contractually obligated to distribute financial statements and other reports issued by the company whose shares are represented by such ADRs.
 - iv. Certificates—The American Depository Receipts dealt in on the Exchange must conform to the customary standards as to form and printing, and must include a statement on the face of the certificate that title thereto is transferable with the same effect as in the case of an investment security under Article 8 of the Uniform Commercial Code.
- (2) Actual Foreign Shares—The use of foreign share certificates will be considered when: (a) the certificate is printed in English and is in registered form; (b) the certificates are interchangeable and can be delivered and transferred in New York City as well as the country of origin; and (c) arrangements for distributing

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dividends and other rights and benefits to American holders are equivalent to those provided by the use of American Depositary Receipts.

- (c) **Citizenship Restrictions**—The Exchange reserves the right not to approve the listing of shares which are subject to governmental or charter restrictions or limitations on interchangeability, or with respect to the total amount of the issue that may be owned or voted by residents outside the country of origin, or by the holders of American Depositary Receipts.
- (d) **Disclosure**—The Exchange will require the company to: comply with the annual report publication requirements set forth in Rule 26610(a) below.
- (e) Each listed foreign private issuer must, at a minimum, submit to the SEC a Form 6-K that includes (i) an interim balance sheet as of the end of its second fiscal quarter and (ii) a semi-annual income statement that covers its first two fiscal quarters. This Form 6-K must be submitted no later than six months following the end of the company's second fiscal quarter. The financial information included in the Form 6-K must be presented in English, but does not have to be reconciled to U.S. GAAP.

26111. One Product/One Customer Companies

As indicated in Rule 26101, the character of the market for an applicant's products is an important element in considering original listing applications. Thus, even though a particular company meets all BSTX's numerical criteria, it may not be eligible for listing if it:

- (a) produces a single product or line of products or engages in a single service; and/or
- (b) sells such product or products to, or performs such service for, only one or a limited number of customers.

26112 - 26116 Reserved**26117. Paired Securities**

The Exchange may consider the listing of paired securities (that is, securities which may be transferred and traded only in combination with one another as a single economic unit) based on the ability of the combined entity to satisfy the size and earnings criteria set forth in Rule 26101.

In the event the pairing agreement is terminated, the entity which initially met the original listing standards need only satisfy the Exchange's continued listing standards in order to remain on BSTX. The other entity, however, which at the time of listing did not by itself qualify under Rule 26101, must, at the time of termination, meet both the financial (Rule 26101) and distribution (Rule 26102) standards in order to remain listed on BSTX.

26118. Reserved**26119. Listing of Companies Whose Business Plan Is to Complete One or More Acquisitions**

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Generally, the Exchange will not permit the initial or continued listing of a company that has no specific business plan or that has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies.

However, in the case of a company whose business plan is to complete an initial public offering and engage in a merger or acquisition with one or more unidentified companies within a specific period of time, the Exchange will permit the listing if the company meets all applicable initial listing requirements, as well as the conditions described below.

- (a) At least 90% of the gross proceeds from the initial public offering and any concurrent sale by the company of equity securities must be deposited in a trust account maintained by an independent trustee, an escrow account maintained by an “insured depository institution”, as that term is defined in Section 3(c)(2) of the Federal Deposit Insurance Act, or in a separate bank account established by a registered broker or dealer (collectively, a “deposit account”).
- (b) Within 36 months of the effectiveness of its initial public offering registration statement, or such shorter period that the company specifies in its registration statement, the company must complete one or more business combinations having an aggregate fair market value of at least 80% of the value of the deposit account (excluding any deferred underwriter’s fees and taxes payable on the income earned on the deposit account) at the time of the agreement to enter into the initial combination.
- (c) Until the company has satisfied the condition in paragraph (b) above, each business combination must be approved by a majority of the company’s independent directors.
- (d) Until the company has satisfied the condition in paragraph (b) above, if the company holds a shareholder vote on a business combination for which the company must file and furnish a proxy or information statement subject to Regulation 14A or 14C under the Securities Exchange Act of 1934 in advance of the shareholder meeting, the business combination must be approved by a majority of the shares of common stock voting at the meeting at which the combination is being considered. If a shareholder vote on the business combination is held, public shareholders voting against a business combination must have the right to convert their shares of common stock into a pro rata share of the aggregate amount then in the deposit account (net of taxes payable and amounts distributed to management for working capital purposes) if the business combination is approved and consummated. A company may establish a limit (set no lower than 10% of the shares sold in the initial public offering) as to the maximum number of shares with respect to which any shareholder, together with any affiliate of such shareholder or any person with whom such shareholder is acting as a “group” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934), may exercise such conversion rights. For purposes of this paragraph (d), public shareholder excludes officers and directors of the company, the company’s sponsor, the founding shareholders of the company, any family member or affiliate of any of the foregoing persons, and other concentrated holdings of 10% or more. For purposes of this Rule, “family member”

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means a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person's home.

- (e) Until the company has satisfied the condition in paragraph (b) above, if a shareholder vote on the business combination is not held for which the company must file and furnish a proxy or information statement subject to Regulation 14A or 14C under the Securities Exchange Act of 1934, the company must provide all shareholders with the opportunity to redeem all their shares for cash equal to their pro rata share of the aggregate amount then in the deposit account (net of taxes payable and amounts distributed to management for working capital purposes), pursuant to Rule 13e-4 and Regulation 14E under the Securities Exchange Act of 1934, which regulate issuer tender offers. The company must file tender offer documents with the Securities and Exchange Commission containing substantially the same financial and other information about the business combination and the redemption rights as would be required under Regulation 14A of the Securities Exchange Act of 1934, which regulates the solicitation of proxies.
- (f) Until the company completes a business combination where all conditions in paragraph (b) above are met, the company must notify the Exchange on the appropriate form about each proposed business combination. Following each business combination, the combined company must meet the requirements for initial listing. If the company does not meet the requirements for initial listing following a business combination or does not comply with one of the requirements set forth above, the Exchange shall commence delisting proceedings under Rule 27010 to delist the company's securities. The company shall not be eligible to follow the procedures to cure deficiencies outlined in Rule 27009.

26120. Certain Relationships and Transactions

Related party transactions must be subject to appropriate review and oversight by the company's Audit Committee or a comparable body of the Board of Directors.

26121. Corporate Governance

Each listed issuer must satisfy the Corporate Governance requirements of the Rule 26800 Series.

26122. Voting Rights

The following voting rights policy is based upon, but more flexible than, former SEC Rule 19c-4. Accordingly, the Exchange will permit corporate actions or issuances by listed companies that would have been permitted under Rule 19c-4, as well as other actions or issuances that are not inconsistent with the new Policy. In evaluating such other actions or issuances, the Exchange will consider, among other things, the economics of such actions or issuances and the voting rights being granted. The Exchange's interpretations under the Policy will be flexible, recognizing that both the capital markets and the circumstances and needs of listed companies change over time. The text of the Exchange's Voting Rights Policy is as follows:

Voting rights of existing shareholders of publicly traded common stock or equity securities registered under Section 12 of the Exchange Act cannot be disparately reduced or restricted through any corporate action or issuance.

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Examples of such corporate action or issuance include, but are not limited to, the adoption of time-phased voting plans, the adoption of capped voting rights plans, the issuance of super voting securities or stock, or the issuance of stock with voting rights less than the per share voting rights of the existing common stock through an exchange offer.

IM-26122-1 Companies with Dual Class Structures

The above restriction against the issuance of super voting stock is primarily intended to apply to the issuance of a new class of stock, and companies with existing dual class capital structures would generally be permitted to issue additional shares of the existing super voting stock without conflict with this policy.

IM-26122-2 Consultation with the Exchange

Violation of the Exchange's Voting Rights Policy could result in the loss of an issuer's exchange market or public trading market. The Policy can apply to a variety of corporate actions and securities issuances, not just super voting or so-called "time phase" voting. While the Policy will continue to permit actions previously permitted under SEC Rule 19c-4, it is extremely important that listed companies communicate their intentions to their Exchange representatives as early as possible before taking any action or committing to take any action that may be inconsistent with the Policy. The Exchange urges listed companies not to assume, without first discussing the matter with the Exchange, that a particular issuance of equity or preferred stock, or the taking of some other corporate action will necessarily be consistent with the Policy. It is suggested that copies of preliminary proxy or other material concerning matters subject to the Policy be furnished to the Exchange for review prior to formal filing.

IM-26122-3 Review of Past Voting Rights Activities

In reviewing an application for initial listing on the Exchange, the Exchange will review the issuer's past corporate actions to determine whether another SRO has found any of the issuer's actions to have been a violation or evasion of the SRO's voting rights policy. Based on such review, the Exchange may take any appropriate action, including the denial of the listing or the placing of restrictions on such listing. The Exchange will also review whether an issuer seeking initial listing on the Exchange has requested a ruling or interpretation from another SRO regarding the application of that SRO's voting rights policy with respect to a proposed transaction. If so, the Exchange will consider that fact in determining its response to any ruling or interpretation that the issuer may request on the same or similar transaction.

IM-26122-4 Non-U.S. Companies

The Exchange will accept any action or issuance relating to the voting rights structure of a non-U.S. company that is in compliance with the Exchange's requirements for domestic companies or that is not prohibited by the Company's home country law.

EXHIBIT 5A**26123. Quorum**

The Exchange expects that an appropriate quorum of the shares issued and outstanding and entitled to vote will be provided for by the by-laws of companies applying for the original listing of voting Securities. The Exchange recommends a quorum of at least 33 1/3%. If less is specified, the Exchange should be consulted before filing the original listing application.

26124. Preferred Voting Rights

- (a) Upon default—To be eligible for listing, the holders of a preferred stock should acquire the right, voting as a class, to elect at least two members of the company's board of directors no later than two years after an incurred default in the payment of fixed dividends.
- (b) In all cases—The Exchange may decline to list a preferred stock, unless preferred stock holders have the right, voting as a class, to vote on:
 - (1) Alteration of Existing Provisions:
 - i. Approval by the holders of at least two-thirds of the outstanding preferred shares should be required for adoption of any charter or by-law amendment that would materially affect existing terms of the preferred stock.
 - ii. If all series of a class of preferred stock are not equally affected by a proposed change to the existing terms of the preferred stock, a two-thirds approval of the class and a two-thirds approval of the series that will have a diminished status should be required to authorize such change.
 - iii. The charter should not hinder the preferred stock holders' right to alter the terms of a preferred stock by limiting modification to specific items, e.g., interest rate, redemption price.
 - (2) Creation of a Senior Issue:
 - i. Creation of a senior issue should require approval of at least two-thirds of the outstanding preferred shares. The board of directors may create a senior series of preferred stock without a vote by an existing series if such action was authorized by preferred shareholders at the time the existing series was created.
 - ii. A vote by an existing class of preferred stock is not required for the creation of a senior issue if the existing class received adequate notice of redemption to occur within 90 days. However, a vote by an existing class is required if all or part of the existing issue is being retired with proceeds from the sale of the new issue.
 - (3) Increase in Authorized Amount or Creation of a Pari Passu Issue: An increase in the authorized amount of a class of preferred stock or the creation of a pari passu issue should be approved by at least a majority of the outstanding shares of the class or classes to be affected. The board of directors may increase the authorized

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amount of a series or create an additional series ranking pari passu without a vote by the existing series if such action was authorized by preferred shareholders at the time the class of preferred stock was created.

26125. Reserved**26126. Limited Partnerships**

No security issued in a limited partnership rollup transaction (as defined by Section 14(h) of the Exchange Act), shall be eligible for listing unless (i) the rollup transaction was conducted in accordance with procedures designed to protect the rights of limited partners as provided in Section 6(b)(9) of the Exchange Act, as it may from time to time be amended and (ii) a broker-dealer which is a member of a national securities association subject to Section 15A(b)(12) of the Exchange Act participates in the rollup transaction. The issuer shall further provide the Exchange with an opinion of counsel stating that such broker-dealer's participation in the rollup transaction was conducted in compliance with the rules of a national securities association designed to protect the rights of limited partners, as specified in the Limited Partnership Rollup Reform Act of 1993.

In addition to any other applicable requirements, each limited partnership listed on the Exchange shall have a corporate general partner or co-general partner which must satisfy the independent director and audit committee requirements of Rule 26803.

Note: The only currently existing national securities association subject to Section 15A(b)(12) of the Act is FINRA. Its rules designed to protect the rights of limited partners, pursuant to the Limited Partnership Rollup Reform Act of 1993, are specified in FINRA Rule 2310.

26127. Use of Discretionary Authority

The Exchange may use its authority under the BSTX Listing Standards, including the BSTX Rules in this 26000 series and the BSTX Rules in the 27000 series, to deny initial or continued listing to an issuer when the issuer and/or an individual associated with the issuer has a history of regulatory misconduct. Such individuals are typically an officer, director, substantial security holder (as defined in IM-26127-1 below) or consultant to the issuer. In making this determination, the Exchange shall consider a variety of factors, including the severity of the violation; whether it involved fraud or dishonesty; whether it was securities-related; whether the investing public was involved; when the violation occurred; how the individual has been employed since the violation; whether there are continuing sanctions against the individual; whether the individual made restitution; whether the issuer has taken effective remedial action; and the totality of the individual's relationship to the issuer.

Based on this review, the Exchange may determine that the regulatory history rises to the level of a public interest concern, but may also consider whether remedial measures proposed by the issuer, if taken, would allay that concern. Examples of such remedial measures could include the individual's resignation from officer and director positions; divestiture of stock holdings;

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terminations of contractual arrangements between the issuer and the individual; or the establishment of a voting trust surrounding the individual's shares or Securities. Alternatively, the Exchange may conclude that a public interest concern is so serious that no remedial measure would be sufficient to alleviate it. In the event that the Exchange makes such a determination, the issuer may seek review of that determination through the procedures set forth in the Rule 27200 Series.

The Exchange may also use its discretionary authority, for example, when an issuer files for protection under any provision of the federal bankruptcy laws or comparable foreign laws, when an issuer's independent accountants issue a disclaimer opinion on financial statements required to be audited, or when financial statements do not contain a required certification.

In addition, pursuant to its discretionary authority, the Exchange shall review an issuer's past corporate governance activities. This review may include activities taking place while the issuer is listed on the Exchange or another marketplace that imposes corporate governance requirements, as well as activities taking place after a formerly listed issuer is no longer listed on the Exchange or such marketplace. Based on such review, and in accordance with Exchange listing requirements, the Exchange may take any appropriate action, including placing restrictions on or adding requirements for listing, or denying listing of a security if the Exchange determines that there have been violations or evasions of corporate governance standards. Such determinations shall be made on a case-by-case basis as necessary to protect investors and the public interest.

Although the Exchange has broad discretion to impose additional or more stringent criteria, the rules do not provide a basis for the Exchange to grant exemptions or exceptions from the enumerated criteria for initial or continued inclusion, which may be granted solely pursuant to rules explicitly providing such authority.

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An interest consisting of more than either 5% of the number of shares of common stock or 5% of the voting power outstanding of an issuer or party shall be considered a substantial interest and cause the holder of such an interest to be regarded as a substantial security holder.

26128. Reserved

26129. Reserved

26130. Original Listing Applications

Applicants must register the security to be listed under Section 12(b) of the Exchange Act (Rule 26210) and submit an original listing application (Rule 26211).

26131. Additional Listings; Cancellation of Listing Authority

Following listing, companies and their registrars are not permitted to issue or countersign any securities in excess of those authorized for listing, until the Exchange has approved an additional

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listing application covering the additional securities as described in Rules 26301-26306. Listing authority for a particular purpose may be cancelled as described in Rule 26350. In addition, where any unlisted company acquires a listed company, the criteria for original listing may be applicable as specified in Rule 26341.

26132. Listing Agreements

In addition to meeting the foregoing criteria, companies applying for listing enter into agreements with the Exchange and become subject to its rules, regulations and policies applicable to listed companies.

Among other things, listed companies are required to:

- (a) Timely Disclosure and Related Notices—Comply with the Exchange’s timely disclosure policies and related notice requirements (Rules 26401-26404, 26920-26924);
- (b) Dividends, Splits and Distributions—Comply with the Exchange’s regulations governing these transactions (Rules 26304, 26501-26507);
- (c) Accounting, Annual and Quarterly Reports—Furnish shareholders with annual reports and release quarterly sales and earnings (Rules 26603-26624). (Companies not having common stock listed on the Exchange are required to send annual *and* quarterly reports to shareholders.);
- (d) Shareholders’ Meetings, Approval and Voting—Hold annual shareholders’ meetings and submit certain proposed option plans and acquisitions to shareholders for approval (Rules 26701-26713); and
- (e) Additional Information—The Exchange may request any additional information or documentation, public or non-public, deemed necessary to make a determination regarding a security’s continued listing, including but not limited to, any material provided to or received from the SEC or other appropriate regulatory authority. A listed company may be delisted if it fails to provide such information within a reasonable period of time or if any communication (including communications made in connection with an initial listing application (See Rule 26211(e)) to the Exchange contains a material misrepresentation or omits material information necessary to make the communication to the Exchange not misleading.

26133. Delisting

Listed companies are subject to the Exchange’s delisting rules, policies, and procedures (Rules 27001-27011 and 27201-27211).

26134. Filing Requirements

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The Exchange's filing, notice and submission requirements to the Exchange are set forth in Rule 27101.

26135. Uniform Book-Entry Settlement

- (a) Each BSTX Participant shall use the facilities of a securities depository for the book-entry settlement of all transactions in depository eligible securities with another BSTX Participant or a member of a national securities exchange or a registered securities association.
- (b) Each BSTX Participant shall not effect a delivery-versus-payment or receipt-versus-payment transaction in a depository eligible security with a customer unless the transaction is settled by book-entry using the facilities of a securities depository.
- (c) For purposes of this rule, the term "securities depository" shall mean a securities depository registered as a clearing agency under Section 17A of the Securities Exchange Act of 1934.
- (d) The term "depository eligible securities" shall mean securities that (i) are part of an issue (securities identified by a single CUSIP number) of securities that is eligible for deposit at a securities depository and (ii) with respect to a particular transaction, are eligible for book-entry transfer at the depository at the time of settlement of the transaction.
- (e) This rule shall not apply to transactions that are settled outside of the United States.
- (f) The requirements of this rule shall supersede any inconsistent requirements under other Exchange rules.
- (g) This rule shall not apply to any transaction where the securities to be delivered in settlement of the transaction are not on deposit at a securities depository and:
 - (1) if the transaction is for same-day settlement, the deliverer cannot by reasonable efforts deposit the securities in a securities depository prior to the cut-off time established by the depository for same-day crediting of deposited securities, or
 - (2) the deliverer cannot by reasonable efforts deposit the securities in a depository prior to a cut-off date established by the depository for that issue of securities.

26136. Direct Registration System Participation

All securities initially listing on BSTX, except securities which are book-entry only, must be eligible for a Direct Registration Program operated by a clearing agency registered under Section 17A of the Act. A foreign issuer, as defined under Rule 3b-4 under the Act, including a Foreign Private Issuer, shall not be subject to this requirement if it submits to the Exchange a written statement from an independent counsel in such Company's home country certifying that a law or regulation in the home country prohibits compliance.

26137. Depository Eligibility

Before any issue of securities of an issuer is listed on the Exchange, the Exchange shall have received a representation from the issuer that a CUSIP number identifying the securities has been

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included in the file of eligible issues maintained by a securities depository registered as a clearing agency under Section 17A of the Securities Exchange Act of 1934 (“securities depository” or “securities depositories”), except that this Rule shall not apply to a security if the terms of the security do not and cannot be reasonably modified to meet the criteria for depository eligibility at all securities depositories.

26138. Reserved**26139. Reserved****26140. Additional Requirements for BSTX-Listed Securities Issued by the Exchange or its Affiliates**

- (a) For purposes of this Rule 26140, the terms below are defined as follows:
- (1) “Exchange Affiliate” means the Exchange and any entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Exchange, where “control” means that the one entity possesses, directly or indirectly, voting control of the other entity either through ownership of capital stock or other equity securities or through majority representation on the board of directors or other management body of such entity.
 - (2) “Affiliate Security” means any security issued by an Exchange Affiliate or any Exchange-listed option on any such security.
- (b) Upon initial and throughout continued listing of the Affiliate Security on the Exchange, the Exchange shall:
- (1) file a report quarterly with the Commission detailing the Exchange’s monitoring of:
 - i. the Exchange Affiliate's compliance with the BSTX Listing Requirements; and
 - ii. the trading of the Affiliate Security, which shall include summaries of all related surveillance alerts, complaints, regulatory referrals, trades canceled or adjusted, investigations, examinations, formal and informal disciplinary actions, exception reports and trading data of such security.
 - (2) engage an independent accounting firm once a year to review and prepare a report on the Affiliate Security to ensure that the Exchange Affiliate is in compliance with the BSTX Listing Requirements and promptly forward to the Commission a copy of the report prepared by the independent accounting firm.

In the event that the Exchange determines that the Exchange Affiliate is not in compliance with any of the BSTX listing requirements, the Exchange shall file a report with the Commission within five business days of providing notice to the Exchange Affiliate of its non-compliance. The report shall identify the date of non-compliance, type of non-compliance and any other material information conveyed to the Exchange Affiliate in the notice of non-compliance. Within five business days of receipt of a plan

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of compliance from the Exchange Affiliate, the Exchange shall notify the Commission of such receipt, whether the plan of compliance was accepted by the Exchange or what other action was taken with respect to the plan and the time period provided to regain compliance with the BSTX Listing Requirements, if any.

26200 – Original Listing Procedures**26201. Confidential Pre-Application Review of Eligibility**

A company seeking to list its securities for trading on BSTX must participate in a confidential pre-application eligibility review by the Exchange in order to determine whether it meets the Exchange's listing criteria. Once a company has cleared such review, it may file an original listing application pursuant to Rule 26202 seeking Exchange listing approval of its securities.

Preliminary discussions with the Exchange on important matters in connection with the confidential pre-application eligibility review may be undertaken by company officials interested in listing with the assurance that careful security measures have been adopted by the Exchange to avoid revealing any confidential information which the company may disclose.

The information needed for the purpose of conducting a confidential pre-application eligibility review is set forth in Rule 26210 through Rule 26222.

26202. Original Listing Steps

There are normally seven steps in the original listing process following successful completion of the confidential pre-application eligibility review described in Rule 26201:

- (a) company files original listing application and supporting papers with Exchange;
- (b) company files Exchange Act registration statement and exhibits with SEC;
- (c) Exchange reserves ticker symbol;
- (d) Exchange approves listing;
- (e) Exchange allocates security to a DMM (if applicable);
- (f) SEC Exchange Act registration statement becomes effective; and
- (g) Security is admitted to dealings.

26203. Reserved**26204. Ticker Symbol**

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Applicants may request a particular trading symbol. Although every effort will be made to reserve the symbol requested, there is no assurance that it will be available. Request for a particular symbol should be made as early in the listing process as possible.

26205. Policy Regarding Allocation of Securities to DMMs

The Exchange has adopted a procedure to increase company input into the allocation process. A company may choose either to be assigned a DMM by the Exchange, or to select its own DMM. Alternatively, a company may elect that in lieu of a DMM a minimum of four (4) market makers will be assigned to the Security upon initial listing and may be reduced in a manner consistent with Rule 26106.

The Exchange makes every effort to see that each security is allocated in the best interests of the company and its shareholders, as well as that of the public and the Exchange. For information regarding the DMM Allocation Procedure, please contact the Exchange.

26206 – 26209. Reserved**26210. Registration under the Exchange Act**

- (a) SEC Forms—A security approved for listing by the Exchange must be registered under Section 12(b) of the Exchange Act before it may be admitted to trading on BSTX or subject to an exemption issued by the Commission that permits the listing of the security notwithstanding that it is not registered pursuant to Section 12(b) of the Exchange Act. Exchange Act registration (or an exemption therefrom) is required even though the applicant may have previously registered all or part of the securities under the Securities Act. However, a security which has already been registered under Section 12(g) of the Exchange Act, or has recently been the subject of a public offering registered under the Securities Act, may normally be registered under Section 12(b) of the Exchange Act for Exchange trading on SEC Form 8-A. In addition, securities of an issuer which has another class or series of securities registered on another national securities exchange may also use SEC Form 8-A. If an applicant does not have a class of securities registered under Exchange Act Section 12(g) or another class of securities registered on a national securities exchange, SEC Form 10 may be required.

The Exchange will furnish a sample SEC Form 8-A with instructions. Applicants should prepare and file the SEC registration statement and exhibits concurrently with the Exchange listing application and exhibits.

- (b) Effective Date—Registration under Section 12(b) of the Exchange Act cannot become effective until after the issue has been approved for listing by the Exchange. Upon such approval, the Exchange is required to certify to the SEC that it has received its copy of the registration statement and has approved the particular Securities for listing and registration. Registration of a class of securities on Form 8-A becomes effective automatically upon the later of the filing of the Form 8-A with the SEC, the SEC's receipt of certification from the Exchange, or (if the class of securities is concurrently being registered under the Securities Act) the effectiveness of the related Securities Act

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registration statement. Registration other than on Form 8-A becomes effective automatically 30 days after receipt by the SEC of the Exchange's certification, but may become effective within a shorter period, by order of the SEC, on request for acceleration of the effective date made by the company to the SEC.

- (c) Copies—One manually signed copy of the Exchange Act registration statement, including exhibits, must be filed with the listing application.

26211. Original Listing Application – General

- (a) Form—A typewritten listing application (signed by an executive officer of the applicant), together with all appropriate attachments, as outlined below, and one copy only of each of the required exhibits, should be filed with the Exchange for examination. If any deficiencies are noted, or any changes are considered necessary in the form or contents of the application and exhibits, the applicant will be notified.
- (b) Incorporation by Reference—A copy of the following documents should be attached to each original listing application submitted and the information contained therein may be incorporated by reference (see Rule 26212):
 - (1) latest Form 10-K Annual Report, Form 10-Q Quarterly Report(s) and Form 8-K Current Report(s) for periods subsequent to the latest Form 10-K (or comparable periodic reports filed with the appropriate regulatory agency of the applicant pursuant to the Securities Exchange Act of 1934), and latest proxy statement for annual meeting of shareholders; or
 - (2) a prospectus declared effective by the SEC which contains the latest audited financial statements of the applicant, Form 10-Q Quarterly Report(s) and Form 8-K Current Report(s) (or comparable periodic reports filed with the appropriate regulatory agency of the applicant pursuant to the Securities Exchange Act of 1934), for periods subsequent to the effective date of the prospectus, and latest available proxy statement for meeting of shareholders. In the event a Form 10-Q Quarterly Report (or comparable periodic report) for a quarter ended more than 45 days before the date of the listing application is not required to be filed with the SEC (or other appropriate regulatory agency), financial information comparable to that which would have been included in the Form 10-Q Quarterly Report shall be filed with the Exchange as part of the listing application; and
 - (3) latest annual report distributed to shareholders; and
 - (4) such other information, documents or materials as may be deemed appropriate by the Exchange for inclusion in the applicant's listing application.
- (c) Listing Fee—A check should accompany the submission. (See the Exchange's fee schedule for computation of amount.)
- (d) Accounting Review—A company's financial statements may be submitted to the Exchange's consulting accountants for review as to compliance with Exchange requirements and generally accepted accounting principles ("GAAP").

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- (e) The Exchange may request any additional information or documentation, public or non-public, deemed necessary to make a determination regarding a Security's initial listing eligibility, including, but not limited to, any material provided to or received from the SEC or other appropriate regulatory authority. An issuer may be denied initial listing if it fails to provide such information within a reasonable period of time or if any communication to the Exchange contains a material misrepresentation or omits material information necessary to make a communication to the Exchange not misleading.

26212. Content of Original Listing Application—Securities

Each company must submit an application for original listing, in the form prescribed by the Exchange, together with supporting exhibits specified in Rule 26306 (See sample Original Listing Application for Securities Listed on the BSTX Market in the BSTX Listing Supplement).

26213. Exhibits to Be Filed with Original Listing Application—Securities

In support of the original listing application, a company must file one copy of the Listing Agreement, executed by an executive officer of the applicant, on a listing form supplied by the Exchange. In addition, the Exchange may request copies of such other documents as are necessary to complete its review of an issuer's eligibility for listing.

26214. Oil and Gas and Mining Companies—Additional Papers to Be Filed

Oil and Gas Companies—In addition to the exhibits required of all applicants, companies which have an interest in oil and gas properties as a material part of their business must submit the following:

Engineer's Reserve Report. Report of recent date, of qualified engineer, including estimate of proven reserves. The report shall be accompanied by a signed statement of the engineer's qualifications. The Exchange recommends and may, in fact, require the submission of the report of a qualified independent engineer not in the regular employ of the company.

Mining Companies—In addition to the exhibits required of all applicants, companies which own or operate mines as a material part of their business must submit the following:

Table of Lands. A tabular list of mineral and other lands (separate lists for producing and non-producing properties), each property designated by number or claim name. If any property is held under lease, specify terms. Submit separate lists for properties held directly and those held through subsidiaries.

Engineer's Mining and Reserve Report. Report, of recent date, of qualified engineer. The report shall be accompanied by a signed statement of the engineer's qualifications. (In certain cases, the Exchange may require the

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submission of the report of a qualified independent engineer not in the regular employ of the applicant.)

In the case of mines which are developing, the engineer's report must contain:

- (a) recommendations regarding the development program;
- (b) estimate as to amount of additional funds which will be required to complete the development program as outlined; and
- (c) estimate of length of time required to complete such development program.

26215. Reserved**26216. Reserved****26217. Content of Original Listing Application – Security Warrants**

Generally, an original listing application for a Security warrant issue will follow the format for all other Securities, as set forth in Rules 26211-26212.

26218 – 26219**26220 Original Listing Applications of Canadian Issuers**

- (a) Registration under The Exchange Act of 1934—All securities (including ADRs) must be registered under Section 12(b) of the Exchange Act before they may be admitted to trading on the Exchange. This requirement applies regardless of whether the company previously registered any of its securities or ADRs in connection with a public offering in the U.S. or whether it previously registered such issues under Section 12(g) of the Exchange Act for purposes of over-the-counter trading. Companies registered under Section 12(g), or those having securities registered under the Securities Act, are able to file a short-form registration with the SEC incorporating previous Securities Act or Exchange Act filings by reference.

Registration under Section 12(b) of the Exchange Act for the securities or ADRs of foreign issuers should be made on Form 20-F. This Form, which must be prepared and signed by the foreign company, calls for general information as to the business, properties, capitalization, and management of the company and, if the securities are represented by ADRs, information concerning the depositary and the deposit agreement, but does not require some of the detailed information required to be furnished in an Exchange Act registration statement filed by a U.S. company. The requirements for the financial statements, schedules and accountants' certificates are, however, substantially the same as those applicable to a company which files a registration statement on Form 10 and annual report on Form 10-K. The required financial statements include audited consolidated balance sheets as of the end of each of the two most recent fiscal years together with audited consolidated statements of income and changes in financial position for each of the three fiscal years preceding the date of the most recent consolidated balance sheet.

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In any instance where a listing applicant has not previously registered its shares or ADRs with the SEC under either the Securities Act or the Exchange Act, draft registration statements and Form 20-F should be submitted to the SEC for preliminary review and comment in advance of filing the company's listing application.

- (b) Listing Fee—Canadian issuers are subject to the same original listing fees as domestic companies. Similarly, additional and annual fees for Canadian issuers are the same as charged for domestic companies.

26221 Content of Original Listing Application – Canadian Issuers

An application to list Canadian issues will be substantially the same as that for a similar domestic issue. The Exchange will file a rule change to detail the requirements of the application prior to the first original listing application to the Exchange of a Canadian issuer.

26222 Exhibits to Be Filed With Original Listing Application – Canadian Issuers

Generally, the exhibits to be filed in support of an original listing application of a Canadian issue will be substantially the same as those pertaining to an equivalent domestic issue. The Exchange will file a rule change to detail the requirements of the application prior to the first original listing application to the Exchange of a Canadian issuer.

Where an application is made to list ADRs, rather than the underlying securities, a copy of the Deposit Agreement and a specimen ADR certificate should also be filed in support of the listing application.

26223 – 26229. Reserved**26300 – Additional Listings****26301. Agreement to List Additional Securities**

A listed company is not permitted to issue, or to authorize its transfer agent or registrar to issue or register, additional securities of a listed class until it has filed an application for the listing of such additional securities and received notification from the Exchange that the securities have been approved for listing.

The Exchange's approval is contingent upon the securities being issued for the purpose, and under the terms and conditions, authorized by the company's Board of Directors and as specified in the listing application. If, after approval of listing by the Exchange, the company desires to make a change in the specified purpose of the issuance, or in the specified terms and conditions of the issuance, the Exchange may require an amendment to the prior application or cancel the previous listing approval and require a further listing application.

Registration of listed securities with the SEC or removal of transfer restrictions do not constitute changes pursuant to this rule and therefore would not require an amended application.

EXHIBIT 5A**26302. Purpose of Agreement**

The Exchange regards the agreement to list additional shares as an essential safeguard for shareholders of listed companies.

An additional listing application supplies the Exchange pertinent information concerning the purpose for which the shares are being issued, and updates information concerning the applicant.

The Exchange also reviews each additional application to determine if shareholder approval will be required as a condition to approval (see Rules 26711-26713). It is important to note that treasury shares may not be reissued, without first obtaining shareholders approval, for any purpose where the rules or policies of the Exchange would require such approval had the shares to be issued been previously authorized but unissued.

26303. Steps in the Additional Listing Process

There are normally four steps in the additional listing process. They are:

- (a) company decides to issue additional amounts of a listed security for any purpose whatsoever;
- (b) company submits an additional listing application, in the form prescribed by the Exchange, signed by an officer of the issuer, one to two weeks in advance of the date on which Exchange approval is necessary, together with supporting exhibits specified in Rule 26306 (See sample application in the BSTX Supplemental Listing Materials);
- (c) the Exchange reviews and, if necessary, comments on the additional listing application; and
- (d) the Exchange approves the application.

26304. Listing of Securities Pursuant to a Dividend or Forward Split

Securities to be issued in a forward split or dividend must be listed prior to the distribution date of such action. A company must complete the Reconciliation Sheet provided in the Exchange's form of application, as of the record date of the scheduled distribution.

26305. Listing of Securities Pursuant to a Reverse Split/Substitution Listing

A substitution listing application is necessary whenever a company engages in a reverse stock-split, re-incorporates, proposes to list a new class of securities in substitution for a previously listed class of securities or otherwise engages in a transaction which would require it to file a new Form 8-A with the SEC in regard to a previously listed security.

26306. Exhibits to Be Filed with Additional Listing Applications

The following is a list of exhibits to be filed with additional listing applications.

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(1) Contract. A copy of each executed contract, plan or agreement pursuant to which the additional securities applied for are to be issued.

(2) Financial Statements of Acquired Company. If the securities to be listed are to be issued in connection with the acquisition of a controlling interest in, or of substantially all of the assets subject to the liabilities of, another company, the most recent audited financial statements, supplemented by the latest interim statements. In cases where independently audited financial statements are not available, a manually signed statement certified by the chief accounting officer of such other company must be submitted.

(3) Engineering Report. If the securities applied for are to be issued in acquisition of a stock interest in another company, or properties or other assets, furnish one copy of any engineering, geological or appraisal report which may have been obtained in connection with the proposed acquisition.

(4) Listing Agreement. A company must execute a new listing agreement in support of every substitution listing except in the case of a reverse stock-split.

26307 – 26330 Reserved**26331. Time Schedule**

The Exchange considers additional listing applications as promptly as practicable after receipt (normally within 5 to 10 business days). The listing application must be approved by the Exchange prior to issuance of the additional amount, or the effective date of the change or modification, of the previously listed security. Accordingly, applications should be filed at least one to two weeks in advance of the date by which the applicant wishes action taken. In the case of a proposed charter amendment under which a previously listed security is to be changed into a new security (“substitution listing”), the time schedule should be so arranged that the substitution of the new security for the old security may be effected without any interruption in trading.

When it is essential that the securities be fully qualified for admission to trading by a certain date, the Exchange should be consulted at the earliest possible moment in order that a satisfactory time schedule may be arranged. This is particularly important in the case of rights or exchange offerings.

26332. Fees for Listing Additional Securities

Upon receipt of the listing application in relation to any application for the listing of additional securities, the Exchange will send the listed company an invoice for the applicable listing fees (see the Exchange’s fee schedule for computation of amount). The listed company is required to promptly submit the applicable fee in the manner specified by the Exchange’s invoice.

26333. Registration with the Securities and Exchange Commission

- (a) Securities Act of 1933—If required under the Securities Act, registration must be effective prior to the admission of the security to dealings on the Exchange. If such

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registration covers additional shares or amounts of a previously listed security, the listing application should be filed with the Exchange while the Securities Act registration is pending, so that the additional amount may be authorized for listing in advance of, and subject to, the effectiveness of such registration.

- (b) Securities Exchange Act of 1934—No application for registration under the Exchange Act on Form 8-A, or otherwise, is required to be filed with the SEC for additional shares or amounts of a previously listed and registered security. If the application covers a substitution listing, a registration statement (usually on Form 8-B) must be filed with the SEC and the Exchange.

26334 – 26339. Reserved**26340. Subscription Rights**

A listed company must promptly disclose any action taken by it with respect to the allotment of rights to subscribe or rights or benefits pertaining to the ownership of its securities. It is further required to give prompt notice of any such action to the Exchange to afford the holders of such securities a proper period within which to record their interests and exercise their rights. These requirements are further explained in paragraphs (a) through (h) below.

The Exchange will not admit subscription rights to dealings unless the underlying security is or will be listed on BSTX.

- (a) Steps—Following is the sequence of steps to be taken in connection with the admission of subscription rights to dealings:
- (1) submit timetable including:
 - i. date of filing with SEC of registration statement under Securities Act;
 - ii. date on which listing application will be filed with the Exchange;
 - iii. effective date of registration statement or offering circular;
 - iv. record date of shareholders entitled to receive subscription rights;
 - v. mailing date of subscription rights to shareholders, and name of bank which will mail rights; and
 - vi. expiration date of subscription offering, and name of bank which will act as subscription agent.
 - (2) send two copies of preliminary prospectus or offering circular, and printer's proof copy of subscription rights to the Exchange;
 - (3) submit listing application covering listing of additional shares issuable upon exercise of subscription rights;
 - (4) notify Exchange as soon as Securities Act registration statement becomes effective.
- (b) Establishment of Record, Mailing, and Expiration Dates—The record date should be no

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earlier than one day prior to the time the registration statement or offering circular becomes effective.

The mailing of the subscription rights to shareholders should occur as soon after the record date as possible. Most companies have their transfer agents mail the rights on the same date as the record date or, at the latest, on the business day following the record date.

The subscription period should be for at least 14 calendar days following the mailing date. (See Rules 26511-26522 for further explanation of “ex-rights” rule.)

- (c) Form of Subscription Rights and Issuance of Securities—The subscription rights should specify the number of rights represented by the warrant certificate rather than the number of shares to which the holder is entitled to subscribe. This eliminates the use of two separate types of warrants—one for full shares and the other for fractional shares.

Provision should be made for the issuance of certificates for securities subscribed for promptly upon exercise of the subscription privilege, and the subscription rights should contain a statement to that effect. Where, in addition to the usual subscription privilege, there is available an over-subscription privilege (subject to allotment) the issuance of the additional shares against exercise of the over-subscription privilege can be made promptly after the expiration date of the offering.

- (d) Dividend Declaration—No dividend should be declared having a record date during the subscription period. Otherwise, complications will develop in dealings in the rights. The record date for any dividend which otherwise would be a date during the subscription period should be either (i) the same date as the date of record of shareholders entitled to receive the subscription rights or a date prior to such subscription offering record date, or (ii) a date no earlier than the tenth day following the expiration date of the subscription offering. The record date specified in (i) would be established if the company does not wish to pay the current dividend on the shares offered for subscription. The record date specified in (ii) would be established if the company wishes to pay the dividend on the shares offered for subscription as well as on the shares previously outstanding.
- (e) Dealings in Rights—No application is required to be filed with the Exchange for the listing of subscription rights or with the SEC for their registration under the Exchange Act. Under SEC Rule 12a-4, subscription rights are exempt from registration under the Exchange Act.

Transferable rights may be admitted to dealings on the Exchange as soon as notice is received that the company’s Securities Act registration statement or offering circular has become effective. The normal procedure is to admit the rights to dealings at 10:00 a.m. on the day following the day the registration statement or offering circular has become effective. Accordingly, the company should arrange to have the registration statement or offering circular declared effective as of 4:00 p.m. on the date preceding the anticipated

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trading date. The company or its attorneys should notify the Exchange by telephone as soon as they learn of SEC clearance.

Trading in rights on the Exchange will cease at the close of business on the business day preceding the expiration date thereof. This facilitates open contracts to be settled and rights to be exercised on the final day.

- (f) **Ex-Rights Date**—As specified at Rule 26513(a), in general, securities are quoted “ex-rights” the day following the date on which the rights are admitted to dealings. This arrangement allows one full day’s trading to take place in the rights to establish their market value for “ex-rights” purposes. Purchasers of the security beginning the fourth business day preceding the record date for and to and including the day before the “ex-rights” date for the security have been paying prices for their security which include the value of the rights. Since it may not be possible for such purchasers to become holders of record on the books of the company by the record date for the offering, the Exchange rules that the purchasers in such transactions (having paid a “rights on” price for their security, i.e., a price including the value of the rights) are entitled to the rights and are, therefore, entitled to receive a due bill for the rights from the sellers of the security. Such due bills are redeemed by the sellers when they receive their rights from the company. This arrangement is between the brokers for the purchasers and the sellers of the securities, and does not involve the company. For a further explanation, see the Rule 26500 Series.
- (g) **Application for Listing Additional Shares Issuable Against Exercise of Subscription Rights**—A company is required to file with the Exchange an application for the listing of the additional shares issuable upon exercise of the rights. The Securities Act prospectus or offering circular relating to the subscription offering may be incorporated by reference. The listing application (see Rule 26303) should be filed with the Exchange as soon as possible after the company has filed its registration statement or offering circular with the SEC. The Exchange must have time to act on the application sufficiently prior to the date of the offering, so that appropriate listing authority will be in effect with respect to the shares issuable when and as subscription rights are exercised.
- (h) **Oversubscription Privilege**—Where a subscription offering to shareholders contains an oversubscription privilege, the number of shares allocated to shareholders upon exercise of the oversubscription privilege should be in proportion to the number of shares subscribed for by each shareholder on the original subscription offering, and should not be based on the number requested under the oversubscription privilege.

26341. Acquisition of a Listed Issuer by an Unlisted Entity

If a listed issuer engages in a Reverse Merger (as defined below), it will be eligible for continued listing on BSTX only if the post-transaction entity meets the standards for initial listing. The Exchange will refuse to list additional securities of a listed issuer in connection with a Reverse Merger unless the post-transaction entity meets the standards for initial listing and the listed issuer obtains shareholder approval of the issuance of such securities as required by Rule

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26713(b). The applicable fees for additional listings and Reverse Mergers can be found in the Exchange's fee schedule.

The Exchange should be consulted whenever a listed issuer is contemplating a transaction or series of transactions that could constitute a Reverse Merger. If the Exchange determines that a transaction or series of transactions constitute a Reverse Merger, the listed issuer must submit an initial listing application for the post-transaction entity with sufficient time to allow the Exchange to complete its review before the effective date of the Reverse Merger. If the initial listing application has not been approved prior to the effective date of the Reverse Merger, the Exchange will issue an Exchange Determination Letter as set forth in Rule 27202 and begin delisting proceedings pursuant to the Rule 27200 Series.

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For the purposes of this provision, a "Reverse Merger" is a transaction or series of transactions whereby a listed issuer combines with, or into, an entity not listed on BSTX, resulting in a change of control of the listed issuer and potentially allowing such unlisted entity to obtain a BSTX listing. In determining whether a change of control constitutes a Reverse Merger, the Exchange will consider all relevant factors, including, but not limited to, changes in the management, board of directors, voting power, ownership, and financial structure of the listed issuer. The Exchange will also consider the nature of the businesses and the relative size of both the listed issuer and the unlisted entity.

26342. Paired Securities

Companies whose securities are "paired" may file a single additional listing application covering the securities to be issued by both companies. (See the Exchange fee schedule for computation of the fee.)

26343 – 26349. Reserved**26350. Cancellation Notice**

A company which has received authority to list securities, upon official notice of issuance, for a particular purpose, and which no longer intends to issue all or a portion of such securities for that purpose, should cancel the listing authority by notifying the Exchange by letter (see sample letter below). The letter should specify the amount of securities to be cancelled and the reason for such request.

Sample Letter

Ladies and Gentlemen:

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Please cancel the listing authority covering ____ shares of our Common Stock, \$1 Par Value, reserved for issuance against the exercise of stock options, pursuant to Listing Application No. ____ dated _____. The option plan under which such shares were authorized for listing has expired according to its terms, and no additional options may be granted thereunder.

This cancellation reduces the total number of shares of Common Stock as to which listing authority is in effect for all purposes from ____ shares to ____ shares.

Sincerely,

26400 – Disclosure Policies**26401. Outline of Exchange Disclosure Policies**

The Exchange considers that the conduct of a fair and orderly market requires every listed company to make available to the public information necessary for informed investing and to take reasonable steps to ensure that all who invest in its securities enjoy equal access to such information. In applying this fundamental principle, the Exchange has adopted the following eight specific policies concerning disclosure, each of which is more fully discussed (in a Question and Answer format) in the Rule 26402:

- (a) **Immediate Public Disclosure of Material Information**—A listed company is required to make immediate public disclosure of all material information concerning its affairs, except in unusual circumstances (referred to as the Exchange’s “immediate release policy”). When such disclosure is to be made between 7:00 A.M. and 4:00 P.M., Eastern Time, it is essential that the Exchange be notified at least ten minutes prior to the announcement.
- (b) **Thorough Public Dissemination**—A listed company is required to release material information to the public by means of any Regulation FD compliant method (or combination of methods).
- (c) **Clarification or Confirmation of Rumors and Reports**—Whenever a listed company becomes aware of a rumor or report, true or false, that contains information that is likely to have, or has had, an effect on the trading in its securities, or would be likely to have a bearing on investment decisions, the company is required to publicly clarify the rumor or report as promptly as possible.
- (d) **Response to Unusual Market Action**—Whenever unusual market action takes place in a listed company’s securities, the company is expected to make inquiry to determine whether rumors or other conditions requiring corrective action exist, and, if so, to take whatever action is appropriate. If, after this review, the unusual market action remains unexplained, it may be appropriate for the company to issue a “no news” release—i.e., announce that there has been no material development in its business and affairs not previously disclosed or, to its knowledge, any other reason to account for the unusual market action.
- (e) **Unwarranted Promotional Disclosure**—A listed company should refrain from

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promotional disclosure activity which exceeds that necessary to enable the public to make informed investment decisions. Such activity includes inappropriately worded news releases, public announcements not justified by actual developments in a company's affairs, exaggerated reports or predictions, flamboyant wording and other forms of overstated or over-zealous disclosure activity which may mislead investors and cause unwarranted price movements and activity in a company's securities.

- (f) Insider Trading—Insiders should not trade on the basis of material information which is not known to the investing public. Moreover, insiders should refrain from trading, even after material information has been released to the press and other media, for a period sufficient to permit thorough public dissemination and evaluation of the information.
- (g) Receipt of Written Delisting Notice—A company is required to publicly disclose that it has received a written notice indicating that the Exchange has determined to remove the company's securities from listing (or unlisted trading) as a result of non-compliance with the continued listing requirements. (See Rule 27009)
- (h) Receipt of Audit Opinion with Going Concern Qualification - A company is required to publicly disclose that it has received an audit opinion that contains a going concern qualification. (See Rule 26610(b))
- (i) Reserved
- (j) Receipt of Written Notice of Noncompliance with a Continued Listing Requirement—A company is required to publicly disclose that it has received a written notice indicating that the Exchange has determined that the company is noncompliant and/or has failed to satisfy one or more continued listing requirements. (See IM-26402-02 to Rule 26402 and Rule 27009).

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Listed companies must comply with the notification procedures in Rule 26401(a) and (b) with respect to all announcements relating to a dividend, stock distribution, or Security distribution when such disclosure is to be made between 7:00 A.M. and 4:00 P.M., Eastern Time. (Listed companies must also comply with the notification requirements of Rule 26501 with respect to all such announcements, including outside of the hours of operation of the immediate release policy.)

26402. Explanation of Exchange Disclosure Policies**(a) Immediate Public Disclosure of Material Information**

Q. What standard should be employed to determine whether disclosure should be made?

A. Immediate disclosure should be made of information about a company's affairs or about events or conditions in the market for its securities when either of the following standards are met:

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(i) where the information is likely to have a significant effect on the price of any of the company's securities; or

(ii) where such information (including, in certain cases, any necessary interpretation by securities analysts or other experts) is likely to be considered important by a reasonable investor in determining a choice of action.

Q. What kinds of information about a company's affairs should be disclosed?

A. Any material information of a factual nature that bears on the value of a company's securities or on decisions as to whether or not to invest or trade in such securities should be disclosed. Included is information known to the company concerning:

(i) its property, business, financial condition and prospects;

(ii) mergers and acquisitions;

(iii) dealings with employees, suppliers, customers and others; and

(iv) information concerning a significant change in ownership of the company's securities by insiders, principal shareholders, or control persons.

In those instances where a company deems it appropriate to disclose internal estimates or projections of its earnings or of other data relating to its affairs, such estimates or projections should be prepared carefully, with a reasonable factual basis, and should be stated realistically, with appropriate qualifications. Moreover, if such estimates or projections subsequently appear to have been mistaken, they should be promptly and publicly corrected.

Q. What kinds of events and conditions in the market for a company's securities may require disclosure?

A. The price of a company's securities (as well as a reasonable investor's decision whether to buy or sell those securities) may be affected as much by factors directly concerning the market for the securities as by factors concerning the company's business. Factors directly concerning the market for a company's securities may include such matters as the acquisition or disposition by a company of a significant amount of its own securities, an event affecting the present or potential dilution of the rights or interests of a company's securities, or events materially affecting the size of the "public float" of its securities.

While, as noted above, a company is expected to make appropriate disclosure about significant changes in insider ownership of its securities, the company should not indiscriminately disclose publicly any knowledge it has of the trading activities of outsiders, such as trading by mutual funds or other institutions, for such outsiders normally have a legitimate interest in preserving the confidentiality of their security transactions.

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Q. What are some specific examples of a company's affairs or market conditions typically requiring disclosure?

A. The following events, while not comprising a complete list of all the situations which may require disclosure, are particularly likely to require prompt announcements:

- a joint venture, merger or acquisition;
- the declaration or omission of dividends or the determination of earnings;
- a stock split or stock dividend;
- the acquisition or loss of a significant contract;
- a significant new product or discovery;
- a change in control or a significant change in management;
- a call of securities for redemption;
- the borrowing of a significant amount of funds;
- the public or private sale of a significant amount of additional securities;
- significant litigation;
- the purchase or sale of a significant asset;
- a significant change in capital investment plans;
- a significant labor dispute or disputes with subcontractors or suppliers;
- an event requiring the filing of a current report under the Securities Exchange Act;
- establishment of a program to make purchases of the company's own shares;
- a tender offer for another company's securities;
- an event of technical default or default on interest and/or principal payments;
- board changes and vacancies; and
- receipt of an audit opinion that contains a going concern qualification (see also Section 610(b)).

Q. When may a company properly withhold material information?

A. Occasionally, circumstances such as those discussed below may arise in which— provided that complete confidentiality is maintained—a company may temporarily refrain from publicly

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disclosing material information. These situations, however, are limited and constitute an infrequent exception to the normal requirement of immediate public disclosure. Thus, in cases of doubt, the presumption must always be in favor of disclosure.

(i) When immediate disclosure would prejudice the ability of the company to pursue its corporate objectives.

Although public disclosure is generally necessary to protect the interests of investors, circumstances may occasionally arise where disclosure would prejudice a company's ability to achieve a valid corporate objective. Public disclosure of a plan to acquire certain real estate, for example, could result in an increase in the company's cost of the desired acquisition or could prevent the company from carrying out the plan at all. In such circumstances, if the unfavorable result to the company outweighs the undesirable consequences of non-disclosure, an announcement may properly be deferred to a more appropriate time.

(ii) When the facts are in a state of flux and a more appropriate moment for disclosure is imminent.

Occasionally, corporate developments give rise to information which, although material, is subject to rapid change. If the situation is about to stabilize or resolve itself in the near future, it may be proper to withhold public disclosure until a firm announcement can be made, since successive public statements concerning the same subject (but based on changing facts) may confuse or mislead the public rather than enlighten it.

For example, in the course of a successful negotiation for the acquisition of another company, the only information known to each party at the outset may be the willingness of the other to hold discussions. Shortly thereafter, it may become apparent to the parties that it is likely an agreement can be reached. Finally, agreement in principle may be reached on specific terms. In such circumstances (and assuming the maintenance of strict confidentiality), a company need not issue a public announcement at each stage of the negotiations, describing the current state of constantly changing facts, but may await agreement in principle on specific terms. If, on the other hand, progress in the negotiations should stabilize at some other point, disclosure should then be made if the information is material.

Whenever material information is being temporarily withheld, the strictest confidentiality must be maintained, and the company should be prepared to make an immediate public announcement, if necessary. During this period, the market activity of the company's securities should be closely watched, since unusual market activity frequently signifies that a "leak" may have occurred. This is one reason why it is important to keep the Exchange fully apprised of material corporate developments.

NOTE: Federal securities laws may restrict the extent of permissible disclosure before or during a public offering of securities or a solicitation of proxies. In such circumstances (as more fully discussed below), a company should discuss the disclosure of material information in advance with the Exchange and the Securities and Exchange Commission. It is the Exchange's experience

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that the requirements of both the securities laws and regulations and the Exchange's disclosure policy can be met even in those instances where their thrust appears to be different.

Q. What action is required if rumors occur while material information is being temporarily withheld?

A. If rumors concerning such information should develop, immediate public disclosure becomes necessary. (See also "Clarification or Confirmation of Rumors and Reports", Rule 26402(c).)

Q. What action is required if insider trading occurs while material information is being temporarily withheld?

A. Immediate public disclosure of the information in question must be effected if the company should learn that insider trading, as defined in Rule 26402(f) has taken or is taking place. In unusual cases, where the trading is insignificant and does not have any influence on the market, and where measures sufficient to halt insider trading and prevent its recurrence are taken, exemptions might be made following discussions with the Exchange. The Exchange can provide current information regarding market activity in the company's securities and help assess the significance of such trading.

Q. How can confidentiality best be maintained?

A. Information that is to be kept confidential should be confined, to the extent possible, to the highest possible echelons of management and should be disclosed to officers, employees and others on a "need to know" basis only. Distribution of paperwork and other data should be held to a minimum. When the information must be disclosed more broadly to company personnel or others, their attention should be drawn to its confidential nature and to the restrictions that apply to its use, including the prohibition on insider trading. It may be appropriate to require each person who gains access to the information to report any transaction which he effects in the company's securities to the company. If counsel, accountants, financial or public relations advisers or other outsiders are consulted, steps should be taken to ensure that they maintain similar precautions within their respective organizations to maintain confidentiality.

In general, it is recommended that a listed company remind its employees on a regular basis of its policies on confidentiality.

(b) Thorough Public Dissemination

Q. What specific disclosure techniques should a company employ?

A. The steps required are as follows:

(i) Prior to Public Disclosure. The Exchange expects a company to call the Exchange at least ten minutes in advance of public disclosure of information which is non-routine or is expected to have an impact on the market for its securities and such disclosure is to be made between 7:00 A.M. and 4:00 P.M., Eastern Time. The purpose of this communication is to inform the

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Exchange of the substance of the announcement and the Regulation FD-compliant method by which the company intends to comply with the immediate release policy and to provide the Exchange with the information necessary to locate the news upon publication. When the announcement is in written form, the company must also provide the text of such announcement to the Exchange at least ten minutes prior to release of the announcement via e-mail or web-based system as specified on the Exchange's website, except in emergency situations, when notification may instead be provided by telephone and confirmed by facsimile as specified by the Exchange on its website (and the Exchange shall promptly update and prominently display the applicable information on its website in the event that it ever changes). For purposes of this Rule 26402(b)(i), an emergency situation includes lack of computer or internet access; a technical problem on the systems of either the listed company or the Exchange; or an incompatibility between the systems of the listed company and the Exchange. The Exchange, with the benefit of all the facts provided by the company, will be able to consider whether a temporary halt in trading, pending an announcement, would be desirable. A temporary halt in trading is not a reflection on the company or its securities, but provides an opportunity for disseminating and evaluating the information released. Such a step frequently helps avoid rumors and market instability, as well as the unfairness to investors that may arise when material information has reached part, but not yet all, of the investing community. Thus, in appropriate circumstances, the Exchange can often provide a valuable service to investors and listed companies by arranging for such a halt.

* During the period prior to the opening of trading on the Exchange, the Exchange will institute a trading halt for dissemination of material news only at the request of the issuer. Notwithstanding the foregoing, however, if it appears that the dissemination of material news will not be complete prior to the opening of trading on the Exchange, the Exchange may temporarily halt trading in order to facilitate an orderly opening process. See IM-26402-2 for additional information about Exchange policies in relation to news-related trading halts.

(ii) At Time of Public Disclosure. Any public disclosure of material information should be made by means of any Regulation FD compliant method (or combination of methods). While not requiring them to do so, the Exchange encourages listed companies to comply with the immediate release policy by issuing press releases. To ensure adequate coverage, where a listed company is satisfying the Exchange's immediate release policy by issuing a press release, that press release should be given to Dow Jones & Company, Inc., Reuters Economic Services and Bloomberg Business News. While foreign private issuers are not required to comply with Regulation FD, foreign private issuers must comply with the Exchange's immediate public disclosure policy and may do so by any method (or combination of methods) that would constitute compliance with Regulation FD for a domestic U.S. issuer.

Companies may also wish to broaden their distribution to other news or broadcast media, such as those in the location of the company's plants or offices, and to trade publications. The information in question should always be given to the media in such a way as to promote publication by them as promptly as possible, i.e., by telephone, telecopy, or in writing (by hand delivery), on an "immediate release" basis. Companies are cautioned that some of these media

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may refuse to publish information given by telephone until it has been confirmed in writing or may require written confirmation after its publication.

Whenever difficulty is encountered or anticipated in having an announcement about a material development published, a company should contact the Exchange, which may be able to provide assistance. Finally, if despite all reasonable efforts, the announcement has not been published by one of the national news-wire services or one of the above-mentioned media, the company should attempt to have the announcement disseminated through other media, such as trade, industry or business publications, or local newspapers (especially those in the area where the company's principal offices or plants are located or where its stockholders are concentrated). In cases where the announcement is of particular importance, or where unusual difficulty in dissemination is encountered, the company should consider the use of paid advertisements, a letter to stockholders, or both.

Companies may also disseminate information on their website, as well as via social media, provided however that a company disseminating information on its website or via social media must comply with the SEC's guidelines applicable to Regulation FD communication via websites and social media.

Q. How does the policy on thorough public dissemination apply to meetings with securities analysts, journalists, stockholders and others?

A. The Exchange recommends that companies observe an "open door" policy in dealing with analysts, journalists, stockholders and others. However, under no circumstances should disclosure of material corporate developments be made on an individual or selective basis to analysts, stockholders or other persons unless such information has previously been fully disclosed and disseminated to the public. In the event that material information is inadvertently disclosed on the occasion of any meetings with analysts or others, it must be publicly disseminated as promptly as possible by the means described above.

The Exchange also believes that even any appearance of preference or partiality in the release or explanation of information should be avoided. Thus, at meetings with analysts or other special groups, where the procedure of the group sponsoring the meeting permits, representatives of the news-wire services, the press, and other media should be permitted to attend.

(c) Clarification or Confirmation of Rumors and Reports

Q. What "rumors and reports" must be clarified or confirmed?

A. The public circulation by any means, whether by an article published in a newspaper, by a broker's market letter, or by word-of-mouth, of information, either correct or false, which has not been substantiated by the company and which is likely to have, or has had, an effect on the price of the company's securities or would be likely to have a bearing on investment decisions, must be clarified or confirmed.

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If a false rumor or report is circulated among only a small number of persons and has not affected, and is not likely to affect, the market for the company's securities, public circulation would not be deemed to have taken place and clarification would not be necessary. However, as pointed out in Rule 26402(a), if the rumor or report concerns material information which is correct and has not been disclosed by the company and thoroughly disseminated, clarification and confirmation is necessary regardless of the extent of the public circulation of the rumor or report.

Q. What response should be made to rumors or reports?

A. In the case of a material rumor or report containing erroneous information which has been circulated, the company should prepare an announcement denying the rumor or report and setting forth facts sufficient to clarify any misleading aspects of the rumor. In the case of a material rumor or report containing information that is correct, an announcement setting forth the facts should be prepared for public release. In both cases, the announcement should then be publicly disseminated in accordance with the guidelines discussed above. In addition, in the case of a false report, a reasonable effort should be made to bring the announcement to the attention of the particular group that initially distributed it. In the case of an erroneous newspaper article, for example, by sending a copy of the announcement to the newspaper's financial editor, or in the case of an erroneous market letter by sending a copy to the broker responsible for the letter.

In the case of a report predicting future sales, earnings or other data, no response from the company is ordinarily required. However, if such a report is based on erroneous information, or is wrongly attributed to a company source, the company should respond promptly to the supposedly factual elements of the report. Moreover, if a report contains a prediction that is clearly erroneous, the company should issue an announcement to the effect that the company itself has made no such prediction and currently knows of no facts that would justify making such prediction.

(d) Response to Unusual Market Activity

Q. What is the significance of unusual market activity from the standpoint of disclosure?

A. Where unusual market activity (in price movement, trading activity, or both) occurs without any apparent publicly available information which would account for the activity, it may signify trading by persons who are acting either on unannounced material information or on a rumor or report, whether true or false, about the company. Most often, of course, unusual market activity may not be traceable either to insider trading or to a rumor or report. Nevertheless, the market activity itself may be misleading to investors, who are likely to assume that a sudden and appreciable change in the price of a company's stock must reflect a parallel change in its business or prospects. Similarly, unusual trading volume, even when not accompanied by a significant change in price, tends to encourage rumors and give rise to speculative trading activity which may be unrelated to actual developments in the company's affairs.

Generally, unusual market activity will first be detected by either the Designated Market Maker in the company's securities or by the Exchange, which in turn, will contact company officials to

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apprise them of the activity. Where unusual activity or rumors may occur, the Exchange may contact the company to inquire about any company developments that have not been publicly announced, but that could be responsible for the activity. Where the market appears to reflect undisclosed information, the Exchange will normally ask the company to make the information public immediately.

Q. What response is required of a company when unusual market action in its securities takes place?

A. First, the company should attempt to determine the reason for the market action, by considering in particular: (i) whether any information about its affairs which would account for the action has recently been publicly disclosed; (ii) whether there is any information of this type that has not been publicly disclosed (in which case the unusual market action may signify that a "leak" has occurred); and (iii) whether the company is the subject of a rumor or report.

If the company determines that the market action results from material information that has already been publicly disseminated, generally no further announcement is required. If, however, the market action indicates that such information may have been misinterpreted, it may be helpful, after discussion with the Exchange, to issue a clarifying announcement.

If the market action results from the "leak" of previously undisclosed information, the information in question must be promptly disseminated to the public. If the market action results from a false rumor or report, the Exchange policy on correction of such rumors and reports (discussed in Rule 26402(c)) should be complied with. Finally, if the company is unable to determine the cause of the market action, the Exchange may suggest that the company issue a "no news" release, i.e., a public announcement to the effect that there have been no undisclosed recent developments affecting the company or its affairs which would account for the unusual market activity.

(e) Unwarranted Promotional Disclosure

Q. What is "unwarranted promotional disclosure" activity?

A. Disclosure activity beyond that necessary to inform investors and explicable essentially as an attempt to influence security prices is considered to be unwarranted and promotional. Although the distinction between legitimate public relations activities and such promotional activity is one that must necessarily be drawn from the facts of a particular case, the following are frequently indicators of promotional activity:

(i) a series of public announcements unrelated in volume or frequency to the materiality of actual developments in a company's business and affairs;

(ii) premature announcement of products still in the development stage with unproven commercial prospects;

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(iii) promotions and expense-paid trips, or the seeking out of meetings or interviews with analysts and financial writers, which could have the effect of unduly influencing the market activity in the company's securities and are not justified in frequency or scope by the need to disseminate information about actual developments in the company's business and affairs;

(iv) press releases or other public announcements of a one-sided or unbalanced nature; or

(v) company or product advertisements which, in effect, promote the company's securities.

(f) Insider Trading

Q. Who are "insiders"?

A. All persons who come into possession of material inside information, before its public release, are considered insiders for purposes of the Exchange's disclosure policies. Such persons include control stockholders, directors, officers and employees, and frequently also include outside attorneys, accountants, investment bankers, public relations advisors, advertising agencies, consultants, and other independent contractors. The husbands, wives, immediate families and those under the control of insiders may also be regarded as insiders. Where acquisition or other negotiations are concerned, the above relationships apply to the other parties to the negotiations as well. Finally, for purposes of the Exchange's disclosure policy, the term insiders also includes "tippees" who come into possession of material inside information.

The company itself is also an insider and, while in possession of material inside information, is prohibited from buying its securities from, or selling such securities to, the public in the same manner as other insiders.

Q. What is "inside information"?

A. For purposes of these guidelines, "inside information" is any information or development which may have a material effect on the company or on the market for its securities and which has not been publicly disclosed.

Q. What is "insider trading"?

A. "Insider trading" refers not only to the purchase or sale of a company's securities, but also to the purchase or sale of puts, calls, or other options with respect to such securities. Such trading is deemed to be done by an insider whenever he has any beneficial interest, direct or indirect, in such securities or options, regardless of whether they are actually held in his name.

Included in the concept of "insider trading" is "tipping", or revealing inside information to outside individuals to enable such individuals to trade in the company's securities on the basis of undisclosed information.

Q. How soon after the release of material information may insiders begin to trade?

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A. This depends both on how thoroughly and how quickly after its release the information is published by the news-wire services and the press. In addition, following dissemination of the information, insiders should refrain from trading until the public has had an opportunity to evaluate it thoroughly. Where the effect of the information on investment decisions is readily understandable, as in the case of earnings, the required waiting period will be shorter than where the information must be interpreted before its bearing on investment decisions can be evaluated. While the waiting period is dependent on the circumstances, the Exchange recommends that, as a basic policy, when dissemination is made in accordance with Exchange policy (see Rule 26402(b)—26402(d)), insiders should wait for at least 24 hours after the general publication of the release in a national medium. Where publication is not so widespread, a minimum waiting period of 48 hours is recommended. Where publication does not occur, or if it should otherwise appear appropriate, it may be desirable to obtain an opinion of counsel before insiders trade.

Q. What steps can companies take to prevent improper insider trading?

A. Companies can establish, publish and enforce effective procedures applicable to the purchase and sale of its securities by officers, directors, employees and other "insiders" designed not only to prevent improper trading, but also to avoid any question of the propriety of insider purchases or sales. One such procedure might require corporate insiders to restrict their purchases and sales of the company's securities to periods following the release of annual statements or other releases setting forth the financial condition and status of the company. Another could involve the purchase of a company's securities on a regular periodic basis by an agent over which neither the company nor the individual has any control.

In the exceptional cases in which Exchange policy permits companies to withhold material information temporarily, extreme caution must be exercised to maintain the confidentiality of the information withheld, since the danger of insider trading generally increases proportionately to the number of persons privy to the information. Recommended procedures for maintaining confidentiality are discussed in Rule 26402(a).

(g) Receipt of Written Notice of Noncompliance with a Continued Listing Requirement or Written Delisting Notice

Q. What kinds of information should be included in the public announcement?

A. The public announcement must indicate that the Exchange has determined that the company does not meet a listing standard, or has determined to remove the company's security listing (or unlisted trading), as applicable, and must include the specific policies and standards upon which the determination is based. In order to assist the company in the preparation of the public announcement, Exchange staff will provide the company with the Rule(s) upon which its determination was based and a template for disclosure.

Q. When must the public announcement be made?

A. The public announcement must be made as promptly as possible, but no more than four business days following the company's receipt of the written notice from the Exchange. The

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Exchange notes that companies should not construe the four business day time frame as a safe harbor for disclosure.

Q. What action may the Exchange take if a company fails to make a public announcement indicating that the Exchange has determined that the company is noncompliant and/or has failed to satisfy one or more continued listing standards, or has determined to remove the company's Securities from listing (or unlisted trading)?

A. Failure by a company to make the required public announcement will result in the institution of a trading halt in the company's Securities until the announcement is made, even if the company appeals the determination as provided for under Rules 27009 and 27010. If the company fails to make the announcement prior to the time that the listing qualifications panel of the Exchange issues its decision, the Exchange may decide to delist the company's securities for failure to make the public announcement.

Q. Does Rule 27009(j) or 27010(b) relieve the company of its disclosure obligations under the federal securities laws?

A. No. Neither Rule 27009(j) nor 27010(b) relieves the company of its disclosure obligations under the federal securities laws, nor should Rule 27009(j) or 27010(b) be construed as providing a safe harbor under the federal securities laws. The Exchange suggests that the company consult with corporate/securities counsel in assessing its disclosure obligations under the federal securities laws.

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A written notice of noncompliance with a continued listing requirement may be in the form of either a Warning Letter (as defined in Rule 27009(a)(i)) or Deficiency Letter (as defined in Rule 21009(b)).

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When the Exchange believes it is necessary to request from an issuer information relating to:

- (i) material news;
- (ii) the issuer's compliance with Exchange continued listing requirements; or
- (iii) any other information which is necessary to protect investors and the public interest.

The Exchange may halt trading in a listed Security until it has received and evaluated such information.

The Exchange may halt trading in an American Depository Receipt ("ADR") or other securities listed on the Exchange, when the Exchange-listed security or the security underlying the ADR is

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listed on or registered with another national securities exchange or foreign exchange or market, and the national securities exchange or foreign exchange or market, or regulatory authority overseeing such exchange or market, halts trading in such ADR or security for regulatory reasons.

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The Exchange asks companies that intend to issue material news after the closing of trading on BSTX to delay doing so until the earlier of publication of such company's official closing price on BSTX or fifteen minutes after the close of trading on BSTX in order to facilitate an orderly closing process to trading on BSTX. Trading on BSTX typically closes at 4:00 P.M. Eastern Time, except for certain days on which trading closes early at 1:00 P.M. Eastern Time.

26403. Content and Preparation of Public Announcements

- (a) Exchange Requirements—The content of a press release or other public announcement is as important as its timing. Each announcement should:
- (1) be factual, clear and succinct;
 - (2) contain sufficient quantitative information to allow investors to evaluate its relative importance to the activities of the company;
 - (3) be balanced and fair, i.e., the announcement should avoid the following:
 - i. The omission of important unfavorable facts, or the slighting of such facts (e.g., by “burying” them at the end of a press release).
 - ii. The presentation of favorable possibilities as certain, or as more probable than is actually the case.
 - iii. The presentation of projections without sufficient qualification or without sufficient factual basis.
 - iv. Negative statements phrased so as to create a positive implication, e.g., “The company cannot now predict whether the development will have a materially favorable effect on its earnings” (creating the implication that the effect will be favorable even if not materially favorable), or “The company expects that the development will not have a materially favorable effect on earnings in the immediate future” (creating the implication that the development will eventually have a materially favorable effect).
 - v. The use of promotional jargon calculated to excite rather than to inform.
 - (4) avoid over-technical language, and should be expressed to the extent possible in language comprehensible to the layman;
 - (5) explain, if the consequences or effects of the information on the company's future prospects cannot be assessed, why this is so; and

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- (6) clarify and point out any reasonable alternatives where the public announcement undertakes to interpret information disclosed.
- (b) **Securities Laws Requirements**—The requirements of the Federal securities laws must also be carefully considered in the preparation of public announcements. In particular, these laws may impose special restrictions on the extent of permissible disclosure before or during a public offering of securities or a solicitation of proxies. Generally, in such circumstances, while the restrictions of the securities laws may affect the character of disclosure, they do not prohibit the timely disclosure of material factual information. Thus, it is normally possible to effect the disclosure required by Exchange policy.
- (c) **Preparation of Announcements**—The following guidelines for the preparation of press releases and other public announcements should help companies to ensure that the content of such announcements will meet the requirements discussed above:
 - (1) Every announcement should be either prepared or reviewed by a company official having familiarity with the matters about which disclosure is to be made and a company official familiar with the requirements of the Exchange, as well as any applicable requirements of the securities laws.
 - (2) Since skill and experience are important to the preparation and editing of accurate, fair and balanced public announcements, the Exchange recommends that a limited group of individuals within the company be given this assignment on a continuing basis. (Since a press announcement usually must be prepared and released as quickly as possible, however, the group charged with this assignment should be large enough to handle problems that arise suddenly and unexpectedly.) The Exchange can assist in assessing whether the release satisfies the Exchange's disclosure requirements.
 - (3) Review of press releases and other public announcements by legal counsel is often desirable and necessary, depending on the importance and complexity of the announcement.

26404. Exchange Surveillance Procedures

In many cases, when unusual market activity occurs, the Exchange is able to trace the reason for the activity to a specific cause, such as recently disclosed information, recommendations by advisory services, or rumors. In certain instances, the Exchange may also contact brokerage firms if such firms or their customers are parties to unusual activity to inquire as to the source and reasons for such activity. (This latter information, it should be noted, must remain confidential to the Exchange.) If no explanation of the unusual activity is revealed, the Exchange may call officials of the company to determine whether the cause of the activity is known to them. If the activity appears to be attributable to a rumor or report, or to material information that has not been publicly disseminated, the company is requested to take appropriate corrective action, and it may be advisable to halt trading until such action has been taken.

26405. Notifications to Exchange

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Prompt notice from the listed company to the Exchange is required in connection with certain actions or events. If a provision of the BSTX Listing Standards require a company to give notice to the Exchange pursuant to this Rule 26405, the company shall provide such notice via an email address specified by the Exchange on its website (and the Exchange shall promptly update and prominently display the applicable information on its website in the event that it ever changes), except in emergency situations, when notification may instead be provided by telephone and confirmed by facsimile as specified by the Exchange on its website. For purposes of this Rule 26405, an emergency situation includes lack of computer or internet access; or a technical problem on the systems of either the listed company or the Exchange; or an incompatibility between the systems of the listed company and the Exchange. If a material event or a statement dealing with a rumor which calls for immediate release is made shortly before the opening or during market hours, notice is required to be given through the Exchange's telephone alert procedures. (See Rule 26401) If a rule containing a notification requirement does not specify that such requirement must be met by complying with the notification procedures set forth in this Rule 26405, the company may use the methods provided by this Rule 26405 or any other reasonable method. Listed companies are encouraged to contact the Exchange if they have any questions about the appropriate method of providing notification under applicable Exchange rules.

26500 – Dividends and Splits**26501. Notice of Dividend**

Prompt notice must be given to the Exchange as to any dividend action or action relating to a security distribution in respect of a listed security (including the omission or postponement of a dividend action at the customary time as well as the declaration of a dividend). Such notice is in addition to immediate publicity and should be given at least ten days in advance of the record date. The dividend notice should be given to the Exchange in accordance with Rule 26405. Notice should be given as soon as possible after declaration. Notice must be given to the Exchange no later than 10 minutes before the announcement to the news media (including when the notice is to be issued outside of Exchange trading hours).

26502. Record Date

A company is not permitted to close its stock transfer books for any reason, including the declaration of a dividend. Rather, it must establish a record date for shareholders entitled to a dividend which is at least ten days after the date on which the dividend is declared (declaration date).

A company is also required to give the Exchange at least ten days' notice in advance of a record date established for any other purpose, including meetings of shareholders.

26503. Form of Notice

Immediately after the board of directors has declared a cash, security or stock dividend, the company should comply with: (a) the notification requirements set forth in Rules 26405 and 26501 and (b) the immediate release policy pursuant to Rules 26401(a) and (b). The

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announcement and notice should specify the name of the company, date of declaration, amount (per share) of the dividend, and the record and payment dates.

In the case of stock dividends, payment of cash is required with respect to any distribution (or part of a distribution) that would otherwise result in fractional share interests (see Rule 26507) and the notice to the Exchange should also state the basis for determining the amount (for example, based on the "last sale" on the record date).

The dividend notice should also state the "cut-off" date (usually five to seven days after the record date) until which the transfer agent will accept instructions from brokers as to their requirements for full shares, or cash with respect to stock registered in their names, as nominees, and as to which they must make exact allocations among their clients.

26504. Non-Payment of Dividends

If a company has been paying regular dividends and its board of directors determines to cease or postpone such payments, this fact should be announced at least twice: first, immediately at the time the board decides to cease or postpone payment, and second, on the next monthly, quarterly, or other periodic date of declaration (assuming it is again decided to omit or postpone payment). Such announcement should be provided to the Exchange pursuant to Rules 26405 and 26501 above and issued to the public pursuant to the immediate release policy set forth in Rules 26401 above. The notice and announcement should be in the form specified in Rule 26503 above.

26505. Security Dividends or Forward Splits of Lower Priced Issues

The Exchange does not view favorably a stock dividend or forward split of a stock selling in a low price range or a substantial stock dividend or forward split which may result in an abnormally low price range for shares after the split or stock dividend. Any company considering a forward split (or a stock dividend of more than 5%) which would result in an adjusted price of less than \$3 per share should consult with the Exchange in advance of taking formal action. (See also Rule 26970 for information regarding reverse splits.)

26506. Reserved**26507. Cash in Lieu of Fractional Securities**

The Exchange does not permit fractional shares. Any distribution or part of a distribution that might result in fractional shares must be paid in cash.

Most companies prefer to pay cash in settlement of fractional share interests since this procedure is the least expensive and easiest method. The work and problems of member firms are simplified when fractional share interests are paid in cash, since the use of order forms involves special handling. For example, in handling customers' dividend accounting, member firms must mail the order forms to the customers, have them returned and follow the customers' instructions as to whether they wish to buy or sell fractional share interests, all of which involves substantial bookkeeping and expense to the firms. Additionally, the problem is aggravated when a member firm "fails" over the record date for a dividend and may not be in a position to supply the

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customer of the receiving member firm with an order form. If cash is paid, the procedure is greatly simplified.

The usual procedure of most companies is to compute the cash payment based on the last sale price of the stock on the record date, because: (a) the record date is the date on which the stockholder becomes "long" the stock dividend shares; and (b) by such date the stock will have been quoted "ex-dividend" (except in the case of large stock dividends of usually 20% or more), so that the market price of the stock will have been adjusted for the dividend.

A company may prefer to compute the cash payment based on the last sale price of the stock on the dividend declaration date. Where this is done, the company should adjust the "dividend on" selling price of the stock on the declaration date to an "ex-dividend" basis. Otherwise, there will be an overpayment of the cash portion of the dividend. For example, if a company declares a 10% stock dividend and the last sale price on the declaration date is \$11, the value of the dividend at that time computes to \$1 per share, or an adjusted "ex-dividend" price for the stock of \$10 (10/11ths of \$11). On this basis, the fractional share interests should be paid for in cash at the rate of \$10 per full share.

This adjustment is even more important in cases of large stock dividends (usually 20% or more). In these instances, the Exchange postpones the "ex-dividend" date until the dividend has been paid (see §521). For example, in the case of a 50% stock dividend, the "theoretical ex-dividend" price would be equivalent to 2/3rds of the "dividend on" price of the stock. Thus, if the price of the stock at the close of business on the declaration or record date is \$33 per share, the "theoretical ex-dividend" price would be adjusted to \$22 per share. Accordingly, fractional share interests should be settled based upon a price of \$22 per share.

26508. Reserved**26509. Dividend or Split-Up Listing Application**

Refer to Rule 26304

26510. Two Day Delivery Plan

Unless settlement timing for transactions in Securities effected on the Exchange is otherwise determined pursuant to BSTX Rule 25060(h), all transactions in Securities effected on the Exchange will be settled in two business days.

26511. Definition of "ex-dividend" and "ex-rights"

The term "ex-dividend" means "without the dividend" and the term "ex-rights" means "without the rights". The effect of quoting a Security "ex-dividend" or "ex-rights" is that quotations for, and transactions in, the Security on and after the "ex-dividend" or "ex-rights" date reflect the fact that the buyer is not entitled to the dividend or rights.

NOTE: Transactions in Securities are not ex-dividend or ex-rights until an announcement to that effect is made by the Exchange.

EXHIBIT 5A**26512. Ex-dividend Procedure**

Transactions in Securities (except those made for “cash”) are ex-dividend on the business day preceding the record date. If the record date selected is not a business day, the Security will be quoted ex-dividend on the second preceding business day. “Cash” transactions are ex-dividend on the business day following the record date.

26513. Ex-Rights Procedure

In the establishment and announcement of ex-rights dates, the Exchange proceeds as follows:

(a) Subscription Price Not Known—Where the subscription price and all other terms of the rights and subscription offering are not known sufficiently in advance of the record date to determine the value of the rights, the Exchange will rule the Securities ex-rights on the day following the date the rights commence trading (which, in most instances, is a date subsequent to the record date for the subscription offering).

Under such circumstances, the Exchange requires that all deliveries of Securities made after the record date in settlement of transactions made prior to the ex-rights date, and on a “rights on” basis carry “due bills” for the rights. *

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A “DUE BILL” is an instrument used by Participants, when, for any reason, it becomes necessary to postpone an “ex-dividend” or “ex-rights” date. The due bill has the effect of transferring the right to receive a dividend, distribution or subscription right from the Security holder on the record date to the purchaser of the Security who, at the time of the transaction, paid a “dividend on” or “rights on” price.

26514. Special Rulings

As more fully explained in Rule 26521, the Exchange may, in any particular case (such as where conditional, large or valuable dividends are declared, or where the Exchange does not receive timely notice of dividend declarations or offerings of subscription rights), direct that transactions shall be ex-dividend or ex-rights on a day other than that fixed by Exchange rules and may prescribe the procedure to be followed in connection therewith. In such instances, on transactions made prior to the ex-dividend or ex-rights date, the Exchange, by special ruling, will require that deliveries too late to effect transfer in the normal course by the record date, shall be accompanied by due bills for the dividend or rights.

26515. Return of Dividend

Participants, receiving deliveries in advance of the record date against ex-dividend or ex-rights transactions, who are able to effect transfer of the purchased Security by the record date, will be responsible to return the dividend or rights to the Participant from whom delivery was received.

26516. Reserved

EXHIBIT 5A**26517. Optional Dividends**

When a dividend is payable at the option of the Security holder, in either cash or securities, the Securities will be ex-dividend the value of the cash or securities, whichever is greater.

26518. Canadian Currency

When a dividend is payable in Canadian currency, the stock will be “ex” the amount of the dividend in U.S. currency, at the rate of exchange prevailing on the ex-dividend date. Orders will not be reduced to an ex-dividend basis by the amount of any tax on the dividend deductible at the source.

26519. American Depositary Receipts

In the case of American shares or American Depositary Receipts for stocks of foreign (other than Canadian) corporations, the reduction of orders to an ex-dividend basis shall be for the net amount of the dividend in U.S. currency after giving effect to all deductions, including taxes, foreign exchange discount, and the expenses of the Depositary.

26520. Reserved**26521. Special Ex-dividend Rulings**

- (a) Late Notices—If, as required by Exchange rules, the Exchange does not receive a notice of a dividend declaration sufficiently in advance of a record date to permit a stock to be quoted “ex-dividend” in the usual manner, the Exchange quotes the security “ex-dividend” as soon as possible following receipt of notice of the dividend. The Exchange also rules that the “dividend on” purchaser (in transactions made during the interval between the date when the Security should have been quoted “ex” and the date when the Security is actually quoted “ex”) is entitled to receive the dividend from the seller. The seller in such transactions is required to give to the purchaser a due bill, covering the amount of the dividend, to be redeemed subsequent to the payment date for the dividend.

The use of due bills causes vexing problems between Participants and their customers because it is often difficult to explain to the selling customer why he should give up a dividend paid to him by the company. Therefore, the Exchange requires listed companies to furnish to the Exchange timely notification of dividend declarations (i) as many days as possible in advance of the record date and, in any event, (ii) no less than ten (10) days in advance of the record date.

- (b) Large or Valuable Dividends, Dividends “Not In Kind”, and Split-ups Effected as Distributions—When large or valuable cash, or stock dividends (usually 20% or more), or a dividend “not in kind” (i.e., a distribution of securities of another issuer), or a split-up is declared, it is the policy of the Exchange to postpone the “ex-dividend” or “ex-distribution” date until the dividend has been paid. The reason for this is so that the stock is not quoted at the substantially lower “ex-dividend” or “ex-distribution” price until the distribution is received by shareholders. If this were not the case, the collateral value of

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the stock would be reduced between the “ex” date and payment date, and the shareholder might be required to provide additional collateral.

In the case of dividends “not in kind” (regardless of its size in relation to the listed Security), it will be necessary to postpone the “ex-dividend” date in the event a market does not exist in the security to be distributed at the time the listed issue would normally be quoted “ex-dividend”.

In all of the above instances, the postponement of the “ex” date until after the payment date makes it possible for shareholders to sell all of their holdings at one time, on a “dividend on” basis (prior to the “ex” date). As a result, purchasers of the stock prior to the “ex” date continue to pay a “dividend on” price, but will not receive the dividend payment from the company. Accordingly, the Exchange rules that the “dividend on” purchaser is entitled to receive the dividend from the seller. The seller, in turn, is required to give the purchaser a due bill, covering the amount of the dividend, to be redeemed on the date fixed by the Exchange.

- (c) “Cash” Transactions—The Ex-Dividend Rule of the Exchange specifies that “cash” transactions (in which delivery of the security must be made on the date of the transaction) shall be “ex-dividend” on the business day following the record date.

26522. Price Adjustment of Open Orders on “Ex-Date”

- (a) When a Security is quoted ex-dividend, ex-distribution, ex-rights or ex-interest, all open orders to buy and open stop orders to sell shall be reduced by the cash value of the payment or rights, except where the Security is quoted "ex" a Security dividend or Security distribution, in which case the provisions of paragraph (b) apply.
- (b) When a Security is quoted "ex" a Security dividend, or Security distribution all open orders, including open orders to sell and open orders to buy, shall be reduced by the proportional value of the dividend.

NOTE: The fact that a Security is quoted "ex-dividend" does not mean that the initial sale of the Security "ex-dividend" will always be lower, by the amount of the dividend, than the last preceding "dividend on" sale. In many instances this does happen. Other times, however, Securities sell "ex-dividend" at prices (lower or higher than the preceding "dividend on" sale) unrelated to the amount of the dividend, since factors other than "ex-dividend" dates influence prices.

26600 – Accounting; Annual and Quarterly Reports**26601. Reserved****26602. Reserved****26603. Change in Accountants**

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A listed company is required to notify the Exchange (prior to filing its 8-K) if it changes independent accountants; and must state the reason for such change.

26604. Defaults

A listed company must immediately notify the Exchange whenever there exists: (a) an event of default in any technical covenant of its outstanding loan agreements; (b) a default in interest or principal payments on outstanding indebtedness; (c) a default in cumulative dividend payments on an outstanding preferred stock issue; or (d) a failure to meet the sinking fund or redemption provisions of any outstanding debt or equity issues of the company.

26605. Peer Review

- (a) A listed company must be audited by an independent public accountant that:
 - (1) has received an external quality control review by an independent public accountant (“peer review”) that determines whether the auditor’s system of quality control is in place and operating effectively and whether established policies and procedures and applicable auditing standards are being followed; or
 - (2) is enrolled in a peer review program and within 18 months receives a peer review that meets acceptable guidelines.
- (b) The following guidelines are acceptable for the purposes of Rule 26605:
 - (1) the peer review should be comparable to AICPA standards included in Standards for Performing on Peer Reviews, codified in the AICPA’s SEC Practice Section Reference Manual;
 - (2) the peer review program should be subject to oversight by an independent body comparable to the organizational structure of the Public Oversight Board as codified in the AICPA’s SEC Practice Section Reference Manual; and
 - (3) the administering entity and the independent oversight body of the peer review program must, as part of their rules of procedure, require the retention of the peer review working papers for 90 days after acceptance of the peer review report and allow the Exchange access to those working papers.

26606-26609. Reserved**26610. Publication of Annual Report**

- (a) Any listed company that is required to file with the SEC an annual report that includes audited financial statements (including on Forms 10-K, 20-F, 40-F or N-CSR) is required to simultaneously make such annual report available to Security holders on or through the company’s website.

A company must also post to its website a prominent undertaking in the English language to provide all holders (including preferred stockholders, preferred Security holders and bondholders) the ability, upon request, to receive a hard copy of the company’s complete

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audited financial statements free of charge and simultaneously issue a press release stating that its annual report has been filed with the SEC. This press release must also specify the company's website address and indicate that shareholders have the ability to receive a hard copy of the company's complete audited financial statements free of charge upon request. The company must provide such hard copies within a reasonable period of time following the request. Moreover, the press release must be published pursuant to the Exchange's press release policy (see Rule 26401 above).

A listed company that:

- is subject to the U.S. proxy rules that provides its audited financial statements (as included on Forms 10-K, 20-F and 40-F) to beneficial shareholders in a manner that is consistent with the physical or electronic delivery requirements applicable to annual reports set forth in Rules 14a-3 and 14a-16 of the U.S. proxy rules, or
- is an issuer not subject to the U.S. proxy rules that provides its audited financial statements (as included on Forms 10-K, 20-F and 40-F) to beneficial shareholders in a manner that is consistent with the physical or electronic delivery requirements applicable to annual reports set forth in Rules 14a-3 and 14a-16 of the U.S. proxy rules,

is not required to issue the press release or post the undertaking required above. A company that fails to file its annual report on Forms 10-K, 20-F, 40-F or N-CSR with the SEC in a timely manner is subject to the compliance procedures set forth in Rule 27007.

- (b) A listed company that receives an audit opinion that contains a going concern emphasis must make a public announcement through the news media disclosing the receipt of such opinion. Prior to the release of the public announcement, the listed company must provide such announcement to the Exchange in a manner consistent with the requirements for the provision of material news to the Exchange under Rule 26401 hereof. The public announcement shall be made contemporaneously with the filing of such audit opinion in a public filing with the Securities and Exchange Commission.

26611-26615. Reserved**26616. President's Letter**

Most annual reports contain a letter to shareholders from the President or other officer of the company. The Exchange expects that such letter, as well as all other releases and statements by the company, will be factual and that judgment and restraint will be used in not publicizing information which may be construed as over-optimistic, slanted or promotional. (See Rules 26401-26404 for a further discussion of the Exchange's disclosure requirements.)

26617-26622. Reserved**26623. Dissemination**

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Interim statements (unaudited) are not required to be sent to Security holders by any company whose common stock or equity Securities is listed on a national securities exchange. (However, many companies do send such statements.)

Companies whose common stock are not listed on a national securities exchange must send interim statements (unaudited) to holders of its Securities which are listed on BSTX.

Interim statements of sales and earnings must be on the basis of the same degree of consolidation as the annual report. Such statements should disclose any substantial items of unusual or nonrecurrent nature and will show net income before and after federal income taxes.

As a matter of fairness, corporations which distribute interim reports to shareholders should distribute such reports to both registered and beneficial shareholders.

In all cases, such information (whether or not furnished to shareholders) must be disseminated in the form of a press release to one or more newspapers of general circulation in New York regularly publishing financial news and to one or more of the national news-wire services. A copy must also be sent to the Exchange. Further information on the handling of press releases is set forth in Rules 26401-26404.

26624. Exceptions

Exception to the Exchange's requirement that quarterly results be distributed in the form of a press release is made only in cases where conditions peculiar to the type of company, or to the particular company itself, would make such a release impracticable or misleading, as in the case of companies dependent upon long-term contracts, or companies dependent upon the growth and sale of a crop in an annual cycle, or companies operating under conditions which make such releases virtually impossible or misleading.

When the Exchange is convinced that the release of quarterly results is impracticable, or could be misleading, it may require an agreement to release a semi-annual statement of sales and earnings, or an interim statement of certain operating statistics which will serve to indicate the trend of the company's business during the period between annual reports. Only when the Exchange is convinced that any type of interim release is either impracticable, or misleading, will an agreement calling merely for publication of annual statements be accepted.

NOTE: Any agreement between the Exchange and a listed company on the issuance of quarterly operating results does not alter the company's obligation to publish quarterly statements pursuant to SEC rules.

26700 – Shareholders' Meetings, Approval and Voting of Proxies**26701. Filing Material Distributed to Shareholders**

A listed company is required to file with the Exchange five copies of proxy statements, forms of proxy and other soliciting materials distributed to shareholders. A listed company is also required

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to file with the Exchange one copy of the notice of shareholders' meetings and three copies of annual reports distributed to shareholders. Copies of such material should be sent to the Exchange when distributed to shareholders, unless the material was otherwise filed electronically with the SEC (See Rule 27101).

IM-26701-1

Proxy statements, forms of proxy and other soliciting materials shall be distributed by such means as are permitted or required by applicable law and regulation (including any interpretations thereof by the SEC). Companies should also note Rule 26722 applicable to Participants regarding transmission of proxy material to customers.

26702. Reserved**26703. Notice of Meetings**

A listed company is required to give shareholders written notice at least ten days in advance of all shareholders' meetings, and to provide for such notice in its by-laws.

In addition, the company must immediately notify the Exchange when it establishes a date for the taking of a record of its shareholders. Such notice must be given at least ten days in advance of the record date.

NOTE: Exchange rules prohibit the closing of a listed company's transfer books, for any purpose.

The Exchange recommends that such notice and proxy-soliciting material be received by shareholders as many days as possible (preferably at least 20 days) in advance of the meeting. A similar arrangement should be followed in delivering such proxy material to Participants in order to allow such organizations ample time to mail the material to, and receive voting instructions from, beneficial owners.

Companies should be aware that the Exchange's proxy rules provide that in the case of a routine meeting (see Rule 26723), if the proxy material is distributed by a Participant, as record holder, to the beneficial owners of the Securities, at least 15 days before the meeting, and voting instructions from the beneficial owner are not received ten days prior to the meeting, the Participant may then vote the proxy in its discretion. Otherwise, the Participant must receive specific voting instructions from its customers.

If a company plans to request brokers to forward proxy-soliciting material to customers, it should communicate with the brokers at least ten days in advance of the voting record date for the meeting:

- (a) informing them of the record and meeting dates:

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- (b) providing them with a return postcard on which they may indicate the number of sets of proxy material required for transmittal to customers; and
- (c) agreeing to reimburse them for out-of-pocket expenses incurred in handling the material. The sets of proxy material distributed to Participants should include the required number of proxies and annual reports to assure compliance with the rules and regulations of the Exchange and the SEC.

26704. Annual Meetings

Each issuer listing common stock or voting preferred stock, and/or their equivalents, shall hold an annual meeting of shareholders no later than one year after the end of the issuer's fiscal year.

IM-26704-1

At each annual meeting, shareholders must be afforded the opportunity to discuss company affairs with management and, if required by the issuer's governing documents, to elect directors. A new listing that was not previously subject to a requirement to hold an annual meeting is required to hold its first annual meeting within one year after its first fiscal year-end following listing. In addition, an issuer is not required to hold an annual meeting:

- With respect to any fiscal year less than 12 months long that results from a change in fiscal year end; or
- In the year in which it completes an initial public offering.

However, the Exchange's annual meeting requirement does not supplant any applicable state or federal securities laws concerning annual meetings.

26705. Meetings and Solicitations of Proxies Required

A listed company is required, with respect to any matter requiring authorization by its shareholders, to either (a) hold a meeting of its shareholders in accordance with its charter, by-laws and applicable state or other laws and to solicit proxies (pursuant to a proxy statement conforming to the proxy rules of the SEC) for such meeting of shareholders, or, (b) use written consents in lieu of a special meeting of shareholders as permitted by applicable law. The Exchange has no separate requirements with respect to the solicitation of such consents, but listed companies must comply with applicable state and federal laws and rules (including interpretations thereof), including without limitation, SEC Regulations 14A and 14C.

26706 - 26709. Reserved**26710. Vote Required**

- (a) With respect to votes cast on a proposal in person or by proxy, the minimum vote, under Rules 26711, 26712 and 26713, which will constitute shareholder approval for listing purposes, is defined as approval by a majority of votes cast. (See Rule 26123 regarding

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quorum requirements.) With respect to the use of written consents in lieu of a special shareholders meeting, the written consent to the proposal of holders of a majority of the shares entitled to vote will constitute shareholder approval for listing purpose under Rules 26711, 26712 and 26713.

- (b) An exception to the shareholder approval requirements contained in Rules 26711, 26712 and 26713 below may be made with respect to a specified issuance of Securities upon prior written application to the Exchange when (1) the delay in securing shareholder approval would seriously jeopardize the financial viability of the enterprise, and (2) reliance by the company on this exception is expressly approved by the audit committee of the company's board of directors or a comparable body of the board of directors comprised solely of independent, disinterested directors. The company is not permitted to issue, or to authorize its transfer agent or registrar to issue or register the Securities in question until it has received written notification from the Exchange that the exception to the shareholder approval requirements has been granted and the Securities have been approved for listing pursuant to Rule 26301.

A company that receives such an exception must mail to all shareholders not later than ten days before issuance of the Securities a letter alerting them to its omission to seek the shareholder approval that would otherwise be required. Such notification shall disclose the terms of the transaction (including the number of shares of common stock that could be issued and the consideration received), the fact that the company is relying on a financial viability exception to the shareholder approval rules, and that the audit committee or a comparable body of the board of directors comprised solely of independent, disinterested directors has expressly approved the company's reliance on the exception. The company shall also make a public announcement through the news media disclosing the same information as promptly as possible, but no later than ten days before the issuance of the Securities.

26711. Shareholder Approval of Option and Equity Compensation Plans

Approval of shareholders is required in accordance with Rule 26705 with respect to the establishment of (or material amendment to) a stock option or purchase plan or other equity compensation arrangement pursuant to which options, or stock (or Securities) may be acquired by officers, directors, employees, or consultants, regardless of whether or not such authorization is required by law or by the company's charter, except for:

- (a) issuances to an individual, not previously an employee or director of the company, or following a bona fide period of non-employment, as an inducement material to entering into employment with the company provided that such issuances are approved by the company's independent compensation committee or a majority of the company's independent directors, and, promptly following an issuance of any employment inducement grant in reliance on this exception, the company discloses in a press release the material terms of the grant, including the recipient(s) of the grant and the number of shares involved; or

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- (b) tax-qualified, non-discriminatory employee benefit plans (e.g., plans that meet the requirements of Section 401(a) or 423 of the Internal Revenue Code) or parallel nonqualified plans, provided such plans are approved by the company's independent compensation committee or a majority of the company's independent directors; or plans that merely provide a convenient way to purchase shares in the open market or from the issuer at fair market value; or
- (c) a plan or arrangement relating to an acquisition or merger; or
- (d) warrants or rights issued generally to all security holders of the company or stock (or Security) purchase plans available on equal terms to all security holders of the company (such as a typical dividend reinvestment plan).

A listed company is required to notify the Exchange in writing with respect to the use of any of the exceptions set forth in paragraphs (a) through (d).

IM-26711-1

Rule 26711 requires shareholder approval when a plan or other equity compensation arrangement is established or materially amended. For these purposes, a material amendment would include, but not be limited to, the following:

- (a) any material increase in the number of shares to be issued under the plan (other than to reflect a reorganization, share split, merger, spinoff or similar transaction);
- (b) any material increase in benefits to participants, including any material change to: (i) permit a repricing (or decrease in exercise price) of outstanding options, (ii) reduce the price at which shares, or options to purchase shares may be offered, or (iii) extend the duration of a plan;
- (c) any material expansion of the class of participants eligible to participate in the plan; and
- (d) any expansion in the types of options or awards provided under the plan.

While general authority to amend a plan would not obviate the need for shareholder approval, if a plan permits a specific action without further shareholder approval, then no such approval would generally be required. However, if a plan contains a formula for automatic increases in the shares available (sometimes called an "evergreen formula"), or for automatic grants pursuant to a dollar-based formula (such as annual grants based on a certain dollar value, or matching contributions based upon the amount of compensation the participant elects to defer), such plans cannot have a term in excess of ten years unless shareholder approval is obtained every ten years. Plans that do not contain a formula and do not impose a limit on the number of shares available for grant would require shareholder approval of each grant under the plan. A requirement that grants be made out of treasury shares or repurchased shares will not alleviate these additional shareholder approval requirements.

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As a general matter, when preparing plans and presenting them for shareholder approval, issuers should strive to make plan terms easy to understand. In that regard, it is recommended that plans meant to permit repricing use explicit terminology to make this clear.

Rule 26711 provides an exception to the requirement for shareholder approval for warrants or rights offered generally to all security holders. In addition, an exception is provided for tax qualified, non-discriminatory employee benefit plans as well as parallel nonqualified plans, as these plans are regulated under the Internal Revenue Code and Treasury Department regulations. An equity compensation plan that provides non-U.S. employees with substantially the same benefits as a comparable tax-qualified, non-discriminatory employee benefit plan or parallel nonqualified plan that the issuer provides to its U.S. employees, but for features necessary to comply with applicable foreign tax law, is also exempt from shareholder approval under this rule.

Further, there is an exception for inducement grants to new employees because in these cases a company has an arm's length relationship with the new employees. Inducement grants for these purposes include grants of options or stock to new employees in connection with a merger or acquisition. Rule 26711 requires that such issuances must be approved by the issuer's independent compensation committee or a majority of the issuer's independent directors. Also, promptly following an issuance of any employment inducement grant in reliance on this exception, the listed company must disclose in a press release the material terms of the grant, including the recipient(s) of the grant and the number of shares involved.

In addition, plans or arrangements involving a merger or acquisition do not require shareholder approval in two situations. First, shareholder approval will not be required to convert, replace or adjust outstanding options or other equity compensation awards to reflect the transaction. Second, shares available under certain plans acquired in acquisitions and mergers may be used for certain post-transaction grants without further shareholder approval. This exception applies to situations where the party which is not a listed company following the transaction has shares available for grant under pre-existing plans that meet the requirements of this Rule 26711. These shares may be used for post-transaction grants of options and other equity awards by the listed company (after appropriate adjustment of the number of shares to reflect the transaction), either under the pre-existing plan or arrangement or another plan or arrangement, without further shareholder approval, provided: (1) the time during which those shares are available for grants is not extended beyond the period when they would have been available under the pre-existing plan, absent the transaction, and (2) such options and other awards are not granted to individuals who were employed by the granting company or its subsidiaries at the time the merger or acquisition was consummated. A plan or arrangement adopted in contemplation of the merger or acquisition transaction would not be viewed as pre-existing for purposes of this exception. This exception is appropriate because it will not result in any increase in the aggregate potential dilution of the combined enterprise. In this regard, any additional shares available for issuance under a plan or arrangement acquired in connection with a merger or acquisition would be counted in determining whether the transaction involved the issuance of 20% or more of the company's outstanding common stock, thus triggering the shareholder approval requirements of Rule 26712(b).

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Inducement grants, tax qualified non-discriminatory benefit plans, and parallel nonqualified plans are subject to approval by either the issuer's independent compensation committee, or a majority of the issuer's independent directors. A listed company is not permitted to use repurchased shares to fund option plans or grants without prior shareholder approval. In addition, the issuer must notify the Exchange in writing when it uses any of these exceptions (see also Rule 26300 Series with respect to the requirements applicable to additional listing of the underlying shares).

IM-26711-2

The term "parallel nonqualified plan" means a plan that is a "pension plan" within the meaning of the Employee Retirement Income Security Act ("ERISA"), 29 U.S.C. §1002 (1999), that is designed to work in parallel with a plan intended to be qualified under Internal Revenue Code Section 401(a), to provide benefits that exceed the limits set forth in Internal Revenue Code Section 402(g) (the section that limits an employee's annual pre-tax contributions to a 401(k) plan), Internal Revenue Code Section 401(a)(17) (the section that limits the amount of an employee's compensation that can be taken into account for plan purposes) and/or Internal Revenue Code Section 415 (the section that limits the contributions and benefits under qualified plans) and/or any successor or similar limitations that may thereafter be enacted. However, a plan will not be considered a parallel nonqualified plan unless (i) it covers all or substantially all employees of an employer who are participants in the related qualified plan whose annual compensation is in excess of the limit of Code Section 401(a)(17) (or any successor or similar limitation that may hereafter be enacted) and (ii) its terms are substantially the same as the qualified plan that it parallels except for the elimination of the limitations described in the preceding sentence; and (iii) no participant receives employer equity contributions under the plan in excess of 25% of the participant's cash compensation.

26712. Acquisitions

Approval of shareholders is required in accordance with Rule 26705 as a prerequisite to approval of applications to list additional shares to be issued as sole or partial consideration for an acquisition of the equity or assets of another company in the following circumstances:

- (a) if any individual director, officer or substantial shareholder of the listed company has a 5% or greater interest (or such persons collectively have a 10% or greater interest), directly or indirectly, in the company or assets to be acquired or in the consideration to be paid in the transaction and the present or potential issuance of common stock, or securities convertible into common stock, could result in an increase in total outstanding common shares of 5% or more; or
- (b) where the present or potential issuance of common stock, or securities convertible into common stock, could result in an increase in total outstanding common shares of 20% or more.

IM-26712-1

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A series of closely related transactions may be regarded as one transaction for the purpose of this policy. Companies engaged in merger or acquisition discussions must be particularly mindful of the Exchange's timely disclosure policies. In view of possible market sensitivity and the importance of providing investors with sufficient information relative to an intended merger or acquisition, listed company representatives are strongly urged to consult with the Exchange in advance of such disclosure.

26713. Other Transactions

The Exchange will require shareholder approval in accordance with Rule 26705 as a prerequisite to approval of applications to list additional shares in the following circumstances:

- (a) when the additional shares will be issued in connection with a transaction involving:
 - (1) the sale, issuance, or potential issuance by the issuer of common stock (or securities convertible into common stock) at a price less than the greater of book or market value which together with sales by officers, directors or principal shareholders of the issuer equals 20% or more of common stock presently outstanding; or
 - (2) the sale, issuance, or potential issuance by the issuer of common stock (or securities convertible into common stock) equal to 20% or more of common stock presently outstanding for less than the greater of book or market value of the stock; or
- (b) when the issuance or potential issuance of additional shares will result in a change of control of the issuer, including, but not limited to, those issuances that constitute a Reverse Merger as specified in Rule 26341.

The Exchange should be consulted whenever an issuer is considering issuing a significant percentage of its shares, to ascertain whether shareholders' approval will be required under this rule.

NOTE: This rule does not apply to public offerings.

IM-26713-1

Rule 26713 provides that shareholder approval is required for "a transaction involving the sale or issuance by the company of common stock (or securities convertible into or exercisable for common stock) equal to 20 percent or more of total common stock presently outstanding for less than the greater of book or market value of the common stock." Under this rule, shareholder approval is not required for a "public offering."

Issuers are encouraged to consult with the Exchange in order to determine if a particular offering is a "public offering" for purposes of the shareholder approval rules. Generally, a firm commitment underwritten securities offering registered with the Securities and Exchange Commission will be considered a public offering for these purposes. Likewise, any other

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securities offering which is registered with the Securities and Exchange Commission and which is publicly disclosed and distributed in the same general manner and extent as a firm commitment underwritten securities offering will be considered a public offering for purposes of the shareholder approval rules. However, the Exchange will not treat an offering as a “public offering” for purposes of the shareholder approval rules merely because they are registered with the Commission prior to the closing of the transaction.

When determining whether an offering is a “public offering” for purposes of these rules, the Exchange will consider all relevant factors, including but not limited to:

- (i) the type of offering (including whether the offering is conducted by an underwriter on a firm commitment basis, or an underwriter or placement agent on a best-efforts basis, or whether the offering is self-directed by the issuer);
- (ii) the manner in which the offering is marketed (including the number of investors offered securities, how those investors were chosen, and the breadth of the marketing effort);
- (iii) the extent of the offering’s distribution (including the number and identity of the investors who participate in the offering and whether any prior relationship existed between the issuer and those investors);
- (iv) the offering price (including the extent of any discount to the market price of the Securities offered); and
- (v) the extent to which the issuer controls the offering and its distribution.

26714 – 26719. Reserved**26720. Application of Proxy Rules**

Rules 26720 through 26725 and Rule 22020, inclusive applies to Participants regardless of whether the security involved is traded on the Exchange. However, if a conflict arises between this rule and those of another registered national securities association or exchange, the rules of the Exchange apply only if it is the principal market for the security.

IM-26720-1

All Participants are expected to be familiar with the proxy rules of the Securities and Exchange Commission.

26721. Giving of Proxies—Restrictions on Participants

No Participant shall give or authorize the giving of a proxy to vote stock registered in its name, or in the name of its nominee, except as required or permitted under the provisions of Rule 26723, unless such Participant is the beneficial owner of such stock. Notwithstanding the foregoing.

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- (1) any Participant designated by a named fiduciary as the investment manager of stock held as assets of an ERISA Plan that expressly grants discretion to the investment manager to manage, acquire, or dispose of any plan asset and which has not expressly reserved the proxy voting right for the named fiduciary may vote the proxies in accordance with its ERISA Plan fiduciary responsibilities; and
- (2) any person registered as an investment adviser either under the Investment Advisers Act of 1940 or under the laws of a state, who exercises investment discretion pursuant to an advisory contract for the beneficial owner and has been designated in writing by the beneficial owner to vote the proxies for stock which is in the possession or control of the Participant, may vote such proxies.

IM-26721-1

The term “state” as used in Rules 26721, 26722, 26723 and 26725 shall have the meaning given to such term in Section 202(a)(19) of the Investment Advisers Act of 1940, as such term may be amended from time to time therein.

26722. Transmission of Proxy Material to Customers

(a) Whenever a person soliciting proxies shall furnish a Participant:

- (1) copies of all soliciting material which such person is sending to registered holders, and
- (2) satisfactory assurance that he will reimburse such Participant for all out-of-pocket expenses, including reasonable clerical expenses, incurred by such Participant in connection with such solicitation, such Participant shall transmit to each beneficial owner of stock which is in its possession or control or to an investment adviser registered either under the Investment Advisers Act of 1940 or under the laws of a state, who exercises investment discretion pursuant to an advisory contract for the beneficial owner and has been designated in writing by the beneficial owner of such stock (hereinafter “designated adviser”) to receive soliciting material in lieu of the beneficial owner, the material furnished; and

(b) such Participant shall transmit with such material either:

- (1) a request for voting instructions and, as to matters which may be voted without instructions under Rule 26723, a statement to the effect that, if such instructions are not received by the tenth day before the meeting, the proxy may be given at discretion by the owner of record of the stock; provided, however, that such statement may be made only when the proxy soliciting material is transmitted to the beneficial owner of the stock or to the beneficial owner’s designated investment adviser, at least fifteen days before the meeting. When the proxy soliciting material is transmitted to the beneficial owner of the stock or to the beneficial owner’s designated investment adviser twenty-five days or more before the meeting, the statement accompanying such material shall be to the effect that the proxy may

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be given fifteen days before the meeting at the discretion of the owner of record of the stock; or

- (2) a signed proxy indicating the number of shares held for such beneficial owner and bearing a symbol identifying the proxy with proxy records of such Participant, and also a letter informing the beneficial owner or the beneficial owner's designated investment adviser, of the necessity for completing the proxy form and forwarding it to the person soliciting proxies in order that the shares may be represented at the meeting.

IM-26722-1 Annual reports to be transmitted

The annual report shall be transmitted to beneficial owners or to the beneficial owners' designated investment advisers under the same conditions as those applying to proxy soliciting material under Rule 26722 even though it is not proxy-soliciting material under the proxy rules of the Securities and Exchange Commission.

IM-26722-2 Forms of letters to clients requesting voting instructions

Below are specimens of letters containing the information and instructions required pursuant to the proxy rules to be given to clients in the circumstances indicated in the appropriate heading. These are shown as examples and not as prescribed forms. Participants are permitted to adapt the form of these letters for their own purposes provided all of the required information and instructions are clearly enumerated in letters to clients.

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

When Broker May Vote on All Proposals Without Instructions

To Our Clients:

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

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

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

We urge you to send in your proxy so that we may vote your shares in accordance with your wishes. However, the Rules of the Exchange provide that if instructions are not received from

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you by the tenth day before the meeting, the proxy may be given at discretion by the holder of record of the shares. If you are unable to communicate with us by such date, we will, nevertheless, follow your instructions, even if our discretionary vote has already been given, provided your instructions are received by the last business day before the stockholders' meeting.

When Broker May Not Vote on Any Proposals Without Instructions

To Our Clients:

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

In order for your shares to be represented at the meeting, it will be necessary for us to have your specific voting instructions. Accordingly, please give your instructions over your signature on the enclosed proxy form and return it to us promptly in the self-addressed, stamped envelope, also enclosed. It is understood that, if you sign without otherwise marking the form, the shares will be voted as recommended by the management on all matters to be considered at the meeting.

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

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

To Our Clients:

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

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

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

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

IM-26722-3 Forwarding of signed proxy

The following conditions shall be met by a Participant adopting the procedure of sending signed proxies to customers:

- (1) Each signed proxy sent to a customer shall contain a code number for identification and the exact number of shares held of record for the account of the customer.
- (2) Signed proxies sent to customers shall be accompanied by appropriate instructions to the customer for transmitting his vote to the company.
- (3) The Participant shall advise the company of the number of proxies sent to customers and the identifying numbers and shares represented by such proxies.
- (4) When requested by a company, the Participant shall send a follow-up request to customers whose proxies have not been received by the company.
- (5) Records of the Participant covering the solicitation of proxies shall show:
 - (a) the date of receipt of the proxy material from the issuer or other person soliciting the proxies;
 - (b) names of customers to whom the material and proxies are sent, and the date of mailing;
 - (c) the number of shares covered by each proxy;
 - (d) the code number of each customer's proxy.

IM-26722-4 Forms of letters to clients to accompany signed proxies

Below are specimens of letters containing the information and instructions required pursuant to the proxy rules to be given to clients in the circumstances indicated in the appropriate heading. These are shown as examples and not as prescribed forms.

When Proxy Contains No Proposals to Be Voted On

To Our Clients:

We have been requested to forward to you the enclosed proxy material relative to shares carried by us in your account but not registered in your name.

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If you wish your stock to be voted at the meeting, it will be necessary for you to date and forward the enclosed proxy form, which has been signed by us as the holder of record, in the self-addressed, stamped envelope which is furnished for the purpose.

We urge you to send your proxy in promptly to assure the largest possible representation of stockholders at the meeting.

When Proxy Contains Proposals to Be Voted On

To Our Clients:

We have been requested to forward to you the enclosed proxy material relative to shares carried by us in your account but not registered in your name.

If you wish your stock to be voted at the meeting, it will be necessary for you to complete and forward the enclosed proxy form, which has been signed by us as the holder of record, in the self-addressed stamped envelope which is furnished for the purpose.

Please note that you may direct the manner in which your shares will be voted by marking the appropriate spaces in the signed proxy form. If you forward the proxy without indicating the manner in which you wish your shares to be voted, the proxy will be voted as recommended by the management on all matters to be considered at the meeting.

We urge you to send your proxy in promptly to assure the largest possible representation of stockholders at the meeting.

IM-26722-5 Method to be used in transmission of proxy material

First class mail should be used to facilitate the obtaining of voting instructions or forwarding signed proxies, unless another method is specified by the persons for whom the material is transmitted.

IM-26722-6 Duty to transmit even when requested not to

The proxy material must be sent to a beneficial owner even though such owner has instructed the Participant not to do so, unless the beneficial owner has instructed the Participant in writing to send such material to the beneficial owner's designated investment adviser.

IM-26722-7 Duty of out-of-town Participants

If securities are held in an omnibus account for an out-of-town or non-clearing BSTX Participant organization, it is incumbent upon the out-of-town or non-clearing BSTX Participant to see that the necessary proxy material is transmitted to the beneficial owners and that the proper records relative thereto are kept.

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The following is a fair and reasonable rate of reimbursement of Participants for out-of-pocket expenses (except as referred to below), including reasonable clerical expenses, incurred in connection with furnishing non-objecting beneficial ownership information to requesting issuers pursuant to Rule 14b-1(c) of the Securities Exchange Act of 1934:

Charge For Providing Beneficial Ownership Information

6 1/2% per name of non-objecting beneficial owner provided to a requesting issuer. Where the non-objecting beneficial ownership information is not furnished directly to the issuer by the Participant, but is furnished through an agent designated by the Participant, the issuer will be expected to pay the reasonable expenses of the agent in providing such information, in addition to the rate described above. (See SEC Rules 14a-13(b) and 14c-7(b) under the Securities Exchange Act of 1934 and notes thereto.)

Any Participant that designates an agent for the purpose of furnishing requesting issuers with beneficial ownership information pursuant to SEC Rule 14b-1(c) and thereafter cancels that designation or appoints a new agent for such purpose should promptly inform interested issuers.

IM-26722-9.3

Participants are required to mail out such material as provided by Rules 26722 and 26725 when satisfactory assurance is received of reimbursement of expenses at such rates: provided that a Participant may request reimbursement of expenses at less than Exchange approved rates; however, no Participant may seek reimbursement at rates higher than any Exchange approved rates or for items or services not specifically listed by the Exchange without the prior notification to and consent of the person soliciting proxies or the company.

IM-26722-9.4 “Householding” of Reports

Rules 26722 and 26725 require Participants to transmit issuer-supplied annual reports, interim reports, proxy statements and other material to beneficial owners. Participants are not required to transmit more than one annual report, interim report, proxy statement or other material to beneficial owners with more than one account (including trust accounts). In addition, Participants may eliminate multiple transmissions of reports, statements or other materials to beneficial

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owners having the same address, provided they comply with applicable SEC rules with respect thereto (see SEC Rule 14b-1 under the Securities Exchange Act of 1934).

26723. Giving Proxies By Participants

A Participant shall give or authorize the giving of a proxy for stock registered in its name, or in the name of its nominee, at the direction of the beneficial owner. If the stock is not in the control or possession of the Participant, satisfactory proof of the beneficial ownership as of the record date may be required.

(a) Voting Participant Holdings as Executor, etc.

A Participant may give or authorize the giving of a proxy to vote any stock registered in its name, or in the name of its nominee, if such Participant holds such stocks as executor, administrator, guardian, trustee, or in a similar representative or fiduciary capacity with authority to vote.

(b) Voting Procedure Without Instructions

A Participant which has transmitted proxy soliciting material to the beneficial owner of stock or to an investment adviser registered either under the Investment Advisers Act of 1940 or under the laws of a state who exercises investment discretion pursuant to an advisory contract for the beneficial owner and has been designated in writing by the beneficial owner of such stock (hereinafter "designated investment adviser") to receive soliciting material in lieu of the beneficial owner and solicited voting instructions in accordance with the provisions of Rule 26722, and which has not received instructions from the beneficial owner or from the beneficial owner's designated investment adviser by the date specified in the statement accompanying such material, may give or authorize the giving of a proxy to vote such stock, provided the person in the Participant organization giving or authorizing the giving of the proxy has no knowledge of any contest as to the action to be taken at the meeting and provided such action is adequately disclosed to stockholders and does not include authorization for a merger, consolidation or any other matter which may affect substantially the rights or privileges of such stock.

(c) Instructions on Securities in Names of Other Participants

A Participant which has in its possession or control stock registered in the name of another Participant, and which has solicited voting instructions in accordance with the provisions of Rule 26722(b)(1), shall

- (1) Forward to the second Participant any voting instructions received from the beneficial owner, or
- (2) if the proxy-soliciting material has been transmitted to the beneficial owner of the stock in accordance with Rule 26722 and no instructions have been received by the date specified in the statement accompanying such material, notify the second Participant of such fact in

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order that such Participant may give the proxy as provided in the third paragraph of this rule.

(d) Signed Proxies for Securities in Names of Other Participants

A Participant which has in its possession or control stock registered in the name of another Participant, and which desires to transmit signed proxies pursuant to the provisions of Rule 26722(b)(2), shall obtain the requisite number of signed proxies from such holder of record.

IM-26723-1 When a Participant may vote without customer instructions.

Rule 26723, above, provides that a Participant may give a proxy to vote stock provided that:

- (1) it has transmitted proxy soliciting material to the beneficial owner of stock or to the beneficial owner's designated investment adviser in accordance with Rule 26722, and
- (2) it has not received voting instructions from the beneficial owner or from the beneficial owner's designated investment adviser, by the date specified in the statement accompanying such material, and
- (3) the person at the Participant giving or authorizing the giving of the proxy has no knowledge of any contest as to the action to be taken at the meeting and provided such action is adequately disclosed to shareholders and does not include authorization for a merger, consolidation or any matter which may affect substantially the rights or privileges of such stock.

IM-26723-2 When Participants may not vote without customer instructions

In the list of meetings of shareholders, after proxy material has been reviewed by the Exchange, each meeting will be designated by an appropriate symbol to indicate either (a) that Participants may vote a proxy without instructions of beneficial owners, (b) that Participants may not vote specific matters on the proxy, or (c) that Participants may not vote the entire proxy.

Generally speaking, a Participant may not give or authorize a proxy to vote without instructions from beneficial owners when the matter to be voted upon:

- (1) is not submitted to shareholders by means of a proxy statement comparable to that specified in Schedule 14-A of the Securities and Exchange Commission;
- (2) is the subject of a counter-solicitation, or is part of a proposal made by a shareholder which is being opposed by management (i.e., a contest);

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- (3) relates to a merger or consolidation (except when the company's proposal is to merge with its own wholly owned subsidiary, provided its shareholders dissenting thereto do not have rights of appraisal);
- (4) involves right of appraisal;
- (5) authorizes mortgaging of property;
- (6) authorizes or creates indebtedness or increases the authorized amount of indebtedness;
- (7) authorizes or creates a preferred stock, or increases the authorized amount of an existing preferred stock;
- (8) alters the terms or conditions of existing securities or indebtedness;
- (9) involves waiver or modification of preemptive rights;
- (10) changes existing quorum requirements with respect to shareholder meetings;
- (11) alters voting provisions or the proportionate voting power of a stock, or the number of its votes per share (except where cumulative voting provisions govern the number of votes per share for election of directors and the company's proposal involves a change in the number of its directors by not more than 10% or not more than one);
- (12) authorizes the implementation of any equity compensation plan, or any material revision to the terms of any existing equity compensation plan (whether or not shareholder approval of such plan is required by Rule 26711;

Commentary to Item 12 - A Participant may not give or authorize a proxy to vote without instructions on a matter relating to executive compensation, even if such matter would otherwise qualify for an exception from the requirements of Item 12, Item 13 or any other Item under this Rule 26723. See Item 21.

- (13) authorizes
 - (a) a new profit-sharing or special remuneration plan, or a new retirement plan, the annual cost of which will amount to more than 10% of average annual income before taxes for the preceding five years, or
 - (b) the amendment of an existing plan which would bring its cost above 10% of such average annual income before taxes.

Exception may be made in cases of

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- (a) retirement plans based on agreement or negotiations with labor unions (or which have been or are to be approved by such unions); and
- (b) any related retirement plan for benefit of non-union employees having terms substantially equivalent to the terms of such union-negotiated plan, which is submitted for action of shareholders concurrently with such union-negotiated plan.

Commentary to Item 13 - A Participant may not give or authorize a proxy to vote without instructions on a matter relating to executive compensation, even if such matter would otherwise qualify for an exception from the requirements of Item 12, Item 13 or any other Item under this Rule 26723. See Item 21.

- (14) changes the purposes or powers of a company to an extent which would permit it to change to a materially different line of business and it is the company's stated intention to make such a change;
- (15) authorizes the acquisition of property, assets, or a company, where the consideration to be given has a fair value approximating 20% or more of the market value of the previously outstanding shares;
- (16) authorizes the sale or other disposition of assets or earning power approximating 20% or more of those existing prior to the transaction;
- (17) authorizes a transaction not in the ordinary course of business in which an officer, director or substantial security holder has a direct or indirect interest;
- (18) reduces earned surplus by 51% or more, or reduces earned surplus to an amount less than the aggregate of three years' common stock dividends computed at the current dividend rate;
- (19) is the election of directors, provided, however, that this prohibition shall not apply in the case of a company registered under the Investment Company Act of 1940;
- (20) materially amends an investment advisory contract with an investment company; or

Commentary to Item 20 - A material amendment to an investment advisory contract would include any proposal to obtain shareholder approval of an investment company's investment advisory contract with a new investment adviser, which approval is required by the Investment Company Act of 1940, as amended (the "1940 Act"), and the rules thereunder. Such approval will be deemed to be a "matter which may affect substantially the rights or privileges of such stock" for purposes of this rule so that a Participant may not give or authorize a proxy to vote stock registered in its name absent instruction from the beneficial holder of the shares. As a result, for example, a Participant may not give or authorize a proxy to vote shares registered in its name, absent instruction from the beneficial holder of the shares, on any proposal to obtain shareholder approval required by the 1940 Act of an

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investment advisory contract between an investment company and a new investment adviser due to an assignment of the investment company's investment advisory contract, including an assignment caused by a change in control of the investment adviser that is party to the assigned contract.

(21) relates to executive compensation.

Commentary to Item 21 - A matter relating to executive compensation would include, among other things, the items referred to in Section 14A of the Exchange Act, including (i) an advisory vote to approve the compensation of executives, (ii) a vote on whether to hold such an advisory vote every one, two or three years, and (iii) an advisory vote to approve any type of compensation (whether present, deferred, or contingent) that is based on or otherwise relates to an acquisition, merger, consolidation, sale, or other disposition of all or substantially all of the assets of an issuer and the aggregate total of all such compensation that may (and the conditions upon which it may) be paid or become payable to or on behalf of an executive officer. In addition, a Participant may not give or authorize a proxy to vote without instructions on a matter relating to executive compensation, even if such matter would otherwise qualify for an exception from the requirements of Item 12, Item 13 or any other Item under this Rule 26723. Any vote on these or similar executive compensation-related matters is subject to the requirements of Rule 26723.

IM-26723-3 Discretionary and non-discretionary proposals in one proxy form

In some cases, a proxy form may contain proposals, some of which may be acted upon at the discretion of the Participant in the absence of instructions, and others which may be voted only in accordance with the directions of the beneficial owner. This should be indicated in the letter of transmittal. In such cases, the Participant may vote the proxy in the absence of instructions if it physically crosses out those portions where it does not have discretion.

IM-26723-4 Cancellation of discretionary proxy where counter-solicitation develops

Where a discretionary proxy has been given in good faith under the rules and counter-solicitation develops at a later date, thereby creating a "contest", the question as to whether or not the discretionary proxy should then be cancelled is a matter which each Participant must decide for itself. After a contest has developed no further proxies should be given except at the direction of beneficial owners.

IM-26723-5 Subsequent proxy

Where a Participant gives a subsequent proxy, it should clearly indicate whether the proxy is in addition to, in substitution for or in revocation of any prior proxy.

IM-26723-6 Signing and dating proxy-designating shares covered

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All proxies should be dated and should show the number of shares voted. Since manual signatures are sometimes illegible, a Participant should also either type or rubber-stamp its name on such proxy.

IM-26723-7 Proxy records

Records covering the solicitation of proxies shall show the following:

- (1) the date of receipt of the proxy material from the issuer or other person soliciting the proxies;
- (2) names of customers to whom the material is sent together with date of mailing;
- (3) all voting instructions showing whether verbal or written; and
- (4) a summary of all proxies voted by the Participant clearly setting forth total shares voted for or against or not voted for each proposal to be acted upon at the meeting.

Verbal voting instructions may be accepted provided a record is kept of the instructions of the beneficial owner and the instructions are retained by the Participant. The record shall also indicate the date of the receipt of the instructions and the name of the recipient.

Instructions from beneficial owners may also be accepted by Participants or their agents through the use of an automated telephone voting system or other electronic means, which has been approved by the Exchange. Such a system shall utilize an identification code for beneficial owners and provide an opportunity for beneficial owners to validate votes to ensure that they were received correctly. The automated system must provide beneficial owners with the same power and authority to issue, revoke, or otherwise change voting instructions as currently exists for instructions communicated in written form. Records of voting including the date of receipt of instructions and the name of the recipient must be retained by the Participant or their agents.

IM-26723-8 Retention of records

All proxy solicitation records, originals of all communications received and copies of all communications sent relating to such solicitation, shall be retained for a period of not less than three years, the first two years in an easily accessible place.

26724. Transfers to Facilitate Solicitation

A Participant, when so requested by the Exchange, shall transfer certificates of a listed stock held either for its own account or for the account of others, if registered in the name of a previous holder of record, into its own name, or in the name of its nominee, prior to the taking of a record of shareholders, to facilitate the convenient solicitation of proxies.

The Exchange will make such request at the instance of the issuer or of persons owning in the aggregate at least 10 percent of such stock, provided, if the Exchange so requires, the issuer or

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persons making such request agree to indemnify Participants against transfer taxes, the Exchange may make such a request whenever it deems it advisable.

26725. Transmission of Interim Reports and Other Material

A BSTX Participant, when so requested by a company, and upon being furnished with:

- (1) copies of interim reports of earnings or other material being sent to shareholders, and
- (2) satisfactory assurance that it will be reimbursed by such company for all out-of-pocket expenses, including reasonable clerical expenses, shall transmit such reports or materials to each beneficial owner of stock of such company held by such Participant and registered in a name other than the name of the beneficial owner unless the beneficial owner has instructed the Participant in writing to transmit such reports or material to a designated investment adviser registered either under the Investment Advisers Act of 1940 or under the laws of a state, who exercises investment discretion pursuant to an advisory contract for such beneficial owner.

IM-26725-1

This rule applies to both listed and unlisted companies.

IM-26725-2

Mailing charges by Participants are set forth at IM-26722-8, IM-26722-9.0, IM-26722-9.1, IM-26722-9.3 and IM-26722-9.4.

IM-26725-3

Form of bill to be used by member organizations.—

PROXY INVOICE

TO:
CORPORATE
SECRETARY
COMPANY

INVOICE NO.

DATE

ADDRESS

PLEASE DIRECT ANY QUESTION WITH
RESPECT TO THIS INVOICE TO

(NAME)

(TELEPHONE
NO.)

BROKERAGE FIRM NAME



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DESCRIPTION OF CHANGES	ENVELOPES		POSTAGE		CLASS OF MAIL	TOTAL
	NO. SETS MAILED	SERVICE (Not supplied by Issuer)	FEE	U.S. FOREIGN		
Proxy Soliciting Mat'l.						
Annual Reports (Mailed Separately)						
Proxy Follow-Up (Mailed to all Accts.) (Mailed Selectively)						
Interim Reports						
Post Meeting Reports						
Stockholder Ltr.						
Other (Explain)						

				TOTAL AMOUNT DUE		->

FOR
CORPORATION'S
RECORDS
DATE
PAID _____

CHECK NO. _____

Please return a copy of this invoice with your
remittance in the enclosed self-addressed
envelope.

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BSTX DMMs are prohibited from soliciting, directly or indirectly, any proxy on behalf of themselves or any other person in respect of a Security in which they are registered as a DMM. DMMs are also prohibited from voting in any proxy contest any such Security in which they have a beneficial interest.

26727. Proxy to Show Number of Shares

In all cases in which a proxy is given by a Participant the proxy shall state the actual number of shares of stock for which the proxy is given.

26728. Rules Apply to Nominees

Rules 26721 through 26724 and 26727 shall apply also to any nominees of Participants. They shall apply also to voting in person.

26729. Representations to Management

Before a BSTX Participant or employee thereof states to the management of a registered or unregistered company that he/she represents stockholders in making demands for changes in management or company policies, he/she must have received permission of such stockholders to make such demands.

26800 – Corporate Governance**26801. General**

In addition to the quantitative listing standards set forth in the Rule 26000 Series, this Rule 26800 Series specifies certain corporate governance listing standards. These standards apply to all listed companies, subject to the exceptions set forth below, to the extent not inconsistent with Rule 10A-3 under the Securities Exchange Act of 1934.

- (a) **Controlled Companies**—A company in which over 50% of the voting power is held by an individual, a group or another company (a “controlled company”) is not required to comply with Rules 26802(a), 26804 or 26805. A controlled company that chooses to take advantage of any or all of these exceptions must disclose in its annual meeting proxy statement (or in its next annual report on SEC Form 10-K or equivalent if the issuer does not file an annual proxy statement) that it is a controlled company and the basis for that determination.
- (b) **Limited Partnerships and Companies in Bankruptcy**—Limited partnerships and companies in bankruptcy are not required to comply with Rules 26802(a), 26804 or 26805.
- (c) **Reserved**
- (d) **Registered Management Investment Companies**—Management investment companies that are registered under the Investment Company Act of 1940 (including closed-end funds) are subject to extensive federal regulation. Accordingly, closed-end funds are not required to comply with the requirements in the Rule 26800 Series other than Rules 26802(e), 26803B(1) and the other provisions of Rule 26803 to the extent required under

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Rule 10A-3 under the Securities Exchange Act of 1934, and are also required to comply with Rule 26810. Closed-end funds are required to comply with the provision in Rule 26803B(4) requiring audit committees for investment companies to establish procedures for the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters by employees of the investment adviser, administrator, principal underwriter, or any other provider of accounting related services for the investment company, as well as employees of the investment company.

- (e) Business development companies, which are a type of closed-end management investment company defined in Section 2(a)(48) of the Investment Company Act of 1940, that are not registered under that Act, are subject to all corporate governance requirements
- (f) Foreign Issuers— While foreign issuers, such as Canadian issuers, may receive exemptions from certain provisions of the BSTX Listing Rules, all foreign issuers are nonetheless required to comply with Rule 26810.
- (g) Preferred—Companies listing only preferred securities on the Exchange (including cooperative entities that are structured to comply with relevant state law and federal tax law and do not have a publicly traded class of common stock) are only required to comply with Rule 26803 to the extent required by Rule 10A-3 under the Securities Exchange Act of 1934 and the issuer must also comply with Rules 26810(b) and 26810(c).
- (h) Smaller Reporting Companies - Issuers that satisfy the definition of Smaller Reporting Company in Exchange Act Rule 12b-2 are subject to all requirements specified in Rules 26802 and 26803 below, except that such issuers are only required to maintain a board of directors comprised of at least 50% independent directors, and an audit committee of at least two members, comprised solely of independent directors who also meet the requirements of Rule 10A-3 under the Securities Exchange Act of 1934. Smaller Reporting Companies are subject to Rule 26805, except that they are not subject to Rules 26805(c)(1) and (c)(4).
- (i) Internal Audit Function – Each company must establish and maintain an internal audit function to provide management and the audit committee with ongoing assessments of the company’s risk management process and system of internal control. The company may choose to outsource this function to a third party service provider other than its independent auditor. The audit committee must meet periodically with the internal auditors (or other personnel responsible for this function) and assist the Board of Directors in its oversight of the performance of this function. The audit committee should also discuss with the outside auditor the responsibilities, budget and staffing of the internal audit function.

Transition Periods

A company listing in conjunction with its initial public offering or a spin-off transaction must comply with the requirements of this rule within one year of the listing date.

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A company previously registered pursuant to Section 12(b) of the Exchange Act must satisfy the requirements of this rule within one year of the listing date to the extent the national securities exchange on which it was listed did not have the same requirement. If the other exchange had a substantially similar requirement and the company was afforded a transition period that had not expired, the company will have the same transition period as would have been available to it on the other exchange.

26802. Board of Directors

- (a) At least a majority of the directors on the Board of Directors of each listed company must be independent directors as defined in Rule 26803A, unless the issuer is a controlled company (see Rule 26801(a)), a Smaller Reporting Company (see Rule 26801 (h)) or otherwise exempt under Rule 26801. Each listed company must disclose in its annual meeting proxy statement (or in its next annual report on SEC Form 10-K or equivalent if the issuer does not file an annual proxy statement) those directors that the board of directors has determined to be independent pursuant to Rule 26803A.
- (b) If an issuer fails to comply with the board independence composition requirement due to one vacancy, or if one director ceases to be independent due to circumstances beyond his or her reasonable control, the issuer shall regain compliance with the requirement by the earlier of its next annual shareholders' meeting or one year from the occurrence of the event that caused the failure to comply with this requirement; provided, however, that if the annual shareholders' meeting occurs no later than 180 days following the event that caused the failure to comply with this requirement, the issuer shall instead have 180 days from such event to regain compliance.
- (c) Each company shall hold meetings of its Board of Directors on at least a quarterly basis. The independent directors shall meet on a regular basis as often as necessary to fulfill their responsibilities, including at least annually in executive session without the presence of non-independent directors and management.
- (d) The Board of Directors of each listed company may not be divided into more than three classes. Where the company's charter provides for classes, they should be of approximately equal size and tenure and directors' terms of office should not exceed three years. This paragraph is not intended to restrict the number of terms of office that a director may serve, whether consecutive or otherwise.
- (e) A listed company is not permitted to appoint or permit an Exchange employee to serve on its Board of Directors.
- (f) Listed companies are urged to develop and implement continuing education programs for all directors, including orientation and training programs for new directors (see also IM-26807-1 to Rule 26807).

26803. Independent Directors and Audit Committee**A. Independent Directors.**

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(1) Each issuer must have a sufficient number of independent directors on its board of directors (a) such that at least a majority of such directors are independent directors (subject to the exceptions set forth in Rule 26801) and (b) to satisfy the audit committee requirements set forth below.

(2) “Independent director” means a person other than an executive officer or employee of the company. No director qualifies as independent unless the issuer’s board of directors affirmatively determines that the director does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

In addition to the requirements contained in this Rule 26803(a): (i) directors serving on audit committees must also comply with the additional, more stringent requirements set forth in Rule 26803B(2) below; and (ii) directors serving on compensation committees and, in the case of a company that does not have a compensation committee, all independent directors, must also comply with the additional, more stringent requirements set forth in Rule 26805(c) below. The following is a non-exclusive list of persons who shall not be considered independent:

(a) a director who is, or during the past three years was, employed by the company, other than prior employment as an interim executive officer (provided the interim employment did not last longer than one year) (See IM-26803-8;

(b) a director who accepted or has an immediate family member who accepted any compensation from the company in excess of \$120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than the following:

(i) compensation for board or board committee service,

(ii) compensation paid to an immediate family member who is an employee (other than an executive officer) of the company,

(iii) compensation received for former service as an interim executive officer (provided the interim employment did not last longer than one year) (See IM-26803-8), or

(iv) benefits under a tax-qualified retirement plan, or non-discretionary compensation;

(c) a director who is an immediate family member of an individual who is, or at any time during the past three years was, employed by the company as an executive officer;

(d) a director who is, or has an immediate family member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the company made, or from which the company received, payments (other than those arising solely from investments in the company’s securities or payments under non-discretionary charitable contribution matching programs) that exceed 5% of

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the organization's consolidated gross revenues for that year, or \$200,000, whichever is more, in any of the most recent three fiscal years;

(e) a director who is, or has an immediate family member who is, employed as an executive officer of another entity where at any time during the most recent three fiscal years any of the issuer's executive officers serve on the compensation committee of such other entity; or

(f) a director who is, or has an immediate family member who is, a current partner of the company's outside auditor, or was a partner or employee of the company's outside auditor who worked on the company's audit at any time during any of the past three years.

(3) In the case of an investment company, in lieu of Rule 26803A(2) (a) through (f), a director who is an "interested person" of the investment company as defined in Section 2(a)(19) of the Investment Company Act of 1940, other than in his or her capacity as a member of the board of directors or any board committee.

B. Audit Committee:

(1) Charter

Each issuer must certify that it has adopted a formal written audit committee charter and that the audit committee has reviewed and reassessed the adequacy of the formal written charter on an annual basis. The charter must specify the following:

- (a) the scope of the audit committee's responsibilities, and how it carries out those responsibilities, including structure, processes, and membership requirements;
- (b) the audit committee's responsibility for ensuring its receipt from the outside auditors of a formal written statement delineating all relationships between the auditor and the issuer, consistent with The Public Company Accounting Oversight Board Rule 3526, and the audit committee's responsibility for actively engaging in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor and for taking, or recommending that the full board take, appropriate action to oversee the independence of the outside auditor;
- (c) the audit committee's purpose of overseeing the accounting and financial reporting processes of the issuer and the audits of the financial statements of the issuer; and
- (d) the specific audit committee responsibilities and authority set forth in Rule 26803B(4).

(2) Composition

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- (a) Each issuer must have, and certify that it has and will continue to have, an audit committee of at least three members, each of whom:
- (i) satisfies the independence standards specified in Rule 26803A and Rule 10A-3 under the Securities Exchange Act of 1934;
 - (ii) must not have participated in the preparation of the financial statements of the issuer or any current subsidiary of the issuer at any time during the past three years; and
 - (iii) is able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement. Additionally, each issuer must certify that it has, and will continue to have, at least one member of the audit committee who is financially sophisticated, in that he or she has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including but not limited to being or having been a chief executive officer, chief financial officer, other senior officer with financial oversight responsibilities. A director who qualifies as an audit committee financial expert under Item 407(d)(5)(ii) and (iii) of Regulation S-K or Item 3 of Form N-CSR (in the case of a registered management investment company) is presumed to qualify as financially sophisticated.
- (b) Notwithstanding Rule 26803B(2)(a), one director who is not independent as defined in Rule 26803A, but who satisfies the requirements of Rule 10A-3 under the Securities Exchange Act of 1934 (see Rule 26803B(2)(a)(i)), and is not a current officer or employee or an immediate family member of such officer or employee, may be appointed to the audit committee, if the board, under exceptional and limited circumstances, determines that membership on the committee by the individual is required by the best interests of the issuer and its shareholders, and the board discloses, in the next annual meeting proxy statement (or in its next annual report on SEC Form 10-K or equivalent if the issuer does not file an annual proxy statement) subsequent to such determination, the nature of the relationship and the reasons for that determination. A director appointed to the audit committee pursuant to this exception may not serve for in excess of two consecutive years and may not chair the audit committee.
- (c) Smaller Reporting Companies – Issuers that satisfy the definition of Smaller Reporting Company in Regulation S-K, Item 10(f)(1) are only required to maintain an audit committee of at least two members, comprised solely of independent directors who also meet the requirements of Rule 10A-3 under the Securities Exchange Act of 1934.
- (3) Meeting Requirements – The audit committee of each issuer must meet on at least a quarterly basis, except that with respect to registered closed-end management investment companies, the audit committee must meet on a regular basis as often as necessary to fulfill its responsibilities, including at least annually in connection with issuance of the investment company's audited financial statements.

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- (4) **Audit Committee Responsibilities and Authority** – The audit committee of each issuer must have the specific audit committee responsibilities, authority and procedures necessary to comply with Rule 10A-3(b)(2), (3), (4) and (5) under the Securities Exchange Act of 1934 (subject to the exemptions provided in Rule 10A-3(c) under the Securities Exchange Act of 1934), concerning responsibilities relating to: (a) registered public accounting firms, (b) complaints relating to accounting, internal accounting controls or auditing matters, (c) authority to engage advisors, and (d) funding as determined by the audit committee. Audit committees for investment companies must also establish procedures for the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters by employees of the investment adviser, administrator, principal underwriter, or any other provider of accounting related services for the investment company, as well as employees of the investment company.
- (5) **Exception** – At any time when an issuer has a class of common equity securities (or similar securities which may include Securities) that is listed on another national securities exchange or national securities association subject to the requirements of SEC Rule 10A-3 under the Securities Exchange Act of 1934, the listing of classes of securities of a direct or indirect consolidated subsidiary or an at least 50% beneficially owned subsidiary of the issuer (except classes of equity securities, other than non-convertible, non-participating preferred securities, of such subsidiary) shall not be subject to the requirements of this Rule 26803B.
- (6) **Cure Period**
- (a) If an issuer fails to comply with the audit committee composition requirements because a member of the issuer’s audit committee ceases to be independent in accordance with Rule 26803A and/or the requirements of Rule 10A-3 under the Securities Exchange Act of 1934 for reasons outside the member’s reasonable control, that person, with prompt notice to the Exchange, may remain an audit committee member of the issuer until the earlier of the next annual shareholders’ meeting of the issuer or one year from the occurrence of the event that caused the member to be no longer independent.
- (b) If an issuer fails to comply with the audit committee composition requirements because a vacancy arises on the audit committee, and the cure period in paragraph (a) is not otherwise being relied upon for another member, the issuer will have until the earlier of the next annual shareholders’ meeting or one year from the occurrence of the event that caused the failure to comply with this requirement; provided, however, that if the annual shareholders’ meeting occurs no later than 180 days following the event that caused the failure to comply with the audit committee composition requirement, the listed issuer (other than a Smaller Reporting Company) shall instead have 180 days from such event to regain compliance and for a Smaller Reporting Company if the annual shareholders’ meeting occurs no later than 75 days following the event that caused the failure to comply with the audit composition requirement a Smaller Reporting Company shall instead have 75 days from such event to regain compliance.

EXHIBIT 5A**IM-26803-1**

“Immediate family member” includes a person’s spouse, parents, children, siblings, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, and anyone who resides in such person’s home (other than domestic employees).

IM-26803-2

“Company” includes any parent or subsidiary of the issuer listed on BSTX. “Parent” or “subsidiary” includes entities that are consolidated with the issuer’s financial statements as filed with the SEC (but not if the issuer reflects such entity solely as an investment in its financial statements).

IM-26803-3

“Officer” shall have the meaning specified in Rule 16a-1(f) under the Securities Exchange Act of 1934, or any successor rule.

IM-26803-4

“Executive Officer” shall have the meaning specified in Rule 3b-7 under the Securities Exchange Act of 1934, or any successor rule.

IM-26803-5

Canadian companies are permitted to follow home country practice in lieu of the audit committee requirements specified in this Rule and in accordance with the provisions of Rule 26110, except that such companies must comply with Rule 10A-3 under the Securities Exchange Act of 1934.

IM-26803-6

In order to affirmatively determine that an independent director does not have a material relationship with the issuer that would interfere with the exercise of independent judgment, as specified in Rule 26803A, the board of directors of each issuer must obtain from each such director full disclosure of all relationships which could be material in this regard.

IM-26803-7

The three year look-back periods referenced in Rules 26803A(2)(a), (c), (e), and (f) commence on the date the relationship ceases. For example, a director employed by the company is not independent until three years after such employment terminates.

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For purposes of Rule 26803A(2)(a), employment by a director as an executive officer on an interim basis shall not disqualify that director from being considered independent following such employment, provided the interim employment did not last longer than one year. A director would not be considered independent while serving as an interim officer. Similarly, for purposes of Rule 26803A(2)(b), compensation received by a director for former service as an interim executive officer need not be considered as compensation in determining independence after such service, provided such interim employment did not last longer than one year. Nonetheless, the issuer's board of directors still must consider whether such former employment and any compensation received would interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director. In addition, if the director participated in the preparation of the company's financial statements while serving as an interim executive officer, Rule 26803B(2)(a)(ii) would preclude service on the issuer's audit committee for three years.

IM-20803-9

Rule 26803A(2)(b) is generally intended to capture situations where compensation is made directly to (or for the benefit of) the director or an immediate family member of the director. For example, consulting or personal service contracts with a director or an immediate family member of the director would be analyzed under Rule 26803A(2)(b). In addition, political contributions to the campaign of a director or an immediate family member of the director would be considered indirect compensation under Rule 26803A(2)(b). Non-preferential payments made in the ordinary course of providing business services (such as payments of interest or proceeds related to banking services or loans by an issuer that is a financial institution or payment of claims on a policy by an issuer that is an insurance company), payments arising solely from investments in the company's securities and loans permitted under Section 13(k) of the Securities Exchange Act of 1934 will not preclude a finding of director independence as long as the payments are non-compensatory in nature. Depending on the circumstances, a loan or payment could be compensatory if, for example, it is not on terms generally available to the public.

26804. Board Nominations

- (a) Board of Director nominations must be either selected, or recommended for the Board's selection, by either a Nominating Committee comprised solely of independent directors or by a majority of the independent directors.
- (b) Notwithstanding paragraph (a) above, if the Nominating Committee is comprised of at least three members, one director who is not independent as defined in Rule 26803A, and is not a current officer or employee or an immediate family member of such person, may be appointed to the Nominating Committee, if the board, under exceptional and limited circumstances, determines that membership on the committee by the individual is required by the best interests of the company and its shareholders, and the board discloses, in the next annual meeting proxy statement (or in its next annual report on SEC Form 10-K or equivalent if the issuer does not file an annual proxy statement) subsequent to such determination, the nature of the relationship and the reasons for that determination. A director appointed to the Nominating Committee pursuant to this

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exception may not serve for in excess of two years.

- (c) Each listed company must adopt a formal written charter or board resolution, as applicable, addressing the nominations process and such related matters as may be required under the federal securities laws.

IM-26804-1

Rule 26804 is not applicable to a controlled company (See Rule 26801(a)).

IM-26804-2

If a company is legally required by contract or otherwise to provide third parties with the ability to nominate and/or appoint directors (e.g., preferred stock rights to elect directors upon dividend default, shareholder agreements, management agreements), the selection and nomination of such directors is not subject to approval by the Nominating Committee or a majority of independent directors.

26805. Executive Compensation

- (a) Compensation of the chief executive officer of a listed company must be determined, or recommended to the Board for determination, either by a Compensation Committee comprised of independent directors or by a majority of the independent directors on its Board of Directors (as used in this Rule 26805, the term “Compensation Committee” shall, in relation to any listed company that does not have a Compensation Committee, refer to the listed company’s independent directors as a group). The chief executive officer may not be present during voting or deliberations. Compensation for all other officers must be determined, or recommended to the Board for determination, either by such Compensation Committee or a majority of the independent directors on the company’s Board of Directors.
- (b) Notwithstanding paragraph (a) above, if the Compensation Committee of a Smaller Reporting Company is comprised of at least three members, one director who is not independent as defined in Rule 26803A, and is not a current officer or employee or an immediate family member of such person, may be appointed to the Compensation Committee, if the board, under exceptional and limited circumstances, determines that membership on the committee by the individual is required by the best interests of the company and its shareholders, and the board discloses, in the next annual meeting proxy statement (or in its next annual report on SEC Form 10-K or equivalent if the issuer does not file an annual proxy statement) subsequent to such determination, the nature of the relationship and the reasons for that determination. A director appointed to the Compensation Committee pursuant to this exception may not serve for in excess of two years.
- (c)
 - (l) Independence Requirements. In addition to the director independence

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requirements of Rule 26803A, the board must affirmatively determine that all of the members of the Compensation Committee or, in the case of a company that does not have a Compensation Committee, all of the independent directors, are independent under this Rule 26805(c)(1). In affirmatively determining the independence of any director who will serve on the Compensation Committee, the Board must consider all factors specifically relevant to determining whether a director has a relationship to the listed company which is material to that director's ability to be independent from management in connection with the duties of a Compensation Committee member, including, but not limited to: (A) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the listed company to such director; and (B) whether such director is affiliated with the listed company, a subsidiary of the listed company or an affiliate of a subsidiary of the listed company.

- (2) Cure Period. If a listed company fails to comply with the Compensation Committee composition requirements of either paragraph (a) above or (if applicable) this Rule 26805(c) because a member of the Compensation Committee ceases to be independent in accordance with Rule 26803A or (if applicable) this Rule 26805(c) for reasons outside the member's reasonable control, that person, with prompt notice to the Exchange and only so long as a majority of the members of the Compensation Committee continue to be independent in accordance with the applicable Exchange independence standards, may remain a member of the Compensation Committee until the earlier of the next annual shareholders' meeting of the listed company or one year from the occurrence of the event that caused the member to be no longer independent.
- (3) Compensation Consultants
 - i. The Compensation Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, independent legal counsel or other adviser.
 - ii. The Compensation Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel or other adviser retained by the Compensation Committee.
 - iii. The listed company must provide for appropriate funding, as determined by the Compensation Committee, for payment of reasonable compensation to a compensation consultant, independent legal counsel or any other adviser retained by the Compensation Committee.
- (4) Compensation Consultant Independence. The Compensation Committee may select a compensation consultant, legal counsel or other adviser to the Compensation Committee only after taking into consideration all relevant factors, including the following:
 - i. The provision of other services to the listed company by the person that employs the compensation consultant, legal counsel or other adviser;

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- ii. The amount of fees received from the listed company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
 - iii. The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
 - iv. Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the compensation committee;
 - v. Any stock of the listed company owned by the compensation consultant, legal counsel or other adviser; and
 - vi. Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the listed company.
- (5) Transition Period for Companies Losing Their Smaller Reporting Company Status. Under Exchange Act Rule 12b-2, a company tests its status as a smaller reporting company on an annual basis at the end of its most recently completed second fiscal quarter (hereinafter, for purposes of this subsection, the “Smaller Reporting Company Determination Date”). A smaller reporting company which ceases to meet the requirements for smaller reporting company status as of the last business day of its second fiscal quarter will cease to be a smaller reporting company as of the beginning of the fiscal year following the Smaller Reporting Company Determination Date. The compensation committee of a company that has ceased to be a smaller reporting company shall be required to comply with Rule 26805(c)(4) as of six months from the date it ceases to be a smaller reporting company and must have:
- i. one member of its compensation committee that meets the independence standard of Rule 26805(c)(1) within six months of that date;
 - ii. a majority of directors on its compensation committee meeting those requirements within nine months of that date; and
 - iii. a compensation committee comprised solely of members that meet those requirements within twelve months of that date.

Any such company that does not have a compensation committee must comply with this transition requirement with respect to all of its independent directors as a group.

IM-26805-1

Rule 26805 is not applicable to a controlled company (See Rule 26801(a)). Rules 26805(c)(1) and (c)(4) are not applicable to a smaller reporting company.

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The Compensation Committee or a majority of the independent directors is not precluded from approving awards (either with or without board ratification) or from seeking board ratification or approval as may be required to comply with applicable tax or state corporate laws.

IM-26805-3

When considering the sources of a director's compensation in determining his independence for purposes of compensation committee service, the board should consider whether the director receives compensation from any person or entity that would impair his ability to make independent judgments about the listed company's executive compensation. Similarly, when considering any affiliate relationship a director has with the company, a subsidiary of the company, or an affiliate of a subsidiary of the company, in determining his independence for purposes of compensation committee service, the proposed commentary provides that the board should consider whether the affiliate relationship places the director under the direct or indirect control of the listed company or its senior management, or creates a direct relationship between the director and members of senior management, in each case of a nature that would impair his ability to make independent judgments about the listed company's executive compensation.

IM-26805-4

Nothing in Rule 26805(c) shall be construed: (A) to require the Compensation Committee to implement or act consistently with the advice or recommendations of the compensation consultant, independent legal counsel or other adviser to the Compensation Committee; or (B) to affect the ability or obligation of the Compensation Committee to exercise its own judgment in fulfillment of the duties of the Compensation Committee.

IM-26805-5

The Compensation Committee is required to conduct the independence assessment outlined in Rule 26805(c)(4) with respect to any compensation consultant, legal counsel or other adviser that provides advice to the Compensation Committee, other than: (i) inhouse legal counsel; and (ii) any compensation consultant, legal counsel or other adviser whose role is limited to the following activities for which no disclosure would be required under Item 407(e)(3)(iii) of Regulation S-K: consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the listed company, and that is available generally to all salaried employees; or providing information that either is not customized for a particular company or that is customized based on parameters that are not developed by the compensation consultant, and about which the compensation consultant does not provide advice.

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Nothing in Rule 26805 requires a compensation consultant, legal counsel or other compensation adviser to be independent, only that the Compensation Committee consider the enumerated independence factors before selecting or receiving advice from a compensation adviser. The Compensation Committee may select or receive advice from any compensation adviser they prefer including ones that are not independent, after considering the six independence factors outlined in Rule 26805(c)(4)(i)—(vi).

26806. Reserved**26807. Code of Conduct and Ethics**

Each company shall adopt a code of conduct and ethics, applicable to all directors, officers and employees, which also complies with the definition of a “code of ethics” as set forth in Item 406 of SEC Regulation S-K. The code of conduct and ethics must be publicly available.

IM-26807-1

While each company should determine the appropriate standards and guidelines for inclusion in its code of conduct and ethics, all codes of conduct and ethics must promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; full, fair, accurate, timely and understandable disclosure in periodic reports and documents required to be filed by the company; compliance with applicable Exchange and governmental rules and regulations; prompt internal reporting of violations of the code of conduct and ethics to an appropriate person or persons identified in the code of conduct and ethics; and accountability for adherence to the code of conduct and ethics. A company may adopt one or more codes of conduct and ethics such that all directors, officers and employees are subject to a code of conduct and ethics that satisfies the definition of a “code of ethics.” Any waivers of the code of conduct and ethics for directors or executive officers must be approved by the company’s board of directors and disclosed in an SEC Form 8-K within four business days after the occurrence of the event. If the event occurs on a Saturday, Sunday or holiday on which the Commission is not open for business, then the four business day period shall begin to run on, and include, the first business day thereafter.

26808. Reserved**26809. Effective Dates/Transition**

- (a) Companies that have listed or will be listed in conjunction with their initial public offering shall be afforded exemptions from all board composition requirements consistent with the exemptions afforded in Rule 10A-3 under the Securities Exchange Act of 1934. That is, for each applicable committee that the company establishes (i.e., nominating and/or compensation) the company shall have one independent member at the time of listing, a majority of independent members within 90 days of listing and all independent members within one year. Such companies will be required to meet the majority independent board requirement (or 50% independent in the case of a Smaller Reporting Company) within one year of listing. It should be noted however, that investment companies are not afforded these exemptions under Rule 10A-3 under the Securities

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Exchange Act of 1934. Companies emerging from bankruptcy or which have ceased to be controlled companies will be required to meet the majority independent board requirement (or 50% independent in the case of a Smaller Reporting Company) within one year. Companies may choose not to establish a compensation or nomination committee and may rely instead upon a majority of independent directors to discharge responsibilities under the Rule 26800 Series.

- (b) Companies transferring from other markets with a substantially similar requirement shall be afforded the balance of any grace period afforded by the other market. Companies transferring from other markets that do not have a substantially similar requirement shall be afforded one year from the date of listing, to the extent not inconsistent with Rule 10A-3 under the Securities Exchange Act of 1934.

26810. Written Affirmations

- (a) Each listed company CEO must certify to the Exchange each year that he or she is not aware of any violation by the listed company of Exchange corporate governance listing standards, qualifying the certification to the extent necessary. A blank copy of the CEO certification form required by this Rule 26810(a) will be included in the BSTX Listing Supplement.

Commentary: The CEO's annual certification regarding the Exchange's corporate governance listing standards will focus the CEO and senior management on the listed company's compliance with the listing standards.

- (b) Each listed company CEO must promptly notify the Exchange in writing after any executive officer of the listed company becomes aware of any non-compliance with any applicable provisions of this Rule 26800 Series.
- (c) Each listed company must submit an executed written affirmation of compliance with Rule 26800 Series of the BSTX Listing Standards annually to the Exchange. In addition, each listed company must promptly submit an interim written affirmation after becoming aware of any noncompliance with Rule 26800 Series of the BSTX Listing Standards or in the event of any change in the composition of its board of directors or the audit, compensation or nominating committees thereof. If the interim written affirmation relates to noncompliance with Rule 26800 Series of the BSTX Listing Standards and is being submitted to the Exchange to satisfy the notice requirement of Rule 26810(b), it must be signed by the company's CEO. Blank copies of the affirmation forms mentioned in this Rule 26810(c) will be included in the BSTX Listing Supplement.

26900 – Additional Matters**26901 – 26919. Reserved****26920. General Changes in Character of Business or Form or Nature of Securities**

- (a) Change in form or nature of Securities—A company is required to notify the Exchange, at least 20 days in advance, of any change in the form or nature of any listed Security or

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in the rights, benefits and privileges of the holders of such Security.

- (b) Change in general character of business—A company is required to notify the Exchange promptly (and confirm in writing) of any change in the general character or nature of its business. Obviously, such a change, if not previously made known to the public, would be a material development and a prompt public release would be required under the Exchange's timely disclosure policies (see Rules 26401-26405).

26921. Changes in Officers or Directors

A listed company is required to notify the Exchange promptly (and confirm in writing) of any changes of officers or directors.

26922. Disposition of Property or Stock

A listed company is required to notify the Exchange promptly in the event that it, or any company controlled by it, disposes of any property or stock interest in any of its subsidiary or controlled companies, if such disposal will materially affect the financial position of the company or the nature or extent of its operations. As in the case of changes in character or nature of business, a material disposition would normally call for prompt public disclosure under the Exchange's timely disclosure policy. Where such disclosure has been made, the filing of three copies of the release containing the disclosure and the subsequent filing of Form 8-K, if required, will suffice to comply with Item 1b.

26923. Change in Collateral

A company is required to notify the Exchange promptly of any changes in, or removal of, collateral deposited under any mortgage or trust indenture under which securities of the company listed on the Exchange have been issued. This notice, if of material significance to investors, should also be reported through a public release under the Exchange's timely disclosure policy. If a change in collateral is not of sufficient materiality to call for a press release, such change should nevertheless be reported to the Exchange by letter which will be placed in a public file.

26924. Deposit of Securities

A company is required to notify the Exchange promptly of any diminution in the supply of stock available for public trading occasioned by deposit of stock under voting trust or other deposit agreements. If knowledge of any actual or proposed deposits should come to the attention of any officer or director of the company, the Exchange should be notified immediately.

26925 – 26929. Reserved**26930. Change of Name**

A company proposing to change its name should:

- (a) Notify the Exchange of the record date and date of its shareholders' meeting at which the change in name will be considered, as soon as such dates have been established.

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- (b) Furnish the Exchange with one copy of the meeting notice and five copies of the proxy-solicitation material at the time they are mailed to shareholders.
- (c) As soon as the change in name has been approved by shareholders, notify the Exchange of the time when the amendment to the charter will be filed and the change in name will become effective. Confirm this advice by letter.
- (d) Reserved
- (e) Notify the Exchange as soon as the amendment has actually been filed and confirm this advice by letter.

26931. Announcement of New Name

When the change in name becomes effective, the Exchange will notify its Participants of the new name and will advise them that, either on the date of its announcement or on the day after, transactions in the securities of the company will be recorded under its new name. If a substantial change in name is involved, a new ticker symbol may be designated for the company's securities.

26932 – 26939. Reserved**26940. Change in Par Value**

A company that changes the par value of a stock issue listed on the Exchange, without an increase or decrease in the number of shares listed, is required to follow the procedures and file the papers specified below:

NOTE: If the change in par value affects the number of shares listed, an additional listing application is necessary.

- (a) File two preliminary copies of proxy soliciting material to be issued to shareholders in connection with the meeting to consider the charter amendment.
- (b) Furnish the Exchange with: (i) ten days' notice in advance of the taking of the record of shareholders entitled to notice of and to vote at the meeting; and (ii) six copies of all final printed notices, circulars or proxy statements issued to shareholders in connection with the meeting, at the time they are mailed to shareholders.
- (c) When the change in par value becomes effective by the filing of the charter amendment with the Secretary of State, it is important that the Exchange substitute the new par value shares for the previously listed shares without any interruption of trading. This is accomplished by notifying the Exchange: (i) in advance of the date when it is proposed to file the charter amendment, and (ii) immediately upon its filing.

26941 –26959. Reserved**26960. Special Margin Requirements**

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The Exchange may, from time to time, prescribe higher initial margin requirements in respect of particular Securities dealt in on the Exchange than the margin requirements generally in effect. Such higher margin requirements are imposed whenever in the opinion of the Exchange a particular Security is subject to possible excessive speculative interest. Such requirements do not constitute a rating or evaluation by the Exchange of the merits of the Security subject hereto.

Securities placed on special margin are reviewed weekly, and are removed from special margin requirements whenever it appears that possibly excessive speculative interest no longer exists.

26961 – 26969. Reserved**26970. Reverse Split Policy – Exchange Recommendation**

The Exchange may recommend to the management of a company, whose common stock sells at a low price per share for a substantial period of time, that it submit to its shareholders a proposal providing for a combination (“reverse split”) of such shares.

26971-26989. Reserved**26990. Application of Requirements**

As indicated in Rule 26301, a company applying to list additional securities on BSTX is required to execute, if it has not already done so, the Exchange’s most recent form of agreement with listed companies.

26991. Interpretation of Requirements

The Board of Directors of the Exchange is authorized by the Exchange Rules to make and amend rules, requirements and policies governing listed companies. The Board is also authorized to delegate the administration of such requirements to the president or other officers or employees of the Exchange or to such committees as the Board may authorize.

26992. Opinions

The Exchange will, in appropriate cases, render opinions concerning interpretations of the requirements set forth in the BSTX Listing Requirements to companies on request. Such opinions are carefully considered by the Exchange, and normally require at least two weeks to process. Letters requesting such opinions should fully set forth the facts and circumstances leading to the request.

26993. Review

If a company disagrees with an opinion rendered by the staff, the Exchange may, where the opinion covers a novel or unusual question, or relates to a matter not specifically covered in the BSTX Listing Requirements or the rules, regulations and policies of the Exchange, arrange for the question to be reviewed by a committee of Exchange Officials. It normally takes approximately three weeks to process such a review. With the Exchange’s consent, representatives of the company may appear at a meeting of the committee reviewing the matter.

EXHIBIT 5A**26994. New Policies**

Copies of new or revised rules, policies, or forms, adopted subsequent to the date of the adoption of the BSTX Listing Rules, will be distributed, following their adoption. Questions should be directed to the Exchange and further information is available on the Exchange's website.

27000 – Suspension and Delisting**27001. General**

In considering whether a Security warrants continued trading and/or listing on BSTX, many factors are taken into account, such as the degree of investor interest in the company, its prospects for growth, the reputation of its management, the degree of commercial acceptance of its products, and whether its securities have suitable characteristics for trading on BSTX. Thus, any developments which substantially reduce the size of a company, the nature and scope of its operations, the value or amount of its securities available for the market, or the number of holders of its securities, may occasion a review of continued listing by the Exchange. Moreover, events such as the sale, destruction, loss or abandonment of a substantial portion of its business, the inability to continue its business, steps towards liquidation, or repurchase or redemption of its securities, may also give rise to such a review.

27002. Policies with Respect to Continued Listing

The Rules of the Exchange provides that the Board of Directors may, in its discretion, at any time, and without notice, suspend dealings in, or may remove any Security from listing.

The Exchange, as a matter of policy, will consider the suspension of trading in, or removal from listing of, any Security when, in the opinion of the Exchange:

- (a) the financial condition and/or operating results of the issuer appear to be unsatisfactory; or
- (b) it appears that the extent of public distribution or the aggregate market value of the Security has become so reduced as to make further dealings on BSTX inadvisable; or
- (c) the issuer has sold or otherwise disposed of its principal operating assets, or has ceased to be an operating company; or
- (d) the issuer has failed to comply with its listing agreements with the Exchange; or
- (e) any other event shall occur or any condition shall exist which makes further dealings on BSTX unwarranted. (See Rule 26127)

27003. Application of Policies

The Exchange has adopted certain standards, outlined below, under which it will normally give consideration to suspending dealings in, or removing, a Security from listing. When an issuer

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falls below any of the continued listing standards, the Exchange will review the appropriateness of continued listing. The Exchange may give consideration to any action that an issuer proposes to take that would enable it to comply with the continued listing standards. The specific procedures and timelines regarding such proposals are set forth in Rule 27009. However, the standards set forth below in no way limit or restrict the Exchange in applying its policies regarding continued listing, and the Exchange may at any time, in view of the circumstances in each case, suspend dealings in, or remove, a Security from listing when in its opinion such Security is unsuitable for continued trading on BSTX. Such action will be taken regardless of whether the issuer meets or fails to meet any or all of the standards discussed below.

(a) Financial Condition and/or Operating Results—The Exchange will normally consider suspending dealings in, or removing from the list, Securities of an issuer which:

- (i) has Security holders' equity of less than \$2,000,000 if such issuer has sustained losses from continuing operations and/or net losses in two of its three most recent fiscal years; or
- (ii) has Security holders' equity of less than \$4,000,000 if such issuer has sustained losses from continuing operations and/or net losses in three of its four most recent fiscal years; or
- (iii) has Security holders' equity of less than \$6,000,000 if such issuer has sustained losses from continuing operations and/or net losses in its five most recent fiscal years; or
- (iv) has sustained losses which are so substantial in relation to its overall operations or its existing financial resources, or its financial condition has become so impaired that it appears questionable, in the opinion of the Exchange, as to whether such issuer will be able to continue operations and/or meet its obligations as they mature.

However, the Exchange will not normally consider suspending dealings in, or removing from the list, the Securities of an issuer which is below any of standards (i) through (iii) above if the issuer is in compliance with the following:

- (1) Total value of market capitalization* of at least \$50,000,000; or total assets and revenue of \$50,000,000 each in its last fiscal year, or in two of its last three fiscal years; and
- (2) The issuer has at least 1,100,000 shares publicly held, a market value of publicly held shares of at least \$15,000,000 and 400 Round Lot shareholders.

Issuers falling below one of the above standards and considering a combination with an unlisted company should see Rule 26341 for the discussion of the Exchange's listing policies contained therein.

(b) Limited Distribution—Reduced Market Value—The Exchange will normally consider suspending dealings in, or removing from the list, a Security when any one or more of the following conditions exist:

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(i) Common Stock:

- (A) if the number of shares publicly held (exclusive of holdings of officers, directors, controlling shareholders or other family or concentrated holdings) is less than 200,000; or
- (B) if the total number of public share holders is less than 300; or
- (C) if the aggregate market value of the shares publicly held is less than \$1,000,000 for more than 90 consecutive days.

(ii) Security Warrants:

- (A) if the number of Security warrants publicly held is less than 50,000;

(iii) Preferred Securities:

- (A) if the number of shares publicly held is less than 50,000; or
- (B) if the aggregate market value of shares publicly held is less than \$1,000,000;

(iv) Reserved

(v) Closed-End Funds:

- (A) If the total market value of publicly held shares and net assets are each less than \$5,000,000 for more than 60 consecutive days; or
- (B) It ceases to qualify as a closed-end fund under the Investment Company Act of 1940 (unless the resultant entity otherwise qualifies for listing).

(c) Disposal of Assets—Reduction of Operations—The Exchange will normally consider suspending dealings in, or removing from the list, Securities of an issuer whenever any of the following events shall occur:

- (i) If the issuer has sold or otherwise disposed of its principal operating assets or has ceased to be an operating company or has discontinued a substantial portion of its operations or business for any reason whatsoever, including, without limitation, such events as sale, lease, spin-off, distribution, foreclosure, discontinuance, abandonment, destruction, condemnation, seizure or expropriation. Where the issuer has substantially discontinued the business that it conducted at the time it was listed or admitted to trading, and has become engaged in ventures or promotions which have not developed to a commercial stage or the success of which is problematical, it shall not be considered an operating company for the purposes of continued trading and listing on BSTX.

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- (ii) If liquidation of the issuer has been authorized. However, where such liquidation has been authorized by shareholders and the issuer is committed to proceed, the Exchange will normally continue trading until substantial liquidating distributions have been made.
- (iii) If advice has been received, deemed by the Exchange to be authoritative, that the Security is without value. In this connection, it should be noted that the Exchange does not pass judgment upon the value of any Security.

(d) Failure to Comply with Listing Agreements and/or SEC Requirements—The Securities of an issuer failing to comply with its listing or other agreements with the Exchange and/or SEC Requirements in any material respect (e.g., failure to distribute annual reports when due, failure to report interim earnings, failure to observe Exchange policies regarding timely disclosure of important corporate developments, failure to solicit proxies, issuance of additional shares of a listed class without prior listing thereof, failure to obtain shareholder approval of corporate action where required by Exchange policies, failure to provide requested information within a reasonable period of time or providing information that contains a material misrepresentation or omits material information necessary to make the communication to the Exchange not misleading, etc.) are subject to suspension from dealings and, unless prompt corrective action is taken, removal from listing.

(e) Reserved

(f) Other Events—The Exchange will normally consider suspending dealings in, or removing from the list, a Security when any one of the following events shall occur:

- (i) Registration No Longer Effective—If the registration (or exemption from registration thereof) pursuant to the Securities Exchange Act of 1934 is no longer effective.
- (ii) Payment, Redemption or Retirement of Entire Class, Issue or Series—If the entire outstanding amount of a class, issue or series of Securities is retired through payment at maturity or through redemption, reclassification or otherwise. In such event, the Exchange may, at a time which is appropriate under all the circumstances of the particular case, suspend dealings in the Security and, in the case of a listed Security, give notice to the SEC, on Form 25, of the Exchange's intention to remove such Security from listing and registration as required by Rule 12d2-2(a) under the Securities Exchange Act of 1934.
- (iii) Operations Contrary to Public Interest—If the issuer or its management shall engage in operations which, in the opinion of the Exchange, are contrary to the public interest.
- (iv) Failure to Pay Listing Fees—If the issuer shall fail or refuse to pay, when due, any applicable listing fees established by the Exchange.
- (v) Low Selling Price Issues—In the case of a common stock for a substantial period of time at a low price per share, if the issuer shall fail to effect a reverse split of such shares within a reasonable time after being notified that the Exchange deems such action to be appropriate

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under all the circumstances. In its review of the question of whether it deems a reverse split of a given issue to be appropriate, the Exchange will consider all pertinent factors including, market conditions in general, the number of shares outstanding, plans which may have been formulated by management, applicable regulations of the state or country of incorporation or of any governmental agency having jurisdiction over the issuer, the relationship to other Exchange policies regarding continued listing, and, in respect of securities of foreign issuers, the general practice in the country of origin of trading in low-selling price issues.

(g) Reserved

* Market capitalization for purposes of Rule 27003 includes the total common stock outstanding (excluding treasury shares) as well as any common stock that would be issued upon conversion of another outstanding Security, if such other Security is a “substantial equivalent” of common stock. Generally, the Security must be (1) publicly traded or quoted, or (2) convertible into a publicly traded or quoted Security. A convertible Security will be considered the “substantial equivalent” of common stock if the convertible Security is presently convertible, and the conversion price is equal to or less than the current market price of the common stock. For partnerships, the current capital structure will be analyzed to determine whether it is appropriate to include other publicly traded or quoted Securities in the calculation.

27004. Prospective Application of Delisting Policies

The Exchange’s delisting policies will be applied prospectively to companies which originally qualified for listing pursuant to Rule 26101(b).

27005 - 27006. Reserved**27007. SEC Annual and Quarterly Report Timely Filing Criteria***Occurrence of a Filing Delinquency*

For purposes of remaining listed on BSTX, a company will incur a late filing delinquency and be subject to the procedures set forth in this Rule 27007 on the date on which any of the following occurs:

- the company fails to file its annual report (Forms 10-K, 20-F, 40-F or N-CSR) or its quarterly report on Form 10-Q or semi-annual report on Form N-CSR (“Semi- Annual Form N-CSR”) with the SEC by the date such report was required to be filed by the applicable form, or if a Form 12b-25 was timely filed with the SEC, the extended filing due date for the annual report, Form 10-Q, or Semi-Annual Form NCSR for purposes of this Rule 21007, the later of these two dates, along with any Semi-Annual Report Filing Due Date as defined below, will be referred to as the “Filing Due Date” and the failure to file a report by the applicable Filing Due Date, a “Late Filing Delinquency”);
- the company files its annual report without a financial statement audit report from its independent auditor for any or all of the periods included in such annual report (a “Required

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Audit Report” and the absence of a Required Audit Report, a “Required Audit Report Delinquency”);

- a listed foreign private issuer fails to file the Form 6-K containing semi-annual financial information required by Rule 26110(e) hereof (the “Semi-Annual Report”) by the date specified in that rule (the “Semi-Annual Report Filing Due Date”);
- the company’s independent auditor withdraws a Required Audit Report or the company files a Form 8-K with the SEC pursuant to Item 4.02(b) thereof disclosing that it has been notified by its independent auditor that a Required Audit Report or completed interim review should no longer be relied upon (a “Required Audit Report Withdrawal Delinquency”); or
- the company files a Form 8-K with the SEC pursuant to Item 4.02(a) thereof to disclose that previously issued financial statements should no longer be relied upon because of an error in such financial statements or, in the case of a foreign private issuer, makes a similar disclosure in a Form 6-K filed with the SEC or by other means (a “Non-Reliance Disclosure”) and, in either case, the company does not refile all required corrected financial statements within 60 days of the issuance of the Non-Reliance Disclosure (an “Extended Non-Reliance Disclosure Event” and, together with a Late Filing Delinquency, a Required Audit Report Delinquency and a Required Audit Report Withdrawal Delinquency, a “Filing Delinquency”) (for purposes of the cure periods described below, an Extended Non-Reliance Disclosure Event will be deemed to have occurred on the date of original issuance of the Non-Reliance Disclosure); if the Exchange believes that a company is unlikely to refile all required corrected financial statements within 60 days after a Non-Reliance Disclosure or that the errors giving rise to such Non-Reliance Disclosure are particularly severe in nature, the Exchange may, in its sole discretion, determine earlier than 60 days that the applicable company has incurred a Filing Delinquency as a result of such Non-Reliance Disclosure.

The Exchange will also deem a company to have incurred a Filing Delinquency if the company submits an annual report, Form 10-Q, or Semi-Annual Form N-CSR to the SEC by the applicable Filing Due Date, but such filing fails to include an element required by the applicable SEC form and the Exchange determines in the Exchange’s sole discretion that such deficiency is material in nature.

The annual report, Form 10-Q, Semi-Annual Form N-CSR or Semi-Annual Report that gives rise to a Filing Delinquency shall be referred to in this Rule 27007 as the “Delinquent Report.”

Subsequent Late Reports

A company that has an uncured Filing Delinquency will not incur an additional Filing Delinquency if it fails to file a subsequent annual report, Form 10-Q, Semi-Annual Form N-CSR or Semi-Annual Report (a “Subsequent Report”) by the applicable Filing Due Date for such Subsequent Report. However, in order for the company to cure its initial Filing Delinquency, no

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Subsequent Report may be delinquent or deficient on the date by which the initial Filing Delinquency is required to be cured.

Notification and Cure Periods

Upon the occurrence of a Filing Delinquency, the Exchange will promptly send written notification (the “Filing Delinquency Notification”) to a company of the procedures set forth below. Within five days of the date of the Filing Delinquency Notification, the company will be required to (a) contact the Exchange to discuss the status of the Delinquent Report and (b) issue a press release disclosing the occurrence of the Filing Delinquency, the reason for the Filing Delinquency and, if known, the anticipated date such Filing Delinquency will be cured via the filing or refiling of the applicable report, as the case may be. If the company has not issued the required press release within five days of the date of the Filing Delinquency Notification, the Exchange will issue a press release stating that the company has incurred a Filing Delinquency and providing a description thereof.

During the six-month period from the date of the Filing Delinquency (the “Initial Cure Period”), the Exchange will monitor the company and the status of the Delinquent Report and any Subsequent Reports, including through contact with the company, until the Filing Delinquency is cured. If the company fails to cure the Filing Delinquency within the Initial Cure Period, the Exchange may, in the Exchange’s sole discretion, allow the company’s Securities to be traded for up to an additional six-month period (the “Additional Cure Period”) depending on the company’s specific circumstances. If the Exchange determines that an Additional Cure Period is not appropriate, suspension and delisting procedures will commence in accordance with the procedures set out in Rule 27010 hereof. A company is not eligible to follow the procedures outlined in Rule 27009 with respect to these criteria. Notwithstanding the foregoing, however, the Exchange may in its sole discretion decide (i) not to afford a company any Initial Cure Period or Additional Cure Period, as the case may be, at all or (ii) at any time during the Initial Cure Period or Additional Cure Period, to truncate the Initial Cure Period or Additional Cure Period, as the case may be, and immediately commence suspension and delisting procedures if the company is subject to delisting pursuant to any other provision of the company Guide, including if the Exchange believes, in the Exchange’s sole discretion, that continued listing and trading of a company’s Securities on the Exchange is inadvisable or unwarranted in accordance with Rules 27001-27004 hereof. The Exchange may also commence suspension and delisting procedures without affording any cure period at all or at any time during the Initial Cure Period or Additional Cure Period if the Exchange believes, in the Exchange’s sole discretion, that it is advisable to do so on the basis of an analysis of all relevant factors, including but not limited to:

- whether there are allegations of financial fraud or other illegality in relation to the company’s financial reporting;
- the resignation or termination by the company of the company’s independent auditor due to a disagreement;

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- any extended delay in appointing a new independent auditor after a prior auditor's resignation or termination;
- the resignation of members of the company's audit committee or other directors;
- the resignation or termination of the company's chief executive officer, chief financial officer or other key senior executives;
- any evidence that it may be impossible for the company to cure its Filing Delinquency within the cure periods otherwise available under this rule; and
- any past history of late filings.

In determining whether an Additional Cure Period after the expiration of the Initial Cure Period is appropriate, the Exchange will consider the likelihood that the Delinquent Report and all Subsequent Reports can be filed or refiled, as applicable, during the Additional Cure Period, as well as the company's general financial status, based on information provided by a variety of sources, including the company, its audit committee, its outside auditors, the staff of the SEC and any other regulatory body. The Exchange strongly encourages companies to provide ongoing disclosure on the status of the Delinquent Report and any Subsequent Reports to the market through press releases, and will also take the frequency and detail of such information into account in determining whether an Additional Cure Period is appropriate. If the Exchange determines that an Additional Cure Period is appropriate and the company fails to file the Delinquent Report and all Subsequent Reports by the end of such Additional Cure Period, suspension and delisting procedures will commence immediately in accordance with the procedures set out in Rule 27010. In no event will the Exchange continue to trade a company's Securities if that company (i) has failed to cure its Filing Delinquency or (ii) is not current with all Subsequent Reports, on the date that is twelve months after the company's initial Filing Delinquency.

27008. Reserved**27009. Continued Listing Evaluation and Follow-up**

(a) The following procedures shall be applied by the Exchange to companies identified as being below the Exchange's continued listing policies and standards. Notwithstanding such procedures, when necessary or appropriate:

- (i) the Exchange may issue a Warning Letter to a company with respect to a minor violation of the Exchange's corporate governance or shareholder protection requirements (other than violations of the requirements pursuant to Rule 10A-3 under the Securities Exchange Act of 1934); or
- (ii) for the protection of investors, the Exchange may immediately suspend trading in any Security, and make application to the SEC to delist the Security and/or the Exchange may truncate the procedures specified in this Rule.

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(b) Once the Exchange identifies, through internal reviews or notice (a press release, news story, company communication, etc.), a company as being below the continued listing criteria set forth in Rules 27001 through 27004 (and not able to otherwise qualify under an initial listing standard), the Exchange will notify the company by letter (a “Deficiency Letter”) of its status within 10 business days. The Deficiency Letter will also provide the company with an opportunity to provide the Exchange with a plan (the “Plan”) advising the Exchange of action the company has taken, or will take, that would bring it into compliance with the continued listing standards within 18 months of receipt of the Deficiency Letter. However, the Exchange may establish a time period of less than 18 months for a company to regain compliance with some or all of the continued listing standards if it determines that the nature and circumstances of the company’s particular continued listing status warrant such shorter period of time (see IM-27009-1). Within four business days after receipt of the Deficiency Letter, the company must contact the Exchange to confirm receipt of the notification, discuss any possible financial data of which the Exchange may be unaware, and indicate whether or not it plans to present a Plan; otherwise, delisting proceedings will commence.

(c) The company has 30 days from the receipt of the Deficiency Letter to submit its Plan to the Exchange for review. However, the Exchange may require submission of a company’s Plan within less than 30 days (but in no event less than seven days) if the Exchange has established a time period of 90 days or less for the company to regain compliance with some or all of the continued listing standards pursuant to paragraph (b) of this Rule. If it does not submit a Plan within the specified time period, delisting procedures will commence. The Plan must include specific milestones, quarterly financial projections, and details related to any strategic initiatives the company plans to complete. The Exchange will evaluate the Plan, including any additional documentation that supports the Plan, and make a determination as to whether the company has made reasonable demonstration in the Plan of an ability to regain compliance with the continued listing standards within the time period described in paragraph (b) of this Rule. The Exchange will make such determination within 45 days of receipt of the proposed Plan (or such shorter period of time as is consistent with the time period established by the Exchange for the company to regain compliance pursuant to paragraph (b) of this Rule), and will promptly notify the company of its determination in writing.

(d) If the Exchange does not accept the Plan, the Exchange will promptly initiate delisting proceedings. The company may appeal the Exchange’s determination not to accept the Plan, and request a review thereof, in accordance with Rule 27010 and Rule 27200 Series.

(e) If the Exchange accepts the Plan, the company must make a public announcement through the news media, within four business days from receipt of the notification thereof, disclosing that the Exchange has accepted the Plan, that the company’s listing is being continued pursuant to an exception, and the term of the extension (the “Plan Period”). The Exchange will review the company on a quarterly basis for compliance with the Plan. If the company does not show progress consistent with the Plan, the Exchange will review the circumstances and variance, and determine whether such variance warrants the commencement of delisting procedures. Should the Exchange determine to proceed with delisting proceedings, it may do so regardless of the company’s continued listing status at that time.

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(f) If, prior to the end of the Plan Period, the company is able to demonstrate compliance with the continued listing standards (or that it is able to qualify under an original listing standard) for a period of two consecutive quarters, the Exchange will deem the Plan Period over. If the company does not meet continued listing standards at the end of the Plan Period, the Exchange will promptly initiate delisting procedures.

(g) The company may appeal an Exchange determination, pursuant to paragraph (e) or (f), to initiate delisting proceedings, and request a review thereof, in accordance with Rule 27010 and the Rule 27200 Series.

(h) If the company, within 12 months of the end of the Plan Period (including any early termination of the Plan Period under the procedures described in paragraph (g)), is again determined to be below continued listing standards, the Exchange will examine the relationship between the two incidents of falling below continued listing standards and re-evaluate the company's method of financial recovery from the first incident. It will then take appropriate action, which, depending upon the circumstances, may include truncating the procedures described above or immediately initiating delisting proceedings.

(i) Reserved.

(j) An issuer that receives a Warning Letter pursuant to paragraph (a)(i) of this Rule and/or a Deficiency Letter pursuant to paragraph (b) of this Rule that it is below the continued listing criteria shall make a public announcement through the news media that it has received such Warning Letter and/or Deficiency Letter, and must include the specific policies and standards upon which the determination is based. Prior to the release of the public announcement, the issuer shall provide such announcement to the Exchange. The public announcement shall be made as promptly as possible, but not more than four business days following receipt of the Warning Letter or Deficiency Letter, as applicable.

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In determining whether to establish a time period of less than 18 months for a company to regain compliance with some or all of the continued listing standards, pursuant to paragraph (b), the Exchange will consider whether, in view of the nature and severity of the particular continued listing deficiency, including the investor protections concerns raised, 18 months would be an inappropriately long period of time to regain compliance. While it is not possible to enumerate all possible circumstances, the following is a non-exclusive list of the types of continued listing deficiencies that, based on the a particular listed company's unique situation, may result in imposition of a shorter time period: delinquencies with respect to SEC filing obligations, severe short-term liquidity and/or financial impairment, present or potential public interest concerns;¹ deficiencies with respect to the requisite distribution requirements that make the Security unsuitable for trading on BSTX.

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¹ Public interest concerns could include, for example, situations where the company, a corporate officer or affiliate is the subject of a criminal or regulatory investigation or action; or the company's auditors have resigned and withdrawn their most recent audit opinion raising concerns regarding the internal controls and financial reporting process. However, other situations not specifically enumerated could also raise public interest concerns regarding the appropriateness of a particular company's continued listing.

27010. Procedures for Delisting and Removal

(a) The action required to be taken by the Exchange to strike a class of Securities from listing and registration following certain corporate actions (as specified in Rule 12d2-2(a) promulgated under the Securities Exchange Act of 1934), such as where the entire Security class is matured, redeemed, retired or extinguished by operation of law is set forth in Rule 12d2-2(a) promulgated under the Securities Exchange Act.

(b) Whenever the Exchange determines, in accordance with Rule 27009 or otherwise, that a class of Securities should be removed from listing (or unlisted trading) for reasons other than the reasons specified in paragraph (a), it will follow the procedures contained in Rule 27200 Series.

(c) Whenever the Exchange is authorized to file an application with the Securities and Exchange Commission on Form 25 to strike a class of Securities from listing and registration for reasons other than certain corporate actions (as specified in Rule 12d2-2(a) promulgated under the Securities Exchange Act of 1934), the following procedures are applicable:

(i) The Exchange will file an application with the Securities and Exchange Commission on Form 25, with a statement attached that sets forth the specific grounds on which the delisting is based, in accordance with Sections 19(d) and 6(d) of the Exchange Act, and will promptly deliver a copy of such form and attached statement to the issuer of the class of Securities which is subject to delisting and deregistration. The Form 25 will be filed at least ten days prior to the date the delisting is anticipated to be effective.

(ii) The Exchange will provide public notice of its final determination to strike the class of Securities from listing by issuing a press release and posting notice on the Exchange's website at least ten days prior to the date that the delisting is anticipated to be effective. The posting will remain on the Exchange's website until the delisting is effective.

(iii) The issuer of the class of Securities which is subject to delisting must comply with all applicable reporting and disclosure obligations including, but not limited to, obligations mandated by the Exchange, state laws in effect in the state in which the issuer is incorporated, and the federal securities laws.

(d) An issuer may voluntarily withdraw its Securities from listing and registration with the Exchange as permitted by and in accordance with Exchange Rule 18 and Rule 12d2-2 under the Securities Exchange Act of 1934.

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(e) As required by Rule 12d2-2 under the Securities Exchange Act of 1934, upon receiving written notice from an issuer that such issuer has determined to withdraw a class of Securities from listing on BSTX pursuant to paragraph (d), the Exchange will provide notice on its website of the issuer's intent to delist its Securities beginning on the business day following such notice, which will remain posted on the Exchange's website until the delisting on Form 25 is effective.

27100 – Guide to Filing Requirements**27101. General**

An issuer having a Security listed on BSTX is required to file with the Exchange three (3) copies of all reports and other documents filed or required to be filed with the SEC. Listed issuers must comply with applicable SEC requirements with respect to the filing of reports and other documents through the SEC's Electronic Data Gathering Analysis and Retrieval ("EDGAR") system, and an issuer which submits such reports through EDGAR (as well as any reports which are permitted but not required to be submitted through EDGAR) will be deemed to have satisfied its filing requirement to the Exchange. A company that is not required to file reports with the SEC shall file with the Exchange three (3) copies of reports required to be filed with the appropriate regulatory authority. All required reports shall be filed with the Exchange on or before the date they are required to be filed with the SEC or appropriate regulatory authority.

The Exchange also requires that certain other submissions be made and notice be given to the Exchange on a timely basis, including but not limited to materials related to corporate actions (such as record dates and dividend and shareholder meeting notifications), additional listing applications and supporting materials, notices of changes in officers and directors, changes in the form or nature of securities or the general character of the business and all materials sent to shareholders or released to the press. Companies having a Securities listed on BSTX are urged to consult the Exchange or appropriate BSTX Listing Requirement provisions in this regard. In particular, see Rule 27007 (SEC Annual and Quarterly Report Timely Filing Criteria).

27200 Procedures for Review of Exchange Listing Determinations**27201. Purpose and General Provisions**

(a) The purpose of the Rule 27200 Series is to provide procedures for the independent review of determinations that prohibit or limit the continued listing (or unlisted trading) of an issuer's Securities on BSTX based upon the Suspension and Delisting Policies set forth in the Rule 21000 Series (Rule 27001-27009).

(b) At each level of a proceeding under this Rule 27200 Series, a Listing Qualifications Panel (as defined in Rule 27204 below), the Regulatory Oversight Committee (as defined in Rule 27205 below) or the Exchange Board of Directors, as part of its respective review, may request additional information from the issuer. The issuer will be afforded an opportunity to address the significance of the information requested.

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(c) At each level of a proceeding under this Rule 27200 Series, a Listing Qualifications Panel, the Regulatory Oversight Committee or the Exchange Board of Directors, as part of its respective review, may also consider the issuer's stock or Security price or any information that the issuer releases to the public, including any additional quantitative deficiencies or qualitative considerations reflected in the released information.

(d) At each level of a proceeding under the Rule 27200 Series, a Listing Qualifications Panel, the Regulatory Oversight Committee, or the Exchange Board of Directors, as part of its respective review, may consider any failure to meet any quantitative standard or qualitative consideration set forth in the Rule 27000 Series, including failures previously not considered in the proceeding. The issuer will be afforded notice of such consideration and an opportunity to respond.

(e) Although the Exchange has adopted certain standards under which it will normally give consideration to suspending dealings in, or removing, a Security from listing or unlisted trading, these standards in no way limit or restrict the Exchange in applying its policies regarding continued listing, and the Exchange may at any time, in view of the circumstances of each case, suspend dealings in, or file an application with the Securities and Exchange Commission on Form 25 to strike the class of Securities from listing or unlisted trading when in its opinion such Security is unsuitable for continued trading on BSTX. Such action will be taken in accordance with Rule 27010 regardless of whether the issuer meets or fails to meet any or all of the continued listing standards.

27202. Written Notice of Exchange Determination

(a) If the Exchange reaches a determination to limit or prohibit the continued listing of an issuer's Securities, it will notify the issuer in writing, describe the specific grounds for the determination, identify the quantitative standard(s) or qualitative consideration(s) set forth in Rule 27000 Series that the issuer has failed to satisfy, and provide notice that upon request the issuer will be provided an opportunity for a hearing under the procedures set forth in this Rule 27200 Series (the "Exchange Determination").

(b) An issuer that receives an Exchange Determination to prohibit the continued listing of the issuer's Securities under Rule 27202(a) shall make a public announcement through the news media that it has received such notice, including the specific policies and standards upon which the determination was based. Prior to the release of the public announcement, the issuer shall provide such announcement to the Exchange. The public announcement shall be made as promptly as possible, but not more than four business days following receipt of the Exchange Determination.

27203. Request for Hearing

(a) An issuer may, within seven calendar days of the date of the Exchange Determination, request either a written or oral hearing to review the Exchange Determination. Requests for hearings should be filed with the Exchange's Legal Department. An issuer must submit a hearing fee to the Exchange, to cover the cost of holding the hearing, as follows: (1) where consideration is on the basis of a written submission from the issuer, \$8,000 or (2) where consideration is on

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the basis of an oral hearing, whether in person or by telephone, \$10,000. No payment will be credited and applied towards the applicable hearing fee unless the issuer has previously paid all applicable listing fees due to the Exchange. The issuer will be deemed to have waived the opportunity to request a hearing, and a hearing will not be scheduled, unless the applicant has submitted such hearing fee and any unpaid listing fees due to the Exchange, in the form and manner prescribed by the Exchange, no later than seven calendar days of the date of the Exchange Determination. All hearings will be held before a Listing Qualifications Panel as described in Rule 27204. All hearings will be scheduled on a date and time determined by the Exchange's Legal Department, to the extent practicable, within 45 days of the date that the request for hearing is filed, at a location determined by the Exchange's Legal Department. The Exchange will make an acknowledgment of the issuer's hearing request stating the date, time, and location of the hearing, and the deadline for written submissions to the Listing Qualifications Panel. The issuer will be provided at least 10 calendar days notice of the hearing unless the issuer waives such notice.

(b) The issuer may file a written submission with the Exchange's Legal Department stating the specific grounds for the issuer's contention that the Exchange's determination was in error and/or requesting an extension of time to comply with the continued listing standards as permitted by Rule 27009. The issuer may also submit any documents or other written material in support of its request for review, including any information not available at the time of the Exchange Determination.

(c) A request for a hearing will ordinarily stay a delisting action pursuant to an Exchange Determination to prohibit the continued listing of an issuer's Securities in accordance with Rule 27204(d), but the Exchange may immediately suspend trading in any Security or Securities pending review should it determine that such immediate suspension is necessary or appropriate in the public interest, for the protection of investors, or to promote just and equitable principles of trade. If the issuer does not request a review and pay the requisite fee, within the time period specified in paragraph (a) of this Section, the Exchange shall suspend trading in the Security or Securities when such time period has elapsed and the Exchange staff shall file an application with the Securities and Exchange Commission on Form 25 to strike the class of Securities from listing and registration in accordance with Section 12 of the Securities Exchange Act of 1934 and the rules promulgated thereunder and in accordance with Rule 27010.

27204. The Listing Qualifications Panel

(a) All hearings will be conducted before a Listing Qualifications Panel ("Panel") comprised of at least two members of the Regulatory Oversight Committee. No person shall serve as a Panel member for a matter if his or her interest or the interests of any person in whom he or she is directly or indirectly interested will be substantially affected by the outcome of the matter. In the event of a tie vote among the panel members, the matter will be forwarded to the full Regulatory Oversight Committee for review pursuant to Rule 27205.

(b) Prior to the hearing, the Panel will review the written record, as defined in Rule 27207. At the hearing, the issuer may make such presentation as it deems appropriate, including the appearance

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by its officers, directors, accountants, counsel, investment bankers, or other persons. Hearings are generally scheduled for thirty minutes, but may be extended at the discretion of the Panel. The Panel may question any representative of the issuer appearing at the hearing. A transcript of oral hearings will be kept. The record of proceedings before the Panel will be kept by the Exchange's Legal Department.

(c) After the hearing, the Panel will issue a written decision (the "Panel Decision") describing the specific grounds for its determination and identifying any quantitative standard or qualitative consideration set forth in the Rule 27000 Series that the issuer has failed to satisfy, including, if applicable, the basis for its determination that the issuer's Securities should continue to be listed as permitted by Rule 27009 or that the Exchange Determination was in error. The Panel Decision will be promptly provided to the issuer and is effective immediately unless it specifies to the contrary, or as provided in paragraph (d) of this Section. The Panel Decision will provide notice that the issuer may request review of the Panel Decision by the Regulatory Oversight Committee within 15 calendar days of the date of the Panel Decision and that any such Regulatory Oversight Committee Decision may be called for review by the Exchange Board of Directors not later than the next Exchange Board meeting that is 15 calendar days or more following the date of the Regulatory Oversight Committee Decision pursuant to Rule 27206.

(d) If the Panel Decision provides that the issuer's Security or Securities should be delisted, the Exchange will suspend trading in such Securities as soon as practicable and initiate the delisting process in accordance with Rule 27010.

27205. Review By the Regulatory Oversight Committee

(a) The Regulatory Oversight Committee is defined in Section 6.07 of the Exchange's by-laws.

(b) The issuer may initiate the Regulatory Oversight Committee's review of any Panel Decision by making a written request within 15 calendar days of the date of the decision. Requests for review should be addressed to the Regulatory Oversight Committee in care of the Exchange's Legal Department. If the issuer requests review of the Panel Decision, the issuer must submit a fee of \$10,000 to the Exchange to cover the cost of the review by the Regulatory Oversight Committee. No payment will be credited and applied towards the applicable hearing fee unless the issuer has previously paid all applicable listing fees due to the Exchange. The issuer will be deemed to have waived the opportunity for review, and a review will not be commenced, unless the issuer has submitted the hearing fee and any unpaid listing fees due to the Exchange, in the form and manner prescribed by the Exchange, within 15 calendar days of the date of the Panel Decision.

Upon receipt of the request for review, the Exchange's Legal Department will make an acknowledgment of the issuer's request stating the deadline for the issuer to provide any written submissions.

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(c) The Regulatory Oversight Committee may authorize the continued listing of the issuer's Securities if it determines that such Securities should continue to be listed as permitted by Rule 27009 or the Panel Decision was in error.

(d) The Regulatory Oversight Committee will consider the written record and, in its discretion, hold additional hearings. Any hearing will be scheduled, to the extent practicable, within 45 days of the date that a request for review initiated by the issuer is made. The Regulatory Oversight Committee may also recommend that the Exchange Board of Directors consider the matter. The record of proceedings before the Regulatory Oversight Committee will be kept by the Exchange's Legal Department.

(e) The Regulatory Oversight Committee will issue a written decision (the "Regulatory Oversight Committee Decision") that affirms, modifies, or reverses the Panel Decision or that refers the matter to the Exchange staff or to the Panel for further consideration. The Regulatory Oversight Committee will describe the specific grounds for the decision, identify any quantitative standard or qualitative consideration set forth in the Rule 27000 Series that the applicant has failed to satisfy, including, if applicable, the basis for its determination that the issuer's securities should continue to be listed as permitted by Rule 27009 or the Panel Decision was in error, and provide notice that the Exchange Board of Directors may call the Regulatory Oversight Committee Decision for review at any time before its next meeting that is at least 15 calendar days following the issuance of the Regulatory Oversight Committee Decision. The Regulatory Oversight Committee Decision will be promptly provided to the issuer and will take immediate effect unless it specifies to the contrary, or as provided in Rule 27205(f).

(f) If the Regulatory Oversight Committee Decision reverses the Panel Decision and provides that the issuer's Security or Securities should not be delisted, and such Security or Securities have been suspended pursuant to Rule 27204(d), such suspension shall continue until either the Regulatory Oversight Committee Decision represents final action of the Exchange as specified in Rule 27206(d) or in accordance with a discretionary review by the Exchange Board of Directors pursuant to Rule 27206.

(g) If the issuer does not request a review, and pay the requisite fee, within the time period specified in paragraph (b) of this Rule, by the Regulatory Oversight Committee of a Panel Decision which provided that the issuer's Security (or Securities) should be delisted, when such time period has elapsed, the Exchange will suspend trading in such Security (or Securities), if it has not already done so pursuant to Rule 27204(d), and file an application with the Securities and Exchange Commission on Form 25 to strike the class of Securities from listing and registration in accordance with the Rule 27200 Series of the Securities Exchange Act of 1934 and the rules promulgated thereunder and in accordance with Rule 27010.

27206. Discretionary Review by Board of Directors

(a) A Regulatory Oversight Committee Decision may be called for review by the Exchange Board of Directors solely upon the request of one or more Directors not later than the next Exchange Board of Directors meeting that is 15 calendar days or more following the date of the

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Regulatory Oversight Committee Decision. Such review will be undertaken solely at the discretion of the Exchange Board of Directors. The institution of discretionary review by the Exchange Board of Directors will not operate as a stay of the Regulatory Oversight Committee Decision. At the sole discretion of the Exchange Board of Directors, the call for review of a Regulatory Oversight Committee Decision may be withdrawn at any time prior to the issuance of a decision.

(b) If the Exchange Board of Directors conducts a discretionary review, the review generally will be based on the written record considered by the Regulatory Oversight Committee. The Exchange Board of Directors will be provided with the documents in the Record on Review as specified in Rule 27207, except for the issuer's public filings and information released to the public by the issuer, which will be available on request from the Exchange's Legal Department. However, the Exchange Board of Directors may, at its discretion, request and consider additional information from the issuer and/or from the Exchange staff. Should the Exchange Board of Directors consider additional information, the record of proceedings before the Exchange Board of Directors will be kept by the Exchange's Legal Department.

(c) The Exchange Board of Directors may authorize the applicant's Securities for continued listing if it determines that the issuer's Securities should continue to be listed as permitted by Rule 27009 or the Regulatory Oversight Committee Decision was in error.

(d) If the Exchange Board of Directors conducts a discretionary review, the issuer will be provided with a written decision describing the specific grounds for its decision, and identifying any quantitative standard or qualitative consideration set forth in the Rule 27000 Series that the issuer has failed to satisfy, including, if applicable, the basis for its determination that the issuer's Securities should continue to be listed as permitted by Rule 27009 or that the Regulatory Oversight Committee Decision was in error. The Board may affirm, modify or reverse the Regulatory Oversight Committee Decision and may remand the matter to the Regulatory Oversight Committee for Panel or Exchange staff with appropriate instructions. The decision represents the final action of the Exchange and will take immediate effect unless it specifies to the contrary. If the Board Decision provides that the issuer's Security (or Securities) should be delisted, the Exchange will suspend trading in such Security (or Securities) on BSTX as soon as practicable, if it has not already done so pursuant to Rule 27204(d), and the Exchange staff will file an application with the Securities and Exchange Commission on Form 25 to strike the class of Securities from listing and registration in accordance with Section 12 of the Securities Exchange Act of 1934 and the rules promulgated thereunder and in accordance with Rule 27010.

(e) If the Exchange Board of Directors declines to conduct a discretionary review or withdraws its call for review, the issuer will be promptly provided with written notice that the Regulatory Oversight Committee Decision represents the final action of the Exchange. If the Regulatory Oversight Committee Decision provides that the issuer's Security or Securities should be delisted, upon the expiration of the time period specified in paragraph (a) of this Section, or upon the Exchange Board of Directors' determination to withdraw a call for review, the Exchange will suspend trading in such Security or Securities as soon as practicable, if it has not already done so pursuant to Rule 27204(d), and the Exchange staff will file an application with the Securities and

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Exchange Commission on Form 25 to strike the class of Securities from listing and registration in accordance with Section 12 of the Securities Exchange Act of 1934 and the rules promulgated thereunder and in accordance with Rule 27010.

(f) Any issuer aggrieved by a final action of the Exchange may make application for review to the Commission in accordance with Section 19 of the Securities Exchange Act of 1934.

27207. Record on Review

(a) Documents in the written record may consist of the following items, as applicable: correspondence between the Exchange and the issuer, the issuer's public filings, information released to the public by the issuer, and any written submissions or exhibits submitted by either the issuer, or the Exchange's listing department, including any written request for listing approval pursuant to Rule 27203(c) or continued listing pursuant to Rule 27009 and any response thereto. Any additional information requested from the issuer by the Panel, the Exchange Board of Directors, or any other unit of the Exchange such as the Regulatory Oversight Committee, as part of the review process will be included in the written record. The written record will be supplemented by the transcript of any oral hearings held during the review process and each decision issued. At each level of review under this Rule 27200 Series, the issuer will be provided with a list of documents in the written record, and a copy of any documents included in the record that are not in the issuer's possession or control, at least three calendar days in advance of the deadline for the issuer's submissions, unless the applicant waives such production.

(b) In addition to the documents described in paragraph (a) above, if the issuer's Security price or any information that the issuer releases to the public is considered as permitted in Rule 27201(c), that information, and any written submission addressing the significance of that information, will be made part of the record.

(c) If additional issues arising under the Rule 26100 Series or the Rule 27000 Series are considered, as permitted in Rule 27201, the notice of such consideration and any response to such notice will be made a part of the record.

27208. Document Retention Procedures

Any document submitted to the Exchange in connection with a Rule 27200 Series proceeding that is not made part of the record will be retained by the Exchange until the date upon which the Rule 27200 Series proceeding decision becomes final including, if applicable, upon conclusion of any review by the Commission or a federal court.

27209. Delivery of Documents

Delivery of any document under this Rule 27200 Series by an issuer or by the Exchange may be made by hand delivery or overnight courier to the designated address, or by facsimile to the designated facsimile number and regular mail to the designated address. Delivery will be considered timely if delivered by hand or overnight courier prior to the relevant deadline or upon being faxed and sent by regular mail service prior to the relevant deadline. If an issuer has not

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specified a facsimile number or address, delivery will be made to the last known facsimile number and address. If an issuer is represented by counsel or a representative, delivery will be made to the counsel or representative.

27210. Computation of Time

In computing any period of time under this Rule 27200 Series, the day of the act, event, or default from which the period of time begins to run is not to be included. The last day of the period so computed is included, unless it is a Saturday, Sunday, federal holiday, or Exchange holiday in which event the period runs until the end of the next day that is not a Saturday, Sunday, federal holiday or Exchange holiday.

27211. Prohibited Communications

(a) Unless on notice and opportunity for the appropriate Exchange staff and the issuer to participate, a representative of the Exchange involved in reaching an Exchange Determination, or an issuer, counsel to or representative of an issuer, shall not make or knowingly cause to be made a communication relevant to the merits of a proceeding under this Rule 27200 Series (a “Prohibited Communication”) to any member of the Panel, Regulatory Oversight Committee or to any Director of the Exchange Board of Directors, who is participating in or advising in the decision in that proceeding, or to any Exchange employee who is participating or advising in the decision of these individuals.

(b) Panel, Regulatory Oversight Committee members, Board of Directors and Exchange employees who are participating in or advising in the decision in a proceeding under this Rule 27200 Series, shall not make or knowingly cause to be made a Prohibited Communication to an issuer, counsel to or representative of an issuer, or a representative of the Exchange involved in reaching an Exchange Determination.

(c) If a Prohibited Communication is made, received, or caused to be made, the Exchange will place a copy of it, or its substance if it is an oral communication, in the record of the proceeding. The Exchange will permit Exchange staff or the issuer, as applicable, to respond to the Prohibited Communication, and will place any response in the record of the proceeding.

(d) If the issuer submits a proposal to resolve matters at issue in a Rule 27200 Series proceeding, that submission will constitute a waiver of any claim that the Exchange communications relating to the proposal were Prohibited Communications.

28000 – Trading and Listing of Exchange Traded Products**28000. Investment Company Units**

The Exchange will consider for trading units of trading (“Units”) that meet the criteria of this Rule. A Unit is a security that represents an interest in a registered investment company (“Investment Company”) that could be organized as a unit investment trust, an open-end management investment company, or a similar entity. The term “US Component Stock” shall mean an equity security that is registered under Sections 12(b) or 12(g) of the Securities

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Exchange Act of 1934 or an American Depositary Receipt, the underlying equity security of which is registered under Sections 12(b) or 12(g) of the Securities Exchange Act of 1934. The term “Non-US Component Stock” shall mean an equity security that is not registered under Sections 12(b) or 12(g) of the Securities Exchange Act of 1934 and that is issued by an entity that (a) is not organized, domiciled or incorporated in the United States, and (b) is an operating company (including Real Estate Investment Trusts (REITS) and income trusts, but excluding investment trusts, unit trusts, mutual funds, and derivatives).

The Exchange may submit a rule filing pursuant to Section 19(b) of the Securities Exchange Act of 1934 to permit the listing and trading of a series of Units that do not otherwise meet the standards set forth below. All statements or representations contained in such rule filing regarding (a) the description of the index, portfolio or reference asset, (b) limitations on index or portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing will constitute continued listing requirements. An issuer of such securities must notify the Exchange of any failure to comply with such continued listing requirements. If a series of Units does not satisfy these requirements, the Exchange may halt trading in the securities and will initiate delisting proceedings pursuant to Rule 27010.

A. Unit Listing Standards

- i. The Investment Company must:
 - a. hold securities (including fixed income securities) comprising, or otherwise based on or representing an interest in, an index or portfolio or securities; or
 - b. hold securities in another registered investment company that holds securities as described in (a) above.

An index or portfolio may be revised as necessary or appropriate to maintain the quality and character of the index or portfolio.

- ii. The Investment Company must issue Units in a specified aggregate number in return for a deposit (the "Deposit") consisting of either:
 - a. a specified number of shares of securities (and, if applicable, a specified portfolio of fixed income securities) that comprise the index or portfolio, or are otherwise based on or represent an investment in securities comprising such index or portfolio, and/or a cash amount; or
 - b. shares of a registered investment company, as described in subsection (A)(i)(a) above, and/or a cash amount.
- iii. Units must be redeemable, directly or indirectly, from the Investment Company for securities (including fixed income securities) and/or cash then comprising the Deposit. Units must pay holders periodic cash

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payments corresponding to the regular cash dividends or distributions declared with respect to the securities held by the Investment Company, less applicable expenses and charges.

- iv. The minimum number of Units required to be outstanding at the commencement of trading is set forth in IM-28000-1 paragraph (d) of this Rule.
 - v. The Exchange will obtain a representation from the issuer of each series of Units that the net asset value per share for the series will be calculated daily and will be made available to all market participants at the same time.
- B. **Underlying Indices and Portfolios.** The Exchange may list specified series of Units, with each series based on a specified index or portfolio of securities. The value of the index or portfolio must be calculated and disseminated to the public at least once per business day; provided that, if the securities representing at least half the value of the index or portfolio are securities of a single country other than the United States, then the value of the index or portfolio may be calculated and disseminated to the public at least once per business day in that country.
- C. **Form of Certificates.** Units may be either certified or issued in the form of a single global certificate.
- D. **Limitation of Liability of the Exchange.** Neither the Exchange, the Reporting Authority nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any current index or portfolio value the current value of the portfolio of securities required to be deposited to the open-end management investment company; the amount of any dividend equivalent payment or cash distribution to holders of Units; net asset value; or other information relating to the creation, redemption or trading of Units, resulting from any negligent act or omission by the Exchange, or the Reporting Authority, or any agent of the Exchange, or any act, condition or cause beyond the reasonable control of the Exchange or its agent, or the Reporting Authority, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reporting of transactions in one or more underlying securities. The Exchange makes no warranty, express or implied, as to results to be obtained by any person or entity from the use of Units or any underlying index or data included therein and the Exchange makes no express or implied warranties, and disclaims all warranties of merchantability or fitness for a particular purpose with respect to Units or any underlying index or data included therein. This limitation of liability

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shall be in addition to any other limitation contained in the Exchange's Bylaws and Rules.

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Equity. The Exchange may approve a series of Units for listing and/or trading pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934. Units listed pursuant to Rule 19b-4(e) shall satisfy the criteria set forth in (a)(A), (B) or (C) and (b), (c) and (f) through (h) below on an initial and continued listing basis, provided further, that the Exchange may not so approve a series of Units that are issued by an open-end management investment company that seeks to provide investment results, before fees and expenses, in an amount that exceeds -300% of the percentage performance on a given day of a particular domestic equity, international or global equity securities index.

- a. Eligibility Criteria for Index Components.
 - A. US index or portfolio. Components of an index or portfolio of (a) only US Component Stocks or (b) US Component Stocks and cash underlying a series of Units listed pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 shall meet the following criteria on an initial and continued listing basis:
 1. Component stocks (excluding Units and securities defined in Rule 28003 and Rule 28004, collectively, "Derivative Securities Products") that in the aggregate account for at least 90% of the weight of the US Component Stocks portion of the index or portfolio (excluding such Derivative Securities Products) each shall have a minimum market value of at least \$75 million;
 2. Component stocks (excluding Derivative Securities Products) that in the aggregate account for at least 70% of the US Component Stocks portion of the weight of the index or portfolio (excluding such Derivative Securities Products) each shall have a minimum monthly trading volume of 250,000 shares, or minimum notional volume traded per month of \$25,000,000, averaged over the last six months;
 3. The most heavily weighted component stock (excluding Derivative Securities Products) shall not exceed 30% of the US Component Stocks portion of the weight of the index or portfolio, and, to the extent applicable, the five most heavily weighted component stocks (excluding Derivative Securities Products) shall not exceed 65% of the US Component Stocks portion of the weight of the index or portfolio;
 4. The index or portfolio shall include a minimum of 13 component stocks; provided, however, that there shall be no minimum number of component stocks if (a) one or more series of Units or Portfolio Depositary Receipts constitute, at least in part, components underlying a series of Units, or (b) one

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or more series of Derivative Securities Products account for 100% of the US Component Stocks portion of the weight of the index or portfolio; and

5. All securities in the index or portfolio shall be US Component Stocks listed on a national securities exchange and shall be NMS Stocks as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934.
- B. International or global index or portfolio. Components of an index or portfolio underlying a series of Units listed pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 that consist of (a) only Non-US Component Stocks, (b) Non-US Component Stocks and cash, (c) both US Component Stocks and Non-US Component Stocks, or (d) US Component Stocks, Non-US Component Stocks and cash shall meet the following criteria on an initial and continued listing basis:
1. Component stocks (excluding Derivative Securities Products) that in the aggregate account for at least 90% of the weight of the US and Non-US Component Stocks portions of the index or portfolio (excluding such Derivative Securities Products) each shall have a minimum market value of at least \$100 million;
 2. Component stocks (excluding Derivative Securities Products) that in the aggregate account for at least 70% of the US and Non-US Component Stocks portions of the weight of the index or portfolio (excluding such Derivative Securities Products) each shall have a minimum global monthly trading volume of 250,000 shares, or minimum global notional volume traded per month of \$25,000,000, averaged over the last six months;
 3. The most heavily weighted component stock (excluding Derivative Securities Products) shall not exceed 25% of the combined US and Non-US Component Stocks portions of the weight of the index or portfolio, and, to the extent applicable, the five most heavily weighted component stocks (excluding Derivative Securities Products) shall not exceed 60% of the combined US and Non-US Component Stocks portions of the weight of the index or portfolio;
 4. The index or portfolio shall include a minimum of 20 component stocks; provided, however, that there shall be no minimum number of component stocks if (a) one or more series of Units or Portfolio Depositary Receipts constitute, at least in part, components underlying a series of Units, or (b) one or more series of Derivative Securities Products account for 100% of the weight of the combined US and Non-US Component Stocks portions of the index or portfolio; and
 5. Each US Component Stock shall be listed on a national securities exchange and shall be an NMS Stock as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934, and each Non-US Component Stock shall be listed and traded on an exchange that has last-sale reporting.

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C. Index or portfolio approved in connection with options or other derivative securities. For the initial and continued listing of a series of Units pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934, the index or portfolio underlying the series of Units shall have been reviewed and approved for trading of options, Portfolio Depositary Receipts, Units, Index-Linked Exchangeable Notes or Index-Linked Securities, as applicable, by the Securities and Exchange Commission under Section 19(b) of the Securities Exchange Act of 1934 and rules thereunder and the conditions set forth in the Securities and Exchange Commission's approval order, including comprehensive surveillance sharing agreements with respect to Non-US Component Stocks and the requirements regarding dissemination of information, must continue to be satisfied. On an initial and continued listing basis, each component stock of the index or portfolio shall be either (i) a US Component Stock that is listed on a national securities exchange and is an NMS Stock as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934, or (ii) a Non-US Component Stock that is listed and traded on an exchange that has last-sale reporting.

b. Index Methodology and Calculation.

1. If the index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect and maintain a "firewall" around the personnel who have access to information concerning changes and adjustments to the index and the index shall be calculated by a third party who is not a broker-dealer or fund advisor. In addition, any advisory committee, supervisory board, or similar entity that advises a Reporting Authority or that makes decisions on the index or portfolio composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the applicable index; and
2. The current index value for Units listed pursuant to (a) IM-28000-1(a)(A) above will be widely disseminated by one or more major market data vendors at least every 15 seconds during Regular Trading Hours; (b) IM-28000-1(a)(B) above will be widely disseminated by one or more major market data vendors at least every 60 seconds during Regular Trading Hours; or (c) IM-28000-1 (a)(C) above will be widely disseminated during the Regular Trading Hours by one or more major market data vendors at least every 15 seconds with respect to indexes containing only US Component Stocks and at least every 60 seconds with respect to indexes containing Non-US Component Stocks. If the official index value does not change during some or all of the period when trading is occurring on the Exchange (for example, for indexes of Non-US Component Stocks because of time zone differences or holidays in the countries where such indexes' component stocks trade), then the last calculated official index value must remain available throughout Regular Trading Hours.

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- c. **Disseminated Information.** One or more major market data vendors will disseminate for each series of Units listed or traded on the Exchange an estimate, updated at least every 15 seconds during Regular Trading Hours, of the value in U.S. dollars of a share of each series (the "Intraday Indicative Value"). The "Intraday Indicative Value" may be based, for example, upon current information regarding the required deposit of securities and cash amount to permit creation of new shares of the series or upon the index value. The Intraday Indicative Value will be updated at least every 15 seconds during the Regular Trading Hours to reflect changes in the exchange rate between the U.S. dollar and the currency in which any component stock is denominated. If the Intraday Indicative Value does not change during some or all of the period when trading is occurring on the Exchange, then the last official calculated Intraday Indicative Value must remain available throughout Exchange trading hours.
- d. **Initial Shares Outstanding.** A minimum of 100,000 shares of a series of Units is required to be outstanding at commencement of trading.
- e. **Hours of Trading.** The hours of trading for series of Units are Regular Trading Hours.
- f. **Surveillance Procedures.** The Exchange will implement written surveillance procedures for Units.
- g. **Disclosures.** The provisions of this subparagraph apply only to series of Units that are the subject of an order by the Securities and Exchange Commission exempting such series from certain prospectus delivery requirements under Section 24(d) of the Investment Company Act of 1940 and are not otherwise subject to prospectus delivery requirements under the Securities Act of 1933. The Exchange will inform ETP Holders regarding application of these provisions of this subparagraph to a particular series of Units by means of an information circular prior to commencement of trading in such series.

The Exchange requires that ETP Holders provide to all purchasers of a series of Units a written description of the terms and characteristics of those securities, in a form approved by the Exchange or prepared by the open-end management investment company issuing such securities, not later than the time a confirmation of the first transaction in such series is delivered to such purchaser. In addition, ETP Holders shall include such a written description with any sales material relating to a series of Units that is provided to customers or the public. Any other written materials provided by an ETP Holder to customers or the public making specific reference to a series of Units as an investment vehicle must include a statement in substantially the following form: "A circular describing the terms and characteristics of (the series of Units) has been prepared by the (open-end management investment company name) and is available from your broker. It is recommended that you obtain and review such circular before purchasing (the series of Units)." The term "ETP Holder" shall refer to a sole proprietorship, partnership, corporation, limited liability company or other organization in good standing that has been issued an ETP. An ETP Holder must be a registered broker or dealer pursuant to Section 15 of the Securities Exchange Act of 1934. An ETP Holder shall agree to be

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bound by the Certificate of Incorporation, Bylaws and Rules of the Exchange, and by all applicable rules and regulations of the Securities and Exchange Commission. An ETP Holder shall not have ownership or distribution rights in the Exchange. An ETP Holder will have status as a "member" of the Exchange as that term is defined in Section 3 of the Securities Exchange Act of 1934, as amended.

An ETP Holder carrying an omnibus account for a non-ETP Holder is required to inform such non-ETP Holder that execution of an order to purchase a series of Units for such omnibus account will be deemed to constitute agreement by the non-ETP Holder to make such written description available to its customers on the same terms as are directly applicable to ETP Holders under this rule.

Upon request of a customer, an ETP Holder shall also provide a prospectus for the particular series of Units.

- h. **Creation and Redemption.** For Units listed pursuant to IM-28000-1(a)(B) or (C) above, the statutory prospectus or the application for exemption from provisions of the Investment Company Act of 1940 for the series of Units must state that the series of Units must comply with the federal securities laws in accepting securities for deposits and satisfying redemptions with redemption securities, including that the securities accepted for deposits and the securities used to satisfy redemption requests are sold in transactions that would be exempt from registration under the Securities Act of 1933.

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Fixed Income. "Fixed Income Securities" are debt securities that are notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities ("Treasury Securities"), government-sponsored entity securities ("GSE Securities"), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof. The Exchange may approve a series of Units based on Fixed Income Securities for listing and pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 provided such portfolio or index (i) has been reviewed and approved for the trading of options, Units, Portfolio Depository Receipts, Index-Linked Exchangeable Notes or Index-Linked Securities by the Commission under Section 19(b) of the Securities Exchange Act of 1934 and rules thereunder and the conditions set forth in the Commission's approval order, continue to be satisfied or (ii) satisfy the following criteria, and provided further, that the Exchange may not so approve a series of Units that are issued by an open-end management investment company that seeks to provide investment results, before fees and expenses, in an amount that exceeds -300% of the percentage performance on a given day of a particular Fixed Income Securities index. Units listed pursuant to Rule 19b-4(e) shall satisfy the criteria set forth in (a) through (c), (f) and (g) below on an initial and continued listing basis.

- a. **Eligibility Criteria for Index Components.** Components of an index or portfolio underlying a series of Units listed pursuant to Rule 19b-4(e) under the Securities

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Exchange Act of 1934 shall meet the following criteria on an initial and continued listing basis:

1. The index or portfolio must consist of (a) only Fixed Income Securities or (b) Fixed Income Securities and cash;
 2. Fixed Income Security components that in aggregate account for at least 75% of the Fixed Income Securities portion of the weight of the index or portfolio each shall have a minimum original principal amount outstanding of \$100 million or more;
 3. A component may be a convertible security, however, once the convertible security component converts to the underlying equity security, the component is removed from the index or portfolio;
 4. No component fixed-income security (excluding Treasury Securities and GSE Securities) shall represent more than 30% of the Fixed Income Securities portion of the weight of the index or portfolio, and the five most heavily weighted component fixed-income securities in the index or portfolio shall not in the aggregate account for more than 65% of the Fixed Income Securities portion of the weight of the index or portfolio;
 5. An underlying index or portfolio (excluding one consisting entirely of exempted securities) must include a minimum of 13 non-affiliated issuers; and
 6. Component securities that in aggregate account for at least 90% of the Fixed Income Securities portion of the weight of the index or portfolio must be either a) from issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Securities Exchange Act of 1934; b) from issuers that have a worldwide market value of its outstanding common equity held by non-affiliates of \$700 million or more; c) from issuers that have outstanding securities that are notes, bonds debentures, or evidence of indebtedness having a total remaining principal amount of at least \$1 billion; d) exempted securities as defined in Section 3(a)(12) of the Securities Exchange Act of 1934; or e) from issuers that are a government of a foreign country or a political subdivision of a foreign country.
- b. Index Methodology and Calculation.
- i. If the index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect and maintain a "firewall" around the personnel who have access to information concerning changes and adjustments to the index;
 - ii. The current index value for Units listed pursuant to IM-28000-2(a) above will be widely disseminated by one or more major market data vendors at least once per day and if the index value does not change during some or all of the period when trading is occurring on the Exchange, the last official calculated index value must remain available throughout Regular Trading Hours; and

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- iii. Any advisory committee, supervisory board, or similar entity that advises a Reporting Authority or that makes decisions on the index composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the applicable index.
- c. **Disseminated Information.** One or more major market data vendors shall disseminate for each series of Units listed pursuant to IM-28000-2 (a) above an estimate, updated at least every 15 seconds during Regular Trading Hours, of the value of a share of each series (the "Intraday Indicative Value"). The Intraday Indicative Value may be based, for example, upon current information regarding the required deposit of securities and cash amount to permit creation of new shares of the series or upon the index value. The Intraday Indicative Value may be calculated by the Exchange or by an independent third party throughout the day using prices obtained from independent market data providers or other independent pricing sources such as a broker-dealer or price evaluation services. If the Intraday Indicative Value does not change during some or all of the period when trading is occurring on the Exchange, then the last official calculated Intraday Indicative Value must remain available throughout Regular Trading Hours.
- d. **Initial Shares Outstanding.** The provisions of IM-28000-1(d) above shall apply to series of Units listed pursuant to IM-28000-2(a) above.
- e. **Hours of Trading.** The provisions of IM-28000-1 (e) above shall apply to series of Units listed pursuant to IM-28000-2(a) above.
- f. **Surveillance Procedures.** The provisions of IM-28000-1(f) above shall apply to series of Units based on Fixed Income Securities that are listed and/or traded pursuant to UTP.
- g. **Disclosures.** The provisions of IM-28000-1(g) above will apply to series of Units based on Fixed Income Securities.

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Municipal Securities. The Exchange may approve a series of Units based on a portfolio or index of Municipal Securities (as defined in Section 3(a)(29) of the Securities Exchange Act of 1934) that does not meet the requirements of IM-28000-2 of this Rule for listing and pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 provided such portfolio or index (i) has been reviewed and approved for the trading of options, Units, Portfolio Depository Receipts, Index-Linked Exchangeable Notes or Index-Linked Securities, as applicable, by the Commission under Section 19(b) of the Securities Exchange Act of 1934 and rules thereunder and the conditions set forth in the Commission's approval order, continue to be satisfied or (ii) satisfy the following criteria. Units listed pursuant to Rule 19b-4(e) shall satisfy the criteria set forth in (a) through (c), (f) and (g) below on an initial and continued listing basis. The Exchange may not so approve a series of Units that are issued by an open-end management investment company that seeks to provide investment results, before fees and expenses, in an amount that exceeds -300% of the percentage performance on a given day of a particular Municipal Securities index.

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- a. Eligibility Criteria for Index Components. Components of an index or portfolio underlying a series of Units listed pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 shall meet the following criteria on an initial and continued listing basis:
 1. The index or portfolio must consist of (a) only Municipal Securities (as defined in Section 3(a)(29) of the Securities Exchange Act of 1934) or (b) Municipal Securities and cash;
 2. Municipal Security components that in aggregate account for at least 90% of the Municipal Securities portion of the weight of the index or portfolio each shall have a minimum original principal amount outstanding of at least \$5 million and have been issued as part of a transaction of at least \$20 million;
 3. No component Municipal Security shall represent more than 10% of the Municipal Securities portion of the weight of the index or portfolio, and the five most heavily weighted component Municipal Securities in the index or portfolio shall not in the aggregate account for more than 30% of the Municipal Securities portion of the weight of the index or portfolio;
 4. An underlying index or portfolio must include a minimum of 13 unique issuers; and
 5. An underlying index or portfolio must include a minimum of 500 component Municipal Securities.

- b. Index Methodology and Calculation.
 - i. If the index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect and maintain a "firewall" around the personnel who have access to information concerning changes and adjustments to the index;
 - ii. The current index value for Units listed pursuant to IM-28000-2A(a) above will be widely disseminated by one or more major market data vendors at least once per day and if the index value does not change during some or all of the period when trading is occurring on the Exchange, the last official calculated index value must remain available throughout Regular Trading Hours; and
 - iii. Any advisory committee, supervisory board, or similar entity that advises a Reporting Authority or that makes decisions on the index composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the applicable index.

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- c. **Disseminated Information.** One or more major market data vendors shall disseminate for each series of Units listed pursuant to IM-28000-2A(a) above an estimate, updated at least every 15 seconds during the Regular Trading Hours, of the value of a share of each series (the "Intraday Indicative Value"). The Intraday Indicative Value may be based, for example, upon current information regarding the required deposit of securities and cash amount to permit creation of new shares of the series or upon the index value. The Intraday Indicative Value may be calculated by the Exchange or by an independent third party throughout the day using prices obtained from independent market data providers or other independent pricing sources such as a broker-dealer or price evaluation services. If the Intraday Indicative Value does not change during some or all of the period when trading is occurring on the Exchange, then the last official calculated Intraday Indicative Value must remain available throughout Regular Trading Hours.
- d. **Initial Shares Outstanding.** The provisions of IM-28000-1(d) above shall apply to series of Units listed pursuant to IM-28000-2A(a) above.
- e. **Hours of Trading.** The provisions of IM-28000-1(e) above shall apply to series of Units listed pursuant to IM-28000-2A(a) above.
- f. **Surveillance Procedures.** The provisions of IM-28000-1(f) above shall apply to series of Units based on Municipal Securities that are listed and/or traded pursuant to UTP.
- g. **Disclosures.** The provisions of IM-28000-1(g) above will apply to series of Units based on Municipal Securities.

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The Exchange may approve a series of Units based on a combination of indexes or an index or portfolio of component securities representing the U.S. or domestic equity market, the international equity market, the fixed income market, or the municipal securities market for listing and trading pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 provided (i) such portfolio or combination of indexes have been reviewed and approved for the trading of options, Units, Portfolio Depository Receipts, Index-Linked Exchangeable Notes or Index-Linked Securities, as applicable, by the Commission under Section 19(b) of the Securities Exchange Act of 1934 and rules thereunder and the conditions set forth in the Commission's approval order continue to be satisfied or (ii) each index or portfolio of equity, fixed income, or municipal component securities separately meet either the criteria set forth in IM-28000- 1(a), 2(a), or 2A(a) above, as applicable, and provided further, that the Exchange may not so approve a series of Units that is issued by an open-end management investment company that seeks to provide investment results, before fees and expenses, in an amount that exceeds -300% of the percentage performance on a given day of a particular domestic equity, international or global equity securities index, Municipal Securities or Fixed Income Securities index or a combination thereof. Units listed pursuant to Rule 19b-4(e) shall satisfy the criteria set forth in (a) below and in IM-28000-1(c) and (f) - (g) on an initial and continued listing basis.

- a. **Index Methodology and Calculation**

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- i. If the index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect and maintain a "firewall" around the personnel who have access to information concerning changes and adjustments to the index;
 - ii. The current composite index value for Units listed pursuant to IM-28000- 1(a), 2(a), or 2A(a) above shall be widely disseminated by one or more major market data vendors at least once every 15 seconds during Regular Trading Hours, provided however, that (a) with respect to the Non-US Component Stocks of the combination index, the impact on the index is only required to be updated at least every 60 seconds during the Regular Trading Hours, and (b) with respect to the fixed income and municipal security components of the combination index, the impact on the index is only required to be updated at least once each day; and
 - iii. Any advisory committee, supervisory board, or similar entity that advises a Reporting Authority or that makes decisions on the index composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the applicable index.
- b. Other Applicable Provisions. The provisions of IM-28000-1(c)-(h) shall also apply to series of Units based on a combination of indexes or an index or portfolio of component securities representing the U.S. or domestic equity market, the international equity market, the fixed income market, or the municipal securities market.

IM-28000-4

The provisions of this IM-28000-4 apply only to series of Units that are issued by an open-end management investment company that (i) seeks to provide investment results, before fees and expenses, that correspond to a specific multiple of the percentage performance on a given day of a particular domestic equity, international or global equity securities index or Fixed Income Securities index or a combination thereof ("Multiple Fund Shares") or (ii) seeks to provide investment results, before fees and expenses, that correspond inversely up to -300% of the percentage performance on a given day of a particular domestic equity, international or global equity securities index or Fixed Income Securities index or a combination thereof ("Inverse Fund Shares"). For the initial and continued listing of Multiple Fund Shares and/or Inverse Fund Shares, the following requirements must be adhered to:

- a. Daily public Web site disclosure of portfolio holdings that will form the basis for the calculation of the net asset value by the issuer of a series of Multiple Fund Shares or Inverse Fund Shares, including, as applicable, the following instruments:
 - i. The identity and number of shares held of each specific equity security;
 - ii. The identity and amount held of each specific Fixed Income Security;

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- iii. The specific types of financial instruments, including, but not limited to, stock index futures contracts; options on futures contracts; options on securities and indices; equity caps, collars and floors; swap agreements; forward contracts; and repurchase agreements (the "Financial Instruments") and characteristics of such Financial Instruments; and
 - iv. Cash equivalents and the amount of cash held in the portfolio.
- b. If the Exchange becomes aware that the net asset value related to a Multiple Fund Share or Inverse Fund Share is not being disseminated to all market participants at the same time or the daily public Web site disclosure of portfolio holdings does not occur, the Exchange shall halt trading in such series of Multiple Fund Shares or Inverse Fund Shares, as appropriate. The Exchange may resume trading in such Fund Shares only when the net asset value is disseminated to all market participants at the same time or the daily public Web site disclosure of portfolio holdings occurs, as appropriate.

28001. Equity Index-Linked Securities, Commodity-Linked Securities, Currency-Linked Securities, Fixed Income Index-Linked Securities, Futures-Linked Securities and Multifactor Index-Linked Securities

The Exchange will consider listing equity index-linked securities ("Equity Index-Linked Securities"), commodity-linked securities ("Commodity-Linked Securities"), currency-linked securities ("Currency-Linked Securities"), fixed income index-linked securities ("Fixed Income Index-Linked Securities"), futures-linked securities, ("Futures-Linked Securities") and multifactor index-linked securities ("Multifactor Index-Linked Securities" and, together with Equity Index-Linked Securities, Commodity-Linked Securities, Currency-Linked Securities, Fixed Income Index-Linked Securities and Futures-Linked Securities, "Index-Linked Securities") that in each case meet the applicable criteria of this Rule.

The payment at maturity with respect to Equity Index-Linked Securities, Commodity-Linked Securities, Currency-Linked Securities, Fixed Income Index-Linked Securities, Futures-Linked Securities and Multifactor Index-Linked Securities is based on the performance of:

- i. in the case of Equity Index-Linked Securities, an underlying index or indexes of equity securities (an "Equity Reference Asset"), or
- ii. in the case of Commodity-Linked Securities, one or more physical commodities or commodity futures, options or other commodity derivatives or Commodity-Based Trust Shares (as defined in Rule 28004) or a basket or index of any of the foregoing (a "Commodity Reference Asset"), or
- iii. in the case of Currency-Linked Securities, one or more currencies, or options or currency futures or other currency derivatives or a basket or index of any of the foregoing (a "Currency Reference Asset"), or

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- iv. in the case of Fixed Income Index-Linked Securities, one or more indexes or portfolios of notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities (“Treasury Securities”), government-sponsored entity securities (“GSE Securities”), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof or a basket or index of any of the foregoing (a “Fixed Income Reference Asset”), or
- v. in the case of Futures-Linked Securities, an index of (a) futures on Treasury Securities, GSE Securities, supranational debt and debt of a foreign country or a subdivision thereof, or options or other derivatives on any of the foregoing; (b) interest rate futures or options or derivatives on the foregoing in this subparagraph (b); (c) CBOE Volatility Index (VIX) Futures; or (d) EURO STOXX 50 Volatility Index (VSTOXX) Futures (a “Futures Reference Asset”), or
- vi. in the case of Multifactor Index-Linked Securities, any combination of two or more Equity Reference Assets, Commodity Reference Assets, Currency Reference Assets, Fixed Income Reference Assets or Futures Reference Assets (a “Multifactor Reference Asset”, and together with Equity Reference Asset, Commodity Reference Asset, Currency Reference Asset, Fixed Income Reference Asset and Futures Reference Asset, “Reference Assets”). A Multifactor Reference Asset may include as a component a notional investment in cash or a cash equivalent based on a widely accepted overnight loan interest rate, LIBOR, Prime Rate, or an implied interest rate based on observed market spot and foreign currency forward rates.

Index-Linked Securities may or may not provide for the repayment of the original principal investment amount. The Exchange may submit a rule filing pursuant to Section 19(b) of the Exchange Act to permit the listing and trading of Index-Linked Securities that do not otherwise meet the standards set forth below. All statements or representations contained in such rule filing regarding (a) the description of the reference asset, (b) limitations on reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing will constitute continued listing requirements. An issuer of such securities must notify the Exchange of any failure to comply with such continued listing requirements. If a series of Index-Linked Securities does not satisfy these requirements, the Exchange may halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series.

The Exchange will consider for listing and trading pursuant to Rule 19b-4(e) under the Act, Index-Linked Securities provided the following criteria are met:

(A) Requirements Common to All Index-Linked Securities

- a. Both the issue and the issuer of such security initially meet and continuously maintain the criteria set forth in one of Rule 26101 (a), (b), (c), or (d) except that: (i) if the Index-Linked Securities are redeemable at the option of the holders thereof on at least a weekly basis, then no minimum number of publicly held trading units, and (ii) a minimum

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principal amount/market value outstanding of at least \$4 million, and (iii) if the Index-Linked Securities are traded in thousand dollar denominations or are redeemable at the option of the holders thereof on at least a weekly basis, then no minimum number of holders.

- b. The issue has a minimum term of one (1) year but not greater than thirty (30) years.
- c. The issue must, on an initial and continued listing basis, be the non-convertible debt of the issuer.
- d. On an initial and continued listing basis, the payment at maturity may or may not provide for a multiple of the direct or inverse performance of an underlying Reference Asset; however, in no event will a loss or negative payment at maturity be accelerated by a multiple that exceeds three times the performance of an underlying Reference Asset.
- e. On an initial and continued listing basis, the issuer will be expected to have a minimum tangible net worth of \$250,000,000 (if the Index-Linked Securities are fully and unconditionally guaranteed by an affiliate of the issuer, the Exchange will rely on such affiliate's tangible net worth for purposes of this requirement). In the alternative, the issuer will be expected to have a minimum tangible net worth of \$150,000,000 and the original issue price of the Index-Linked Securities, combined with all of the issuer's other Index-Linked Securities listed on a national securities exchange or otherwise publicly traded in the United States, must not be greater than 25 percent of the issuer's tangible net worth at the time of issuance (if the Index-Linked Securities are fully and unconditionally guaranteed by an affiliate of the issuer, the Exchange will apply the provisions of this paragraph to such affiliate instead of the issuer and will include in its calculation all Index-Linked Securities that are fully and unconditionally guaranteed by such affiliate). Government issuers and supranational entities will be evaluated on a case-by-case basis.
- f. The issuer is in compliance with Rule 10A-3 under the Act on an initial and continued listing basis.

(B) Requirements Specific to Equity Index-Linked Securities, Commodity-Linked Securities, Currency-Linked Securities, Fixed Income Index-Linked Securities, Futures-Linked Securities and Multifactor Index-Linked Securities.

The issue must meet one of the criteria set forth below.

I. Equity Index-Linked Securities Listing Standards

1. The Exchange will consider listing Equity Index-Linked Securities that meet the requirements of this subparagraph (B)(I), where the payment at maturity or earlier redemption is based on an index or indexes of equity securities, securities of closed-end management investment companies registered under the Investment Company Act of 1940 (the "1940 Act") and/or Investment Company Units. The issue must meet the following initial listing criteria:

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- a. Each underlying index is required to have at least ten (10) component securities; provided, however, that there shall be no minimum number of component securities if one or more issues of Derivative Securities Products (i.e., Investment Company Units (as described in Rule 28000) or Index-Linked Securities (as described in Rule 28001), constitute, at least in part, component securities underlying an issue of Equity Index-Linked Securities. The securities described in Rule 28000 and Rule 28001, as referenced below in Rule 28001(B)(I)(1)(b)(2) and Rule 28001(B)(I)(2)(a) below, shall include securities listed on another national securities exchange pursuant to substantially equivalent listing rules.
- b. The index or indexes to which the security is linked shall either (1) have been reviewed and approved for the trading of Investment Company Units or options or other derivatives by the Commission under Section 19(b)(2) of the Act and rules thereunder and the conditions set forth in the Commission's approval order, including comprehensive surveillance sharing agreements for non-U.S. stocks, continue to be satisfied, or (2) the index or indexes meet the following criteria:
 - i. Each component security (excluding Derivative Securities Products and Index-Linked Securities) has a minimum market value of at least \$75 million, except that for each of the lowest dollar weighted component securities in the index that in the aggregate account for no more than 10% of the dollar weight of the index (excluding Derivative Securities Products and Index-Linked Securities), the market value can be at least \$50 million;
 - ii. Component stocks (excluding Derivative Securities Products and Index-Linked Securities) that in the aggregate account for at least 90% of the weight of the index (excluding Derivative Securities Products and Index-Linked Securities) each shall have a minimum global monthly trading volume of 1,000,000 shares, or minimum global notional volume traded per month of \$25,000,000, averaged over the last six months;
 - iii. No underlying component security (excluding Derivative Securities Products and Index-Linked Securities) will represent more than 25% of the dollar weight of the index, and, to the extent applicable, the five highest dollar weighted component securities in the index (excluding Derivative Securities Products and Index-Linked Securities) do not in the aggregate account for more than 50% of the dollar weight of the index (60% for an index consisting of fewer than 25 component securities); and
 - iv. 90% of the index's numerical value (excluding Derivative Securities Products and Index-Linked Securities) and at least 80% of the total number of component securities (excluding Derivative Securities Products and Index-Linked Securities) will meet the then current criteria for standardized option trading set forth in BOX Rule 5020; an index will not be subject to this requirement if (a) no underlying component security

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represents more than 10% of the dollar weight of the index (excluding Derivative Securities Products and Index-Linked Securities) and (b) the index has a minimum of 20 components (excluding Derivative Securities Products and Index-Linked Securities); and

- v. All component securities shall be either:
 - A. Securities (other than foreign country securities and American Depositary Receipts ("ADRs")) that are (x) issued by a 1934 Act reporting company or by an investment company registered under the 1940 Act, which in each case is listed on a national securities exchange, and (y) an "NMS stock" (as defined in Rule 600 of SEC Regulation NMS); or
 - B. Foreign country securities or ADRs, provided that foreign country securities or foreign country securities underlying ADRs having their primary trading market outside the United States on foreign trading markets that are not members of the Intermarket Surveillance Group ("ISG") or parties to comprehensive surveillance sharing agreements with the Exchange will not in the aggregate represent more than 50% of the dollar weight of the index, and provided further that:
 - i. the securities of any one such market do not represent more than 20% of the dollar weight of the index, and
 - ii. the securities of any two such markets do not represent more than 33% of the dollar weight of the index.

2. Continued Listing Criteria—

- a. The Exchange will maintain surveillance procedures for securities listed under this Rule and may halt trading in such securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series (unless the Commission has approved the continued trading of the subject Index-Linked Security), if any of the standards set forth above in paragraphs 1(a) and (b)(2) are not continuously maintained, except that:
 - i. the criteria that no single component represent more than 25% of the dollar weight of the index (excluding Derivative Securities Products and

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Index- Linked Securities) and, to the extent applicable, the five highest dollar weighted components in the index (excluding Derivative Securities Products and Index-Linked Securities) cannot represent more than 50% (or 60% for indexes with less than 25 components) of the dollar weight of the index, need only be satisfied at the time the index is rebalanced;

- ii. Component stocks (excluding Derivative Securities Products and Index-Linked Securities) that in the aggregate account for at least 90% of the weight of the index (excluding Derivative Securities Products and Index-Linked Securities) each shall have a minimum global monthly trading volume of 500,000 shares, or minimum global notional volume traded per month of \$12,500,000, averaged over the last six months.
- b. In connection with an Index-Linked Security that is listed pursuant to paragraph (b)(1) above, the Exchange may halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series (unless the Commission has approved the continued trading of the subject Index-Linked Security) if an underlying index or indexes fails to satisfy the maintenance standards or conditions for such index or indexes as set forth by the Commission in its order under Section 19(b)(2) of the Act approving the index or indexes for the trading of options or other derivatives.
- c. The Exchange may halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series (unless the Commission has approved the continued trading of the subject Index-Linked Security), under any of the following circumstances:
 - i. if the aggregate market value or the principal amount of the Equity Index-Linked Securities publicly held is less than \$400,000;
 - ii. if the value of the index or composite value of the indexes is no longer calculated or widely disseminated on at least a 15-second basis with respect to indexes containing only securities listed on a national securities exchange, or on at least a 60-second basis with respect to indexes containing foreign country securities, provided, however, that, if the official index value does not change during some or all of the period when trading is occurring on the Exchange (for example, for indexes of foreign country securities, because of time zone differences or holidays in the countries where such indexes' component stocks trade) then the last calculated official index value must remain available throughout Regular Trading Hours; or
 - iii. if such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.
- d. Index Rebalancing—Indexes will be rebalanced at least annually.

EXHIBIT 5A**II. Commodity-Linked Securities Listing Standards**

1. The issue must meet the initial listing standard set forth in either (a) or (b) below:
 - a. The Commodity Reference Asset to which the security is linked shall have been reviewed and approved for the trading of Commodity-Based Trust Shares or options or other derivatives by the Commission under Section 19(b)(2) of the Act and rules thereunder and the conditions set forth in the Commission's approval order, including with respect to comprehensive surveillance sharing agreements, continue to be satisfied.
 - b. The pricing information for components of a Commodity Reference Asset must be derived from a market which is an ISG member or affiliate or with which the Exchange has a comprehensive surveillance sharing agreement. Notwithstanding the previous sentence, pricing information for gold and silver may be derived from the London Bullion Market Association. A Commodity Reference Asset may include components representing not more than 10% of the dollar weight of such Commodity Reference Asset for which the pricing information is derived from markets that do not meet the requirements of this subparagraph (b); provided, however, that no single component subject to this exception exceeds 7% of the dollar weight of the Commodity Reference Asset.

In addition, the issue must meet both of the following initial listing criteria:

- i. the value of the Commodity Reference Asset must be calculated and widely disseminated by one or more major market data vendors on at least a 15-second basis during the Regular Trading Hours; and
 - ii. in the case of Commodity-Linked Securities that are periodically redeemable, the indicative value of the subject Commodity-Linked Securities must be calculated and widely disseminated by the Exchange or one or more major market data vendors on at least a 15-second basis during Regular Trading Hours.
2. The issue must meet the following continued listing criteria:
 - a. The Exchange may halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series if any of the initial listing criteria described above are not continuously maintained.
 - b. The Exchange may also halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series under any of the following circumstances:
 - i. If the aggregate market value or the principal amount of the Commodity-Linked Securities publicly held is less than \$400,000;

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- ii. The value of the Commodity Reference Asset is no longer calculated or available and a new Commodity Reference Asset is substituted, unless the new Commodity Reference Asset meets the requirements of this Rule; or
- iii. If such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

III. Currency-Linked Securities Listing Standards

1. The issue must meet the initial listing standard set forth in either (a) or (b) below:

- a. The Currency Reference Asset to which the security is linked shall have been reviewed and approved for the trading of Currency Trust Shares or options or other derivatives by the Commission under Section 19(b)(2) of the Act and rules thereunder and the conditions set forth in the Commission's approval order, including with respect to comprehensive surveillance sharing agreements, continue to be satisfied.
- b. The pricing information for each component of a Currency Reference Asset must be:

(x) the generally accepted spot or forward price (subject to the list of currencies below), applicable to the component of such Currency Reference Asset, for the currency exchange rate in question or

(y) derived from a market which (i) is an ISG member or affiliate or with which the Exchange has a comprehensive surveillance sharing agreement and (ii) is the pricing source for components of a Currency Reference Asset that has previously been approved by the Commission.

If pricing information is based upon the generally accepted forward price, the currency must be one of the following: US Dollar, Euro, Japanese Yen, British Pound Sterling, Swiss Franc, Canadian Dollar, Australian Dollar, Brazilian Real, Chinese Renminbi, Czech Koruna, Danish Krone, Hong Kong Dollar, Hungarian Forint, Indian Rupee, Indonesian Rupiah, Korean Won, Mexican Peso, Norwegian Krone, New Zealand Dollar, Philippine Peso, Polish Zloty, Russian Ruble, Swedish Krona, South African Rand, Singapore Dollar, Taiwan Dollar, Thai Baht, or New Turkish Lira.

A Currency Reference Asset may include components representing not more than 10% of the dollar weight of such Currency Reference Asset for which the pricing information is derived from markets that do not meet the requirements of either (x) or (y) above; provided, however, that no single component subject to this exception exceeds 7% of the dollar weight of the Currency Reference Asset.

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In the event a Currency Reference Asset is based upon the forward price and the forward price becomes unavailable due to a holiday, the spot price may be used for calculating the pricing information of the Currency Reference Asset. The pricing information of the Currency Reference Asset on the following business day must be based upon the forward price.

In addition, the issue must meet both of the following initial listing criteria:

- i. the value of the Currency Reference Asset must be calculated and widely disseminated by one or more market data vendors on at least a 15-second basis during the Regular Trading Hours; and
- ii. in the case of Currency-Linked Securities that are periodically redeemable, the indicative value of the subject Currency-Linked Securities must be calculated and widely disseminated by the Exchange or one or more major market data vendors on at least a 15-second basis during the Regular Trading Hours.

2. The issue must meet the following continued listing criteria:

- a. The Exchange may halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series if any of the initial listing criteria described above are not continuously maintained.
- b. The Exchange may also halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series under any of the following circumstances:
 - i. If the aggregate market value or the principal amount of the Currency-Linked Securities publicly held is less than \$400,000;
 - ii. If the value of the Currency Reference Asset is no longer calculated or available and a new Currency Reference Asset is substituted, unless the new Currency Reference Asset meets the requirements of this Rule; or
 - iii. If such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

IV. Fixed Income Index-Linked Securities Listing Standards

1. The issue must meet initial listing standards set forth in either (a) or (b) below:

- a. The Fixed Income Reference Asset to which the security is linked shall have been reviewed and approved for the trading of options, Investment Company Units, or other derivatives by the Commission under Section 19(b)(2) of the Securities

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Exchange Act of 1934 and rules thereunder and the conditions set forth in the Commission's approval order, continue to be satisfied.

- b.** The issue must meet the following initial listing criteria:
 - i.** Components of the Fixed Income Reference Asset that in the aggregate account for at least 75% of the weight of the Fixed Income Reference Asset must each have a minimum original principal amount outstanding of \$100 million or more;
 - ii.** A component of the Fixed Income Reference Asset may be a convertible security, however, once the convertible security component converts to the underlying equity security, the component is removed from the Fixed Income Reference Asset;
 - iii.** No component of the Fixed Income Reference Asset (excluding Treasury Securities and GSE Securities) will represent more than 30% of the dollar weight of the Fixed Income Reference Asset, and the five highest dollar weighted components in the Fixed Income Reference Asset will not in the aggregate account for more than 65% of the dollar weight of the Fixed Income Reference Asset;
 - iv.** An underlying Fixed Income Reference Asset (excluding one consisting entirely of exempted securities) must include a minimum of 13 non-affiliated issuers; and
 - v.** Component securities that in the aggregate account for at least 90% of the dollar weight of the Fixed Income Reference Asset must be from one of the following: (a) issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Securities Exchange Act of 1934; or (b) issuers that have a worldwide market value of outstanding common equity held by non-affiliates of \$700 million or more; or (c) issuers that have outstanding securities that are notes, bonds, debentures, or evidence of indebtedness having a total remaining principal amount of at least \$1 billion; or (d) exempted securities as defined in Section 3(a)(12) of the Securities Exchange Act of 1934, or (e) issuers that are a government of a foreign country or a political subdivision of a foreign country.
2. In addition, the value of the Fixed Income Reference Asset must be widely disseminated to the public by one or more major market vendors at least once per business day.
3. The issue must meet the following continued listing criteria:
 - a.** The Exchange may halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series if any of the initial listing criteria described above are not continuously maintained.

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- b.** The Exchange may also halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series under any of the following circumstances:
 - i.** If the aggregate market value or the principal amount of the Fixed Income Index-Linked Securities publicly held is less than \$400,000;
 - ii.** The value of the Fixed Income Reference Asset is no longer calculated or available and a new Fixed Income Reference Asset is substituted, unless the new Fixed Income Reference Asset meets the requirements of this Rule; or
 - iii.** If such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings inadvisable.

V. Futures-Linked Securities Listing Standards

- 1. The issue must meet the initial listing standard set forth in either (a) or (b) below:
 - a.** The Futures Reference Asset to which the security is linked shall have been reviewed and approved for the trading of Futures-Linked Securities or options or other derivatives by the Commission under Section 19(b)(2) of the Securities Exchange Act of 1934 and rules thereunder and the conditions set forth in the Commission's approval order, including with respect to comprehensive surveillance sharing agreements, continue to be satisfied.
 - b.** The pricing information for components of a Futures Reference Asset must be derived from a market which is an ISG member or affiliate or with which the Exchange has a comprehensive surveillance sharing agreement. A Futures Reference Asset may include components representing not more than 10% of the dollar weight of such Futures Reference Asset for which the pricing information is derived from markets that do not meet the requirements of this subparagraph (b); provided, however, that no single component subject to this exception exceeds 7% of the dollar weight of the Futures Reference Asset.

In addition, the issue must meet both of the following initial listing criteria:

- i.** the value of the Futures Reference Asset must be calculated and widely disseminated by one or more major market data vendors on at least a 15-second basis during the Regular Trading Hours; and
- ii.** in the case of Futures-Linked Securities that are periodically redeemable, the indicative value of the subject Futures-Linked Securities must be calculated and widely disseminated by the Exchange or one or more major market data vendors on at least a 15-second basis during Regular Trading Hours.

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2. The issue must meet the following continued listing criteria:
 - a. The Exchange may halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series if any of the initial listing criteria described above are not continuously maintained.
 - b. The Exchange may also halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series under any of the following circumstances:
 - i. If the aggregate market value or the principal amount of the Futures-Linked Securities publicly held is less than \$400,000;
 - ii. The value of the Futures Reference Asset is no longer calculated or available and a new Futures Reference Asset is substituted, unless the new Futures Reference Asset meets the requirements of this Rule; or
 - iii. If such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

VI. Multifactor Index-Linked Securities Listing Standards

1. The issuer must meet the following initial listing standards set forth in either (a) or (b) below:
 - a. Each component of the Multifactor Reference Asset to which the security is linked shall have been reviewed and approved for the trading of either options, Investment Company Units, or other derivatives under Section 19(b)(2) of the Securities Exchange Act of 1934 and rules thereunder and the conditions set forth in the Commission's approval order continue to be satisfied.
 - b. Each Reference Asset included in the Multifactor Reference Asset must meet the applicable initial and continued listing criteria set forth in the relevant subsection of this Rule.
2. In addition, the issue must meet both of the following initial listing criteria:
 - a. The value of the Multifactor Reference Asset must be calculated and widely disseminated to the public on at least a 15-second basis during the time the Multifactor Index-Linked Security trades on the Exchange; and
 - b. In the case of Multifactor Index-Linked Securities that are periodically redeemable, the indicative value of the Multifactor Index-Linked Securities must be calculated and widely disseminated by one or more major market data vendors on at least a 15-second basis during the time the Multifactor Index-Linked Securities trade on the Exchange.

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3. The Exchange may halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series under any of the following circumstances:
 - a. If any of the initial listing criteria described above are not continuously maintained;
 - b. If the aggregate market value or the principal amount of the Multifactor Index-Linked Securities publicly held is less than \$400,000;
 - c. The value of the Multifactor Reference Asset is no longer calculated or available and a new Multifactor Reference Asset is substituted, unless the new Multifactor Reference Asset meets the requirements of this Rule; or
 - d. If such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange advisable.

(C) Firewalls

If the value of an Index-Linked Security listed under this Rule is based in whole or in part on an index that is maintained by a broker-dealer, the broker-dealer shall erect and maintain a "firewall" around the personnel responsible for the maintenance of such index or who have access to information concerning changes and adjustments to the index, and the index shall be calculated by a third party who is not a broker-dealer.

Any advisory committee, supervisory board or similar entity that advises an index licensor or administrator or that makes decisions regarding the index or portfolio composition, methodology and related matters must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material, non-public information regarding the applicable index or portfolio.

(D) Equity Trading Rules

Index-Linked Securities will be subject to the Exchange's equity trading rules.

(E) Trading Halts

If the indicative value or Reference Asset value applicable to a series of Index-Linked Securities is not being disseminated as required, the Exchange may halt trading during the day on which the interruption first occurs. If such interruption persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption.

(F) Surveillance Procedures

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The Exchange will implement written surveillance procedures for Index-Linked Securities, including adequate comprehensive surveillance sharing agreements with markets trading in non-U.S. components, as applicable.

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(a) The ETP Holder acting as a Market Maker in Commodity-Linked Securities, Currency-Linked Securities, Futures-Linked Securities or Multifactor Index-Linked Securities, if applicable, must file with the Exchange, in a manner prescribed by the Exchange, and keep current a list identifying all accounts for trading in the Index Asset components, the commodities, currencies or futures underlying the Index Asset components, or any derivative instruments based on the Index Asset or based on any Index Asset component or any physical commodity, currency or futures underlying an Index Asset component, which the ETP Holder acting as Market Maker may have or over which it may exercise investment discretion. No ETP Holder acting as Market Maker in the Commodity-Linked Securities, Currency-Linked Securities, Futures-Linked Securities or Multifactor Index-Linked Securities, if applicable, shall trade in the Index Asset components, the commodities currencies or futures underlying the Index Asset components, or any derivative instruments based on the Index Asset or based on any Index Asset component or any physical commodity, or futures currency underlying an Index Asset component, in an account in which an ETP Holder acting as a Market Maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to the Exchange as required by this Rule.

(b) In addition to the existing obligations under Exchange rules regarding the production of books and records, the ETP Holder acting as a Market Maker in Commodity-Linked Securities, Currency-Linked Securities, Futures-Linked Securities or Multifactor Index-Linked Securities, if applicable, shall make available to the Exchange such books, records or other information pertaining to transactions by such entity or any limited partner, officer or approved person thereof, registered or nonregistered employee affiliated with such entity for its or their own accounts in the Index Asset components, the commodities, currencies or futures underlying the Index Asset components, or any derivative instruments based on the Index Asset or based on any Index Asset component or any physical commodity, currency or futures underlying an Index Asset component, as may be requested by the Exchange.

28002. Exchange-Traded Fund Shares

- a. The Exchange will consider forlisting Exchange-Traded Fund Shares that meet the criteria of this Rule.
- b. **Applicability.** This Rule is applicable only to Exchange-Traded Fund Shares. Except to the extent inconsistent with this Rule, or unless the context otherwise requires, Exchange rules will be applicable to the trading on the Exchange of such securities. Exchange-Traded Fund Shares are included within the definition of NMS Stock.
- c. **Definitions.** The following are definitions for purposes of this Rule:

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1. “1940 Act” means the Investment Company Act of 1940, as amended.
 2. “Exchange-Traded Fund” has the same meaning as the term “exchange-traded fund” as defined in Rule 6c-11(a)(1) under the 1940 Act.
 3. “Exchange-Traded Fund Share” means a share of stock issued by an Exchange-Traded Fund.
 4. “Reporting Authority” means, in respect of a particular series of Exchange-Traded Fund Shares, the Exchange, an institution, or a reporting service designated by the Exchange as the official source for calculating and reporting information relating to such series, including, but not limited to, any current index or portfolio value, the current value of the portfolio of any securities required to be deposited in connection with issuance of Exchange-Traded Fund Shares, the amount of any dividend equivalent payment or cash distribution to holders of Exchange-Traded Fund Shares, net asset value, or other information relating to the issuance, redemption or trading of Exchange-Traded Fund Shares. A series of Exchange-Traded Fund Shares may have more than one Reporting Authority, each having different functions.
- d. **Limitation of Exchange Liability.** Neither the Exchange, the Reporting Authority, nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any current index or portfolio value; the current value of the portfolio of securities required to be deposited to the open-end management investment company in connection with issuance of Exchange-Traded Fund Shares; the amount of any dividend equivalent payment or cash distribution to holders of Exchange-Traded Fund Shares; net asset value; or other information relating to the purchase, redemption, or trading of Exchange-Traded Fund Shares, resulting from any negligent act or omission by the Exchange, the Reporting Authority or any agent of the Exchange, or any act, condition, or cause beyond the reasonable control of the Exchange, its agent, or the Reporting Authority, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission, or delay in the reports of transactions in one or more underlying securities.
- e. The Exchange may approve Exchange-Traded Fund Shares for listing pursuant to Rule 19b-4(e) under the Exchange Act. Each series of Exchange-Traded Fund Shares must be eligible to operate in reliance on Rule 6c-11 under the 1940 Act

EXHIBIT 5A

and must satisfy the requirements of this Rule upon initial listing and, except for subparagraph (1)(A) of Rule 28002(e), on a continuing basis. An issuer of such securities must notify the Exchange of any failure to comply with such requirements.

1. Initial and Continued Listing—Exchange-Traded Fund Shares will be listed and traded on the Exchange subject to the requirement that the investment company issuing a series of Exchange-Traded Fund Shares is eligible to operate in reliance on the requirements of Rule 6c-11(c) under the 1940 Act on an initial and continued listing basis.
 - A. Initial Shares Outstanding. For each series of Exchange-Traded Fund Shares, the Exchange will establish a minimum number of Exchange-Traded Fund Shares required to be outstanding at the time of commencement of trading on the Exchange.
2. Suspension of trading or removal. The Exchange will consider the suspension of trading in, and will commence delisting proceedings under Rules in the 27000 Series of, a series of Exchange-Traded Fund Shares under any of the following circumstances:
 - A. if the Exchange becomes aware that the investment company is no longer eligible to operate in reliance on Rule 6c-11;
 - B. if the investment company no longer complies with the requirements set forth in this Rule;
 - C. if, following the initial twelve-month period after commencement of trading on the Exchange of a series of Exchange-Traded Fund Shares, there are fewer than 50 beneficial holders of such series of Exchange-Traded Fund Shares; or
 - D. if such other event shall occur or condition exists which, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable.
- f. Transactions in Exchange-Traded Fund Shares will occur during Regular Trading Hours.
- g. Surveillance Procedures. The Exchange will implement and maintain written surveillance procedures for Exchange-Traded Fund Shares.

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- h. Termination. Upon termination of an investment company issuing Exchange-Traded Fund Shares, the Exchange requires that Exchange-Traded Fund Shares issued in connection with such entity be removed from Exchange listing.

IM-28002-1

A security that has previously been approved for listing on the Exchange pursuant to the generic listing requirements specified in Rule 28000 or IM-20005-1 of Rule 20005, or pursuant to a proposed rule change approved or subject to a notice of effectiveness by the Commission, may be considered approved for listing solely under this Rule if such security is eligible to operate in reliance on Rule 6c-11 under the 1940 Act. Once so approved for listing, the continued listing requirements applicable to such previously-listed security will be those specified in paragraph (e) of this Rule. Any requirements for listing as specified in Rule 28000 or IM-20005-1 of Rule 20005, or an approval order or notice of effectiveness of a separate proposed rule change that differ from the requirements of this Rule will no longer be applicable to such security.

IM-28002-2

The following requirements shall be met by series of Exchange-Traded Fund Shares on an initial and continued listing basis:

- a. With respect to series of Exchange-Traded Fund Shares that are based on an index:
 1. If the underlying index is maintained by a broker-dealer or fund adviser, the broker-dealer or fund adviser will erect and maintain a "fire wall" around the personnel who have access to information concerning changes and adjustments to the index and the index will be calculated by a third party who is not a broker-dealer or fund adviser.
 2. Any advisory committee, supervisory board, or similar entity that advises a Reporting Authority or that makes decisions on the index composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable index.
- b. With respect to series of Exchange-Traded Fund Shares that are actively managed, if the investment adviser to the investment company issuing Exchange-Traded Fund Shares is affiliated with a broker-dealer, such investment adviser will erect and maintain a "fire wall" between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such Exchange-Traded Fund's portfolio. Personnel who make decisions on the Exchange-Traded Fund's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable Exchange-Traded Fund portfolio. The Reporting Authority that provides information relating to the portfolio of a

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series of Exchange-Traded Fund Shares must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the actual components of such portfolio.

28003. Trust Issued Receipts

- a. The Exchange will consider forlisting Trust Issued Receipts that meet the criteria of this Rule. The Exchange may submit a rule filing pursuant to Section 19(b) of the Securities Exchange Act of 1934 to permit the listing and trading of a series of Trust Issued Receipts that do not meet the standards set forth in IM-28003-1. All statements or representations contained in such rule filing regarding (a) the description of the index, portfolio or reference asset, (b) limitations on index or portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing will constitute continued listing requirements. An issuer of such securities must notify the Exchange of any failure to comply with such continued listing requirements. If an issue of Trust Certificates does not satisfy these requirements, the Exchange may halt trading in the securities and will initiate delisting proceedings pursuant to Rules in the 27000 Series.
- b. Definitions. A Trust Issued Receipt is a security (1) that is issued by a trust ("Trust") which holds specific securities deposited with the Trust; (2) that, when aggregated in some specified minimum number, may be surrendered to the Trust by the beneficial owner to receive the securities; and (3) that pay beneficial owners dividends and other distributions on the deposited securities, if any are declared and paid to the trustee ("Trustee") by an issuer of the deposited securities.
- c. Designation. The Exchange may list Trust Issued Receipts based on one or more securities. The Trust Issued Receipts based on particular securities shall be designated as a separate series and shall be identified by a unique symbol. The securities that are included in a series of Trust Issued Receipts shall be selected by the Exchange or by such other person as shall have a proprietary interest in such Trust Issued Receipts.
- d. Initial and Continued Listing and/or Trading. Trust Issued Receipts will be traded on the Exchange subject to application of the following criteria:
 1. Commencement of Trading—For each Trust, the Exchange will establish a minimum number of Trust Issued Receipts required to be outstanding at the time of commencement of trading on the Exchange.
 2. Continued Trading—The Exchange will consider the suspension of trading in, and will initiate delisting proceedings under Rules in the 27000 Series of, a Trust upon which a series of Trust Issued Receipts is based under any of the following circumstances:

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- A. if, following the initial twelve month period following formation of a Trust and commencement of trading on the Exchange, the Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Trust Issued Receipts;
- B. if, following the initial twelve month period following formation of a Trust and commencement of trading on the Exchange, the Trust has fewer than 50,000 receipts issued and outstanding;
- C. if, following the initial twelve month period following formation of a Trust and commencement of trading on the Exchange, the market value of all receipts issued and outstanding is less than \$1,000,000;
- D. if any of the continued listing requirements set forth in this Rule are not continuously maintained; or
- E. if the Exchange files separate proposals under 19(b) of the Securities Exchange Act of 1934 and any of the statements or representations regarding (a) the description of the index, portfolio or reference asset, (b) limitations on index or portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing are not continuously maintained;
- F. if any other event shall occur or condition exists which, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable.

Upon termination of a Trust, the Exchange requires that Trust Issued Receipts issued in connection with such trust be removed from listing. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of securities in the Trust falls below a specified amount.

- 3. Term—The stated term of the Trust shall be as stated in the Trust prospectus; however, a Trust may be terminated under such earlier circumstances as may be specified in the Trust prospectus.
- 4. Trustee—The trustee must on an initial and continued listing basis be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, as qualified trust company or banking institution must be appointed co-trustee.

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5. Voting—Voting rights shall be as set forth in the Trust prospectus.
- e. ETP Holders. ETP Holders shall provide to all purchasers of newly issued Trust Issued Receipts a prospectus for the series of Trust Issued Receipts.
 - f. Applicability. This Rule is applicable only to Trust Issued Receipts. Except to the extent inconsistent with this Rule, or unless the context otherwise requires, the provisions of the Bylaws and all other rules and procedures of the Board of Directors shall be applicable to the trading on the Exchange of such securities. Trust Issued Receipts are included within the definition of "security" or "securities" as such terms are used in the Bylaws and Rules of the Exchange.

IM-28003-1

The Exchange may approve trust issued receipts for listing pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934, provided that the following criteria (other than clause (f) which need only be satisfied on an initial listing basis) are satisfied on an initial and continued listing basis:

- a. each security underlying the trust issued receipt must be registered under Section 12 of the Exchange Act;
- b. each security underlying the trust issued receipt must have a minimum public float of at least \$150 million;
- c. each security underlying the trust issued receipt must be listed on a national securities exchange or traded through the facilities of Nasdaq as a reported national market system security;
- d. each security underlying the trust issued receipt must have an average daily trading volume of at least 100,000 shares during the preceding sixty-day trading period;
- e. each security underlying the trust issued receipt must have an average daily dollar value of shares traded during the preceding sixty-day trading period of at least \$1 million; and
- f. the most heavily weighted security in the trust issued receipt cannot initially represent more than 20% of the overall value of the trust issued receipt.

IM-28003-2

- a. The provisions of IM-28003-2 apply only to Trust Issued Receipts that invest in "Investment Shares" or "Financial Instruments" as defined below. Rules that reference Trust Issued Receipts shall also apply to Trust Issued Receipts investing in Investment Shares or "Financial Instruments" .

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- b. Definitions. The following terms as used in IM-28003-2 shall, unless the context otherwise requires, have the meanings herein specified:
1. Investment Shares. The term "Investment Shares" means a security (a) that is issued by a trust, partnership, commodity pool or other similar entity that invests in any combination of futures contracts, options on futures contracts, forward contracts, commodities, swaps or high credit quality short-term fixed income securities or other securities; and (b) issued and redeemed daily at net asset value in amounts correlating to the number of receipts created and redeemed in a specified aggregate minimum number.
 2. Futures Contract. The term "futures contract" is commonly known as a "contract of sale of a commodity for future delivery" set forth in Section 2(a) of the Commodity Exchange Act.
 3. Forward Contract. A forward contract is a contract between two parties to purchase and sell a specific quantity of a commodity at a specified price with delivery and settlement at a future date. Forwards are traded over-the-counter ("OTC") and not listed on a futures exchange.
 4. Financial Instruments. The term "Financial Instruments" means any combination of investments, including cash; securities; options on securities and indices; futures contracts; options on futures contracts; forward contracts; equity caps, collars and floors; and swap agreements.
- c. Designation. The Exchange may list and trade Trust Issued Receipts investing in Investment Shares or Financial Instruments. Each issue of a Trust Issued Receipt based on a particular Investment Share shall be designated as a separate series and shall be identified by a unique symbol.
- d. Initial and Continued Listing. Trust Issued Receipts based on Investment Shares or Financial Instruments will be listed and traded on the Exchange subject to application of the following criteria:
1. Initial Listing—The Exchange will establish a minimum number of receipts required to be outstanding at the time of commencement of trading on the Exchange.
 2. Continued Listing—The Exchange will maintain surveillance procedures for securities listed under this rule and will consider the suspension of trading in, and will initiate delisting proceedings under Rules in the 27000 Series of, Trust Issued Receipts based on

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an Investment Share or Financial Instruments under any of the following circumstances:

- i. if following the initial twelve month period following the commencement of trading of the shares, (A) the Issuer has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Trust Issued Receipts; (B) if the Issuer has fewer than 50,000 securities or shares issued and outstanding; or (C) if the market value of all securities or shares issued and outstanding is less than \$1,000,000;
- ii. if the value of an underlying index or portfolio is no longer calculated or available on at least a 15-second delayed basis or the Exchange stops providing a hyperlink on its website to any such asset or investment value;
- iii. if the Indicative Value is no longer made available on at least a 15-second delayed basis;
- iv. if any of the continued listing requirements set forth in this Rule are not continuously maintained;
- v. if the Exchange submits a rule filing pursuant to Section 19(b) of the Securities Exchange Act of 1934 to permit the listing and trading of a series of Trust Issued Receipts based on separate Investment Shares or Financial Instruments and any of the statements or representations regarding (a) the description of the index, portfolio or reference asset, (b) limitations on index or portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing are not continuously maintained; or
- vi. if such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

Upon termination of the Trust, the Exchange requires that Trust Issued Receipts issued in connection with such Trust be removed from Exchange listing. A Trust may terminate in accordance with the provisions of the Trust

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prospectus, which may provide for termination if the value of the Trust falls below a specified amount.

3. Term—The stated term of the Trust shall be as stated in the prospectus. However, such entity may be terminated under such earlier circumstances as may be specified in the Trust prospectus.
4. Trustee—The following requirements apply on an initial and continued listing basis:
 - i. The trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, a qualified trust company or banking institution must be appointed co-trustee.
 - ii. No change is to be made in the trustee of a listed issue without prior notice to and approval of the Exchange.
5. Voting—Voting rights shall be as set forth in the applicable Trust prospectus.

e. Market Maker Accounts.

1. The ETP Holder acting as a registered Market Maker in Trust Issued Receipts must file, with the Exchange, in a manner prescribed by the Exchange, and keep current a list identifying all accounts for trading the underlying physical asset or commodity, related futures or options on futures, or any other related derivatives, which the ETP Holder acting as registered Market Maker may have or over which it may exercise investment discretion. No ETP Holder acting as registered Market Maker in the Trust Issued Receipts shall trade in the underlying physical asset or commodity, related futures or options on futures, or any other related derivatives, in an account in which an ETP Holder acting as a registered Market Maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to the Exchange as required by this Rule.
2. In addition to the existing obligations under Exchange rules regarding the production of books and records, the ETP Holder

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acting as a registered Market Maker in Trust Issued Receipts shall make available to the Exchange such books, records or other information pertaining to transactions by such entity or registered or non-registered employee affiliated with such entity for its or their own accounts in the underlying physical asset or commodity, related futures or options on futures, or any other related derivatives, as may be requested by the Exchange.

- f. **Limitation of Exchange Liability.** Neither the Exchange nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any underlying asset or commodity value, the current value of the underlying asset or commodity if required to be deposited to the Trust in connection with issuance of Trust Issued Receipts; net asset value; or other information relating to the purchase, redemption or trading of Trust Issued Receipts, resulting from any negligent act or omission by the Exchange or any agent of the Exchange, or any act, condition or cause beyond the reasonable control of the Exchange or its agent, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in an underlying asset or commodity.
- g. The Exchange will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before listing and trading Trust Issued Receipts based on separate Investment Shares or Financial Instruments. All statements or representations contained in such rule filing regarding (a) the description of the index, portfolio or reference asset, (b) limitations on index or portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing will constitute continued listing requirements. An issuer of such securities must notify the Exchange of any failure to comply with such continued listing requirements.

28004. Commodity-Based Trust Shares

- a. The Exchange will consider forlisting Commodity-Based Trust Shares that meet the criteria of this Rule.
- b. **Applicability.** This Rule is applicable only to Commodity-Based Trust Shares. Except to the extent inconsistent with this Rule, or unless the context otherwise requires, the provisions of the trust issued receipts rules, Bylaws, and all other rules and procedures of the Board of Directors of the Exchange shall be applicable to the trading on the Exchange of such securities. Commodity-Based Trust Shares are included within the definition of "security" or "securities" as such terms are used in the Bylaws and Rules of the Exchange.

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- c. **Definitions.** The following terms as used in the Rules shall, unless the context otherwise requires, have the meaning herein specified:
1. **Commodity-Based Trust Shares.** The term "Commodity-Based Trust Shares" means a security (a) that is issued by a trust ("Trust") that holds (1) a specified commodity deposited with the Trust, or (2) a specified commodity and, in addition to such specified commodity, cash; (b) that is issued by such Trust in a specified aggregate minimum number in return for a deposit of a quantity of the underlying commodity and/or cash; and (c) that, when aggregated in the same specified minimum number, may be redeemed at a holder's request by such Trust which will deliver to the redeeming holder the quantity of the underlying commodity and/or cash.
 2. **Commodity.** The term "commodity" is defined in Section 1a(9) of the Commodity Exchange Act.
- d. **Designation of an Underlying Commodity.** The Exchange may list Commodity-Based Trust Shares based on an underlying commodity. Each issue of a Commodity-Based Trust Share shall be designated as a separate series and shall be identified by a unique symbol.
- e. **Initial and Continued Listing.** Commodity-Based Trust Shares will be listed and traded on the Exchange subject to application of the following criteria:
1. **Initial Listing**—the Exchange will establish a minimum number of Commodity-Based Trust Shares required to be outstanding at the time of commencement of trading on the Exchange.
 2. **Continued Listing**—The Exchange will maintain surveillance procedures for securities listed under this rule and will consider the suspension of trading in, and will initiate delisting proceedings under Rules in the 27000 Series of, such series under any of the following circumstances:
 - i. if, following the initial twelve month period following commencement of trading on the Exchange of Commodity-Based Trust Shares, the Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Commodity-Based Trust Shares; or
 - ii. if, following the initial twelve month period following commencement of trading on the

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Exchange of Commodity-Based Trust Shares, the Trust has fewer than 50,000 receipts issued and outstanding; or

- iii. if, following the initial twelve month period following commencement of trading on the Exchange of Commodity-Based Trust Shares, the market value of all receipts issued and outstanding is less than \$1,000,000; or
- iv. if the value of the underlying commodity is no longer calculated or available on at least a 15-second delayed basis from a source unaffiliated with the sponsor, Trust, custodian or the Exchange or the Exchange stops providing a hyperlink on its Web site to any such unaffiliated commodity value;
- v. if the Indicative Trust Value is no longer made available on at least a 15-second delayed basis;
- vi. if any of the continued listing requirements set forth in this Rule are not continuously maintained;
- vii. if the Exchange submits a rule filing pursuant to Section 19(b) of the Securities Exchange Act of 1934 to permit the listing and trading of a series of Commodity-Based Trust Shares and any of the statements or representations regarding (a) the description of the index, portfolio or reference asset, (b) limitations on index or portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing are not continuously maintained; or
- viii. if such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

Upon termination of a Trust, the Exchange requires that Commodity-Based Trust Shares issued in connection with such entity Trust be removed from Exchange listing. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of the Trust falls below a specified amount.

3. Term—The stated term of the Trust shall be as stated in the Trust prospectus. However, a Trust may be terminated under such earlier circumstances as may be specified in the Trust prospectus.

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4. Trustee—The following requirements apply on an initial and continued listing basis:
 - i. The trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, a qualified trust company or banking institution must be appointed co-trustee.
 - ii. No change is to be made in the trustee of a listed issue without prior notice to and approval of the Exchange.
 5. Voting—Voting rights shall be as set forth in the applicable Trust prospectus.
- f. Limitation of Exchange Liability. Neither the Exchange nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any underlying commodity value, the current value of the underlying commodity required to be deposited to the Trust in connection with issuance of Commodity-Based Trust Shares; resulting from any negligent act or omission by the Exchange, or any agent of the Exchange, or any act, condition or cause beyond the reasonable control of the Exchange, its agent, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in an underlying commodity.
- g. Market Maker Accounts. An ETP Holder acting as a Market Maker in Commodity-Based Trust Shares with no exposure to a non-U.S. currency or currencies must file with the Exchange in a manner prescribed by the Exchange and keep current a list identifying all accounts for trading in an underlying commodity, related commodity futures or options on commodity futures, or any other related commodity derivatives, which the Market Maker may have or over which it may exercise investment discretion. An ETP Holder acting as a Market Maker in Commodity-Based Trust Shares with exposure to one or more non-U.S. currencies ("Underlying FX") also must file with the Exchange, in a manner prescribed by the Exchange, and keep current a list identifying all accounts for trading in Underlying FX and derivatives overlying Underlying FX which the Market Maker may have or over which it may exercise investment discretion, as well as a list of all commodity and commodity-related accounts referenced above. No Market Maker in Commodity-Based Trust Shares shall trade in a commodity, Underlying FX or any related derivative in an account that the Market Maker (1) directly or indirectly controls

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trading activities or has a direct interest in the profits or losses thereof, (2) is required by this rule to disclose to the Exchange, and (3) has not reported to the Exchange.

In addition to the existing obligations under Exchange rules regarding the production of books and records, the ETP Holder acting as a Market Maker in Commodity-Based Trust Shares shall make available to the Exchange such books, records or other information pertaining to transactions by such entity or registered or non-registered employee affiliated with such entity for its or their own accounts for trading the underlying physical commodity, related commodity futures or options on commodity futures, applicable Underlying FX, or any other related commodity or applicable Underlying FX derivatives, as may be requested by the Exchange.

IM-28004-1

A Commodity-Based Trust Share is a Trust Issued Receipt that holds a specified commodity deposited with the Trust.

IM-28004-2

The Exchange requires that ETP Holders provide all purchasers of newly issued Commodity-Based Trust Shares a prospectus for the series of Commodity-Based Trust Shares.

IM-28004-3

Transactions in Commodity-Based Trust Shares will occur during Regular Trading Hours.

IM-28004-4

The Exchange will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before listing Commodity-Based Trust Shares. All statements or representations contained in such rule filing regarding (a) the description of the index, portfolio or reference asset, (b) limitations on index or portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing will constitute continued listing requirements. An issuer of such securities must notify the Exchange of any failure to comply with such continued listing requirements.

28005. Managed Fund Shares

- a. The Exchange will consider for listing Managed Fund Shares that meet the criteria of this Rule.
- b. **Applicability.** This Rule is applicable only to Managed Fund Shares. Except to the extent inconsistent with this Rule, or unless the context otherwise requires, the rules and procedures of the Board of Directors of the Exchange shall be applicable to the trading on the Exchange of such securities. Managed Fund Shares are included within the definition of "security" or "securities" as such terms are used in the Rules of the Exchange.

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- c. Definitions. The following terms as used in the Rules shall, unless the context otherwise requires, have the meanings herein specified:
1. Managed Fund Share. The term "Managed Fund Share" means a security that (a) represents an interest in a registered investment company ("Investment Company") organized as an open-end management investment company or similar entity, that invests in a portfolio of securities selected by the Investment Company's investment adviser consistent with the Investment Company's investment objectives and policies; (b) is issued in a specified aggregate minimum number in return for a deposit of a specified portfolio of securities and/or a cash amount with a value equal to the next determined net asset value; and (c) when aggregated in the same specified minimum number, may be redeemed at a holder's request, which holder will be paid a specified portfolio of securities and/or cash with a value equal to the next determined net asset value.
 2. Disclosed Portfolio. The term "Disclosed Portfolio" means the identities and quantities of the securities and other assets held by the Investment Company that will form the basis for the Investment Company's calculation of net asset value at the end of the business day. The website for each series of Managed Fund Shares shall disclose the following information regarding the Disclosed Portfolio, to the extent applicable:
 - A. ticker symbol;
 - B. CUSIP or other identifier;
 - C. description of the holding;
 - D. with respect to holdings in derivatives, the identity of the security, commodity, index or other asset upon which the derivative is based;
 - E. the strike price for any options;
 - F. the quantity of each security or other asset held as measured by;
 - i. par value,
 - ii. notional value,
 - iii. number of shares,

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- iv. number of contracts, and
 - v. number of units;
- G. maturity date;
 - H. coupon rate;
 - I. effective date;
 - J. market value; and
 - K. percentage weighting of the holding in the portfolio.
3. **Portfolio Indicative Value.** The term "Portfolio Indicative Value" is the estimated indicative value of a Managed Fund Share based on current information regarding the value of the securities and other assets in the Disclosed Portfolio.
 4. **Reporting Authority.** The term "Reporting Authority" in respect of a particular series of Managed Fund Shares means the Exchange, an institution, or a reporting service designated by the Exchange as the official source for calculating and reporting information relating to such series, including, but not limited to, the Portfolio Indicative Value; the Disclosed Portfolio; the amount of any cash distribution to holders of Managed Fund Shares, net asset value, or other information relating to the issuance, redemption or trading of Managed Fund Shares. A series of Managed Fund Shares may have more than one Reporting Authority, each having different functions.
 5. **Normal Market Conditions.** The term "normal market conditions" includes, but is not limited to, the absence of trading halts in the applicable financial markets generally; operational issues (e.g., systems failure) causing dissemination of inaccurate market information; or force majeure type events such as natural or manmade disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.
- d. **Initial and Continued Listing—**Managed Fund Shares will be listed and traded on the Exchange subject to application of the following criteria:
1. **Initial Listing—**Each series of Managed Fund Shares will be listed and traded on the Exchange subject to application of the following initial listing criteria:

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- A. For each series, the Exchange will establish a minimum number of Managed Fund Shares required to be outstanding at the time of commencement of trading on the Exchange.
 - B. The Exchange will obtain a representation from the issuer of each series of Managed Fund Shares that the net asset value per share for the series will be calculated daily and that the net asset value and the Disclosed Portfolio will be made available to all market participants at the same time.
 - C. All Managed Fund Shares shall have a stated investment objective, which shall be adhered to under normal market conditions.
2. Continued Listing—Each series of Managed Fund Shares will be listed and traded on the Exchange subject to application of the following continued listing criteria:
- A. Portfolio Indicative Value. The Portfolio Indicative Value for Managed Fund Shares will be widely disseminated by one or more major market data vendors at least every 15 seconds during Regular Trading Hours.
 - B. Disclosed Portfolio.
 - i. The Disclosed Portfolio will be disseminated at least once daily and will be made available to all market participants at the same time.
 - ii. The Reporting Authority that provides the Disclosed Portfolio must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the actual components of the portfolio.
 - C. Suspension of trading or removal. The Exchange will maintain surveillance procedures for securities listed under this rule and will consider the suspension of trading in, and will commence delisting proceedings under Rules in the 27000 Series of, a series of Managed Fund Shares under any of the following circumstances:
 - i. if, following the initial twelve-month period after commencement of trading on the Exchange of a

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series of Managed Fund Shares, there are fewer than 50 beneficial holders of the series of Management Fund Shares;

- ii. if the value of the Portfolio Indicative Value is no longer calculated or available or the Disclosed Portfolio is not made available to all market participants at the same time;
 - iii. if the Investment Company issuing the Managed Fund Shares has failed to file any filings required by the Securities and Exchange Commission or if the Exchange is aware that the Investment Company is not in compliance with the conditions of any exemptive order or no-action relief granted by the Securities and Exchange Commission to the Investment Company with respect to the series of Managed Fund Shares;
 - iv. if any of the continued listing requirements set forth in this Rule are not continuously maintained;
 - v. if the Exchange submits a rule filing pursuant to Section 19(b) of the Securities Exchange Act of 1934 to permit the listing and trading of a series of Managed Fund Shares that do not otherwise meet the standards set forth in this Rule and any of the statements or representations regarding (a) the description of the portfolio or reference asset, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing are not continuously maintained; or
 - vi. if such other event shall occur or condition exists which, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable.
- D. Trading Halt. If the Portfolio Indicative Value (as defined in this Rule at (c)(3)) of a series of Managed Fund Shares is not being disseminated as required, the Exchange may halt trading during the day in which the interruption to the dissemination of the Portfolio Indicative Value occurs. If the interruption to the dissemination of the Portfolio Indicative Value persists past the trading day in which it

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occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. If a series of Managed Fund Shares is trading on the Exchange, the Exchange will halt trading in that series as specified in Rule 25050(c). In addition, if the Exchange becomes aware that the net asset value or the Disclosed Portfolio with respect to a series of Managed Fund Shares is not disseminated to all market participants at the same time, it will halt trading in such series until such time as the net asset value or the Disclosed Portfolio is available to all market participants.

- E. Termination. Upon termination of an Investment Company, the Exchange requires that Managed Fund Shares issued in connection with such entity be removed from Exchange listing.
 - F. Voting. Voting rights shall be as set forth in the applicable Investment Company prospectus.
- e. Limitation of Exchange Liability. Neither the Exchange, the Reporting Authority, nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any current portfolio value; the current value of the portfolio of securities required to be deposited to the open-end management investment company in connection with issuance of Managed Fund Shares; the amount of any dividend equivalent payment or cash distribution to holders of Managed Fund Shares; net asset value; or other information relating to the purchase, redemption, or trading of Managed Fund Shares, resulting from any negligent act or omission by the Exchange, the Reporting Authority or any agent of the Exchange, or any act, condition, or cause beyond the reasonable control of the Exchange, its agent, or the Reporting Authority, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission, or delay in the reports of transactions in one or more underlying securities.

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The Exchange may approve Managed Fund Shares for listing pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934. Components of a series of Managed Fund Shares listed pursuant to Rule 19b-4(e) shall satisfy the criteria set forth in this Rule upon initial listing and on a continual basis. The Exchange will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before the listing and trading of a series of Managed Fund Shares with

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components that do not satisfy the criteria set forth in this IM-28005-1 or components other than those specified below. All statements or representations contained in such rule filing regarding (a) the description of the portfolio or reference asset, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing will constitute continued listing requirements. An issuer of such securities must notify the Exchange of any failure to comply with such continued listing requirements.

- a. Equity-Equity securities include the following: U.S. Component Stocks (as described in Rule 28000); Non-U.S. Component Stocks (as described in Rule 28000); Derivative Securities Products (i.e., Investment Company Units and securities described in IM-28000-1); and Index-Linked Securities that qualify for Exchange listing and trading under Rule 28001. For Derivative Securities Products and Index-Linked Securities, no more than 25% of the equity weight of the portfolio shall consist of leveraged and/or inverse leveraged Derivative Securities Products or Index-Linked Securities. The securities described in Rule 28000 and Rule 28001 referenced above, shall include securities listed on another national securities exchange pursuant to substantially equivalent listing rules. To the extent that a portfolio includes convertible securities, the equity security into which such security is converted shall meet the criteria of this IM-28005-1a. after converting.
 1. U.S. Component Stocks. The component stocks of the equity portion of a portfolio that are U.S. Component Stocks shall meet the following criteria initially and on a continuing basis:
 - A. Component stocks (excluding Derivative Securities Products and Index-Linked Securities) that in the aggregate account for at least 90% of the equity weight of the portfolio (excluding such Derivative Securities Products and Index-Linked Securities) each shall have a minimum market value of at least \$75 million;
 - B. Component stocks (excluding Derivative Securities Products and Index-Linked Securities) that in the aggregate account for at least 70% of the equity weight of the portfolio (excluding such Derivative Securities Products and Index-Linked Securities) each shall have a minimum monthly trading volume of 250,000 shares, or minimum notional volume traded per month of \$25,000,000, averaged over the last six months;
 - C. The most heavily weighted component stock (excluding Derivative Securities Products and Index-Linked Securities) shall not exceed 30% of the equity weight of the portfolio, and, to the extent applicable, the five most heavily weighted component stocks (excluding Derivative

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Securities Products and Index-Linked Securities) shall not exceed 65% of the equity weight of the portfolio;

- D. Where the equity portion of the portfolio does not include Non-U.S. Component Stocks, the equity portion of the portfolio shall include a minimum of 13 component stocks; provided, however, that there shall be no minimum number of component stocks if (i) one or more series of Derivative Securities Products or Index-Linked Securities constitute, at least in part, components underlying a series of Managed Fund Shares, or (ii) one or more series of Derivative Securities Products or Index-Linked Securities account for 100% of the equity weight of the portfolio of a series of Managed Fund Shares;
 - E. Except as provided herein, equity securities in the portfolio shall be U.S. Component Stocks listed on a national securities exchange and shall be NMS Stocks as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934; and
 - F. American Depositary Receipts ("ADRs") in a portfolio may be exchange-traded or nonexchange-traded. However, no more than 10% of the equity weight of a portfolio shall consist of non-exchange-traded ADRs.
2. Non-U.S. Component Stocks. The component stocks of the equity portion of a portfolio that are Non-U.S. Component Stocks shall meet the following criteria initially and on a continuing basis:
- A. Non-U.S. Component Stocks each shall have a minimum market value of at least \$100 million;
 - B. Non-U.S. Component Stocks each shall have a minimum global monthly trading volume of 250,000 shares, or minimum global notional volume traded per month of \$25,000,000, averaged over the last six months;
 - C. The most heavily weighted Non-U.S. Component stock shall not exceed 25% of the equity weight of the portfolio, and, to the extent applicable, the five most heavily weighted Non-U.S. Component Stocks shall not exceed 60% of the equity weight of the portfolio;

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- D. Where the equity portion of the portfolio includes Non-U.S. Component Stocks, the equity portion of the portfolio shall include a minimum of 20 component stocks; provided, however, that there shall be no minimum number of component stocks if (i) one or more series of Derivative Securities Products or Index-Linked Securities constitute, at least in part, components underlying a series of Managed Fund Shares, or (ii) one or more series of Derivative Securities Products or Index-Linked Securities account for 100% of the equity weight of the portfolio of a series of Managed Fund Shares; and
- E. Each Non-U.S. Component Stock shall be listed and traded on an exchange that has last-sale reporting.
- b. Fixed Income - Fixed income securities are debt securities that are notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities ("Treasury Securities"), government-sponsored entity securities ("GSE Securities"), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof, investment grade and high yield corporate debt, bank loans, mortgage and asset backed securities, and commercial paper. To the extent that a portfolio includes convertible securities, the fixed income security into which such security is converted shall meet the criteria of this IM-28005-1b after converting. The components of the fixed income portion of a portfolio shall meet the following criteria initially and on a continuing basis:
1. Components that in the aggregate account for at least 75% of the fixed income weight of the portfolio each shall have a minimum original principal amount outstanding of \$100 million or more;
 2. No component fixed-income security (excluding Treasury Securities and GSE Securities) shall represent more than 30% of the fixed income weight of the portfolio, and the five most heavily weighted component fixed income securities in the portfolio (excluding Treasury Securities and GSE Securities) shall not in the aggregate account for more than 65% of the fixed income weight of the portfolio;
 3. An underlying portfolio (excluding exempted securities) that includes fixed income securities shall include a minimum of 13 non-affiliated issuers, provided, however, that there shall be no minimum number of non-affiliated issuers required for fixed income securities if at least 70% of the weight of the portfolio consists of equity securities as described in IM-20009-1a above;

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4. Component securities that in aggregate account for at least 90% of the fixed income weight of the portfolio must be either (a) from issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Securities Exchange Act of 1934; (b) from issuers that have a worldwide market value of its outstanding common equity held by non-affiliates of \$700 million or more; (c) from issuers that have outstanding securities that are notes, bonds debentures, or evidence of indebtedness having a total remaining principal amount of at least \$1 billion; (d) exempted securities as defined in Section 3(a)(12) of the Securities Exchange Act of 1934; or (e) from issuers that are a government of a foreign country or a political subdivision of a foreign country; and
 5. Non-agency, non-GSE and privately-issued mortgage-related and other asset-backed securities components of a portfolio shall not account, in the aggregate, for more than 20% of the weight of the portfolio.
- c. Cash and Cash Equivalents. Cash equivalents shall include short-term instruments with maturities of less than 3 months (as described herein). In addition, a portfolio may hold cash.
1. There shall be no limitation to the percentage of the portfolio invested in such holdings.
 2. Short-term instruments shall include the following:
 - i. U.S. Government securities, including bills, notes and bonds differing as to maturity and rates of interest, which are either issued or guaranteed by the U.S. Treasury or by U.S. Government agencies or instrumentalities;
 - ii. certificates of deposit issued against funds deposited in a bank or savings and loan association;
 - iii. bankers' acceptances, which are short-term credit instruments used to finance commercial transactions;
 - iv. repurchase agreements and reverse repurchase agreements;
 - v. bank time deposits, which are monies kept on deposit with banks or savings and loan associations for a stated period of time at a fixed rate of interest;

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- vi. commercial paper, which are short-term unsecured promissory notes; and
 - vii. money market funds.
- d. **Listed Derivatives.** The portfolio may hold listed derivatives, including futures, options and swaps on commodities, currencies and financial instruments (e.g., stocks, fixed income, interest rates, and volatility) or a basket or index of any of the foregoing. There shall be no limitation to the percentage of the portfolio invested in such holdings, subject to the following requirements:
- 1. in the aggregate, at least 90% of the weight of such holdings invested in futures, exchange-traded options, and listed swaps shall, on both an initial and continuing basis, consist of futures, options, and swaps for which the Exchange may obtain information via the Intermarket Surveillance Group ("ISG") from other members or affiliates of the ISG or for which the principal market is a market with which the Exchange has a comprehensive surveillance sharing agreement. (For purposes of calculating this limitation, a portfolio's investment in listed derivatives will be calculated as the aggregate gross notional value of the listed derivatives.); and
 - 2. the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets shall not exceed 65% of the weight of the portfolio (including gross notional exposures), and the aggregate gross notional value of listed derivatives based on any single underlying reference asset shall not exceed 30% of the weight of the portfolio (including gross notional exposures).
- e. **Over-the-Counter ("OTC") Derivatives.** The portfolio may hold OTC derivatives, including forwards, options and swaps on commodities, currencies and financial instruments (e.g., stocks, fixed income, interest rates, and volatility) or a basket or index of any of the foregoing; however, on both an initial and continuing basis, no more than 20% of the assets in the portfolio may be invested in OTC derivatives. For purposes of calculating this limitation, a portfolio's investment in OTC derivatives will be calculated as the aggregate gross notional value of the OTC derivatives.
- f. To the extent that listed or OTC derivatives are used to gain exposure to individual equities and/or fixed income securities, or to indexes of equities and/or indexes of fixed income securities, the aggregate gross notional value of such exposure shall meet the criteria set forth in IM-28005-1a and 1b (including gross notional exposures), respectively.

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Transactions in Managed Fund Shares will occur during Regular Trading Hours.

IM-28005-3

Surveillance Procedures. The Exchange will implement written surveillance procedures for Managed Fund Shares.

IM-28005-4

Creation and Redemption. For Managed Fund Shares based on an international or global portfolio, the statutory prospectus or the application for exemption from provisions of the Investment Company Act of 1940 for the series of Managed Fund Shares must state that the series of Managed Fund Shares must comply with the federal securities laws in accepting securities for deposits and satisfying redemptions with redemption securities, including that the securities accepted for deposits and the securities used to satisfy redemption requests are sold in transactions that would be exempt from registration under the Securities Act of 1933.

IM-28005-5

Disclosures. The provisions of this subparagraph apply only to series of Managed Fund Shares that are the subject of an order by the Securities and Exchange Commission exempting such series from certain prospectus delivery requirements under Section 24(d) of the Investment Company Act of 1940 and are not otherwise subject to prospectus delivery requirements under the Securities Act of 1933. The Exchange will inform ETP Holders regarding application of these provisions of this subparagraph to a particular series of Managed Fund Shares by means of an information circular prior to commencement of trading in such series.

The Exchange requires that ETP Holders provide to all purchasers of a series of Managed Fund Shares a written description of the terms and characteristics of those securities, in a form prepared by the open-end management investment company issuing such securities, not later than the time a confirmation of the first transaction in such series is delivered to such purchaser. In addition, ETP Holders shall include such a written description with any sales material relating to a series of Units that is provided to customers or the public. Any other written materials provided by an ETP Holder to customers or the public making specific reference to a series of Managed Fund Shares as an investment vehicle must include a statement in substantially the following form: "A circular describing the terms and characteristics of (the series of Managed Fund Shares) has been prepared by the (open-end management investment company name) and is available from your broker. It is recommended that you obtain and review such circular before purchasing (the series of Managed Fund Shares)."

An ETP Holder carrying an omnibus account for a non-ETP Holder is required to inform such non-ETP Holder that execution of an order to purchase a series of Managed Fund Shares for such

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omnibus account will be deemed to constitute agreement by the non-ETP Holder to make such written description available to its customers on the same terms as are directly applicable to ETP Holders under this rule.

Upon request of a customer, an ETP Holder shall also provide a prospectus for the particular series of Managed Fund Shares.

IM-28005-6

If the investment adviser to the Investment Company issuing Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect and maintain a "fire wall" between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such Investment Company portfolio. Personnel who make decisions on the Investment Company's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable Investment Company portfolio.

28006. Active Proxy Portfolio Shares

- a. The Exchange shall consider for listing Active Proxy Portfolio Shares that meet the criteria of this Rule.
- b. **Applicability.** This Rule is applicable only to Active Proxy Portfolio Shares. Except to the extent inconsistent with this Rule, or unless the context otherwise requires, the rules and procedures of the Board of Directors of the Exchange shall be applicable to the trading on the Exchange of such securities. Active Proxy Portfolio Shares are included within the definition of "security" or "securities" as such terms are used in the Rules of the Exchange.
- c. **Definitions.** The following terms as used in the Rules shall, unless the context otherwise requires, have the meanings herein specified:
 1. **Active Proxy Portfolio Shares.** The term "Active Proxy Portfolio Share" means a security that (a) is issued by a investment company registered under the Investment Company Act of 1940 ("Investment Company") organized as an openend management investment company that invests in a portfolio of securities selected by the Investment Company's investment adviser consistent with the Investment Company's investment objectives and policies; (b) is issued in a specified minimum number of shares , or multiples thereof, in return for a deposit by the purchaser of the Proxy Portfolio and/or cash with a value equal to the next determined net asset value ("NAV"); (c) when aggregated in the same specified minimum number of Active Proxy Portfolio Shares, or multiples thereof, may be redeemed at a holder's request in return for the Proxy Portfolio and/or cash to the holder by the

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- issuer with a value equal to the next determined NAV; and (d) the portfolio holdings for which are disclosed within at least 60 days following the end of every fiscal quarter.
2. **Actual Portfolio.** The term “Actual Portfolio” means the identities and quantities of the securities and other assets held by the Investment Company that shall form the basis for the Investment Company’s calculation of NAV at the end of the business day.
 3. **Proxy Portfolio.** The term “Proxy Portfolio” means a specified portfolio of securities, other financial instruments and/or cash designed to track closely the daily performance of the Actual Portfolio of a series of Active Proxy Portfolio Shares as provided in the exemptive relief pursuant to the Investment Company Act of 1940 applicable to such series. The website for each series of Active Proxy Portfolio Shares shall disclose the information regarding the Proxy Portfolio as provided in the exemptive relief pursuant to the Investment Company Act of 1940 applicable to such series, including the following, to the extent applicable:
 - i. Ticker symbol;
 - ii. CUSIP or other identifier;
 - iii. Description of holding;
 - iv. Quantity of each security or other asset held; and
 - v. Percentage weighting of the holding in the portfolio.
 4. **Reporting Authority.** The term “Reporting Authority” in respect of a particular series of Active Proxy Portfolio Shares means the Exchange, an institution, or a reporting service designated by the Exchange or by the exchange that lists a particular series of Active Proxy Portfolio Shares as the official source for calculating and reporting information relating to such series, including, but not limited to, NAV, the Actual Portfolio, Proxy Portfolio, or other information relating to the issuance, redemption or trading of Active Proxy Portfolio Shares. A series of Active Proxy Portfolio Shares may have more than one Reporting Authority, each having different functions.
 5. **Normal Market Conditions.** The term "normal market conditions" includes, but is not limited to, the absence of trading halts in the applicable financial markets generally; operational issues (e.g., systems failure) causing dissemination of inaccurate market

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information; or force majeure type events such as natural or manmade disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

- d. Initial and Continued Listing. Active Proxy Portfolio Shares shall be listed and traded on the Exchange subject to application of the following criteria:
 1. Initial Listing. Each series of Active Proxy Portfolio Shares shall be listed and traded on the Exchange subject to application of the following initial listing criteria:
 - A. For each series, the Exchange shall establish a minimum number of Active Proxy Portfolio Shares required to be outstanding at the time of commencement of trading on the Exchange.
 - B. The Exchange shall obtain a representation from the issuer of each series of Active Proxy Portfolio Shares that the NAV per share for the series shall be calculated daily and that the NAV, the Proxy Portfolio, and the Actual Portfolio shall be made publicly available to all market participants at the same time.
 - C. All Active Proxy Portfolio Shares shall have a stated investment objective, which shall be adhered to under normal market conditions.
 2. Continued Listing. Each series of Active Proxy Portfolio Shares shall be listed and traded on the Exchange subject to application of the following continued listing criteria:
 - A. Actual Portfolio.
 - i. The Actual Portfolio shall be publicly disseminated within at least 60 days following the end of every fiscal quarter and shall be made publicly available to all market participants at the same time.
 - B. Proxy Portfolio.
 - i. The Proxy Portfolio shall be made publicly available on the website for each series of Active Proxy Portfolio Shares at least once daily and shall be made available to all market participants at the same time.

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- C. Suspension of trading or removal. The Exchange will consider the suspension of trading in, and will commence delisting proceedings under Rules in the 27000 Series for, a series of Active Proxy Portfolio Shares under any of the following circumstances:
- i. if any of the continued listing requirements set forth in this Rule are not continuously maintained;
 - ii. if either the Proxy Portfolio or Actual Portfolio is not made available to all market participants at the same time;
 - iii. if, following the initial twelve month period after commencement of trading on the Exchange of a series of Active Proxy Portfolio Shares, there are fewer than 50 beneficial holders of such series of Active Proxy Portfolio Shares;
 - iv. if the Exchange is notified, or otherwise becomes aware, that the Investment Company has failed to file any filings required by the Commission or is not in compliance with the conditions of any currently applicable exemptive order or no-action relief granted by the Commission or Commission staff to the Investment Company with respect to a series of Active Proxy Portfolio Shares;
 - v. if any of the statements or representations regarding (a) the description of the portfolio, (b) limitations on portfolio holdings, or (c) the applicability of Exchange listing rules, specified in the Exchange's rule filing pursuant to Section 19(b) of the Securities Exchange Act of 1934 to permit the listing and trading of a series of Active Proxy Portfolio Shares, is not continuously maintained; or
 - vi. if such other event shall occur or condition exists which, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable.
- D. Trading Halt.
- i. The Exchange may consider all relevant factors in exercising its discretion to halt trading in a series of Active Proxy Portfolio Shares. Trading may be

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halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the series of Active Proxy Portfolio Shares inadvisable. These may include: (a) the extent to which trading is not occurring in the securities and/or the financial instruments composing the Proxy Portfolio and/or Actual Portfolio, or (b) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.

ii. Reserved.

iii. If the Exchange becomes aware that the NAV, Proxy Portfolio or Actual Portfolio with respect to a series of Active Proxy Portfolio Shares is not made available to all market participants at the same time, the Exchange shall halt trading in such series until such time as the NAV, Proxy Portfolio or Actual Portfolio is available to all market participants at the same time, as applicable.

E. Termination. Upon termination of an Investment Company, the Exchange requires that Active Proxy Portfolio Shares issued in connection with such entity be removed from Exchange listing.

F. Voting. Voting rights shall be as set forth in the applicable Investment Company prospectus.

e. Limitation of Exchange Liability. Neither the Exchange, the Reporting Authority, when the Exchange is acting in the capacity of a Reporting Authority, nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any current portfolio value; the current value of the portfolio of securities required to be deposited to the Investment Company in connection with issuance of Active Proxy Portfolio Shares; the amount of any dividend equivalent payment or cash distribution to holders of Active Proxy Portfolio Shares; NAV; or other information relating to the purchase, redemption, or trading of Active Proxy Portfolio Shares, resulting from any negligent act or omission by the Exchange, the Reporting Authority, when the Exchange is acting in the capacity of a Reporting Authority, or any agent of the Exchange, or any act, condition, or cause beyond the reasonable control of the Exchange, its agent, or the Reporting Authority, when the Exchange is acting in the capacity of a Reporting Authority, including, but not limited to, an act of God; fire; flood; extraordinary weather

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conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission, or delay in the reports of transactions in one or more underlying securities.

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The Exchange will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before the listing and trading of a series of Active Proxy Portfolio Shares. All statements or representations contained in such rule filing regarding (a) the description of the portfolio, (b) limitations on portfolio holdings, or (c) the applicability of Exchange listing rules specified in such rule filing will constitute continued listing requirements. An issuer of such securities must notify the Exchange of any failure to comply with such continued listing requirements.

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Transactions in Active Proxy Portfolio Shares shall occur during Regular Trading Hours.

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Surveillance Procedures. The Exchange will implement and maintain written surveillance procedures for Active Proxy Portfolio Shares. As part of these surveillance procedures, the Investment Company's investment adviser will, upon request by the Exchange or FINRA, on behalf of the Exchange, make available to the Exchange or FINRA the daily Actual Portfolio holdings of each series of Active Proxy Portfolio Shares.

IM-28006-4

If the investment adviser to the Investment Company issuing Active Proxy Portfolio Shares is registered as a broker-dealer or is affiliated with a broker-dealer, such investment adviser will erect and maintain a "fire wall" between the investment adviser and personnel of the broker-dealer or broker-dealer affiliate, as applicable, with respect to access to information concerning the composition and/or changes to such Investment Company's Actual Portfolio and/or Proxy Portfolio. Any person related to the investment adviser or Investment Company who makes decisions pertaining to the Investment Company's Actual Portfolio and/or Proxy Portfolio or has access to non-public information regarding the Investment Company's Actual Portfolio and/or the Proxy Portfolio or changes thereto must be subject to procedures reasonably designed to prevent the use and dissemination of material non-public information regarding the Actual Portfolio and/or the Proxy Portfolio or changes thereto.

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Any person or entity, including a custodian, Reporting Authority, distributor, or administrator, who has access to non-public information regarding the Investment Company's Actual Portfolio

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or the Proxy Portfolio or changes thereto, must be subject to procedures reasonably designed to prevent the use and dissemination of material non-public information regarding the applicable Investment Company Actual Portfolio or the Proxy Portfolio or changes thereto. Moreover, if any such person or entity is registered as a broker-dealer or affiliated with a broker-dealer, such person or entity will erect and maintain a “fire wall” between the person or entity and the broker-dealer with respect to access to information concerning the composition and/or changes to such Investment Company Actual Portfolio or Proxy Portfolio.

28007. Managed Portfolio Shares

- a. The Exchange will consider for trading Managed Portfolio Shares that meet the criteria of this Rule.
- b. Applicability. This Rule is applicable only to Managed Portfolio Shares. Except to the extent inconsistent with this Rule, or unless the context otherwise requires, the rules and procedures of the Board of Directors of the Exchange shall be applicable to the trading on the Exchange of such securities. Managed Portfolio Shares are included within the definition of "security" or "securities" as such terms are used in the Rules of the Exchange.
 1. The Exchange will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before the listing and trading of a series of Managed Portfolio Shares. All statements or representations contained in such rule filing regarding (a) the description of the portfolio or reference asset, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing will constitute continued listing requirements. An issuer of such securities must notify the Exchange of any failure to comply with such continued listing requirements.
 2. Transactions in Managed Portfolio Shares shall occur during Regular Trading Hours.
 3. Surveillance Procedures. The Exchange will implement and maintain written surveillance procedures for Managed Portfolio Shares. As part of these surveillance procedures, the Investment Company’s investment adviser will upon request by the Exchange or FINRA, on behalf of the Exchange, make available to the Exchange or FINRA the daily portfolio holdings of each series of Managed Portfolio Shares.
 4. If the investment adviser to the Investment Company issuing Managed Portfolio Shares is registered as a broker-dealer or is affiliated with a broker-dealer, such investment adviser will erect and maintain a “fire wall” between the investment adviser and

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personnel of the broker-dealer or broker-dealer affiliate, as applicable, with respect to access to information concerning the composition of and/or changes to such Investment Company portfolio and/or the Creation Basket. Any person related to the investment adviser or Investment Company who makes decisions pertaining to the Investment Company's portfolio composition or has access to information regarding the Investment Company's portfolio composition or changes thereto or the Creation Basket must be subject to procedures designed to prevent the use and dissemination of material non-public information regarding the applicable Investment Company portfolio or changes thereto or the Creation Basket.

5. Any person or entity, including an AP Representative, custodian, Reporting Authority, distributor, or administrator, who has access to non-public information regarding the Investment Company's portfolio composition or changes thereto or the Creation Basket, must be subject to procedures reasonably designed to prevent the use and dissemination of material nonpublic information regarding the applicable Investment Company portfolio or changes thereto or the Creation Basket. Moreover, if any such person or entity is registered as a broker-dealer or affiliated with a broker-dealer, such person or entity will erect and maintain a "fire wall" between the person or entity and the broker-dealer with respect to access to information concerning the composition and/or changes to such Investment Company portfolio or Creation Basket.
- c. Definitions. The following terms as used in the Rules shall, unless the context otherwise requires, have the meanings herein specified:
1. Managed Portfolio Share. The term "Managed Portfolio Share" means a security that (a) represents an interest in an investment company registered under the Investment Company Act of 1940 ("Investment Company") organized as an open-end management investment company, that invests in a portfolio of securities selected by the Investment Company's investment adviser consistent with the Investment Company's investment objectives and policies; (b) is issued in a Creation Unit, or multiples thereof, in return for a designated portfolio of instruments (and/or an amount of cash) with a value equal to the next determined net asset value and delivered to the Authorized Participant (as defined in the Investment Company's Form N-1A filed with the Commission) through a Confidential Account; (c) when aggregated into a Redemption Unit, or multiples thereof, may be redeemed for a designated portfolio of instruments (and/or an amount of cash)

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with a value equal to the next determined net asset value delivered to the Confidential Account for the benefit of the Authorized Participant; and (d) the portfolio holdings for which are disclosed within at least 60 days following the end of every fiscal quarter.

2. **Verified Intraday Indicative Value.** The term "Verified Intraday Indicative Value" is the indicative value of a Managed Portfolio Share based on all of the holdings of a series of Managed Portfolio Shares as of the close of business on the prior business day and, for corporate actions, based on the applicable holdings as of the opening of business on the current business day, priced and disseminated in one second intervals during Regular Trading Hours by the Reporting Authority.
3. **AP Representative.** The term "AP Representative" means an unaffiliated broker-dealer, with which an Authorized Participant has signed an agreement to establish a Confidential Account for the benefit of such Authorized Participant, that will deliver or receive, on behalf of the Authorized Participant, all consideration to or from the Investment Company in a creation or redemption. An AP Representative will not be permitted to disclose the Creation Basket to any person, including the Authorized Participants.
4. **Confidential Account.** The term "Confidential Account" means an account owned by an Authorized Participant and held with an AP Representative on behalf of the Authorized Participant. The account will be established and governed by contractual agreement between the AP Representative and the Authorized Participant solely for the purposes of creation and redemption, while keeping confidential the Creation Basket constituents of each series of Managed Portfolio Shares, including from the Authorized Participant. The books and records of the Confidential Account will be maintained by the AP Representative on behalf of the Authorized Participant.
5. **Creation Basket.** The term "Creation Basket" means on any given business day the names and quantities of the specified instruments (and/or an amount of cash) that are required for an AP Representative to deposit in-kind on behalf of an Authorized Participant in exchange for a Creation Unit and the names and quantities of the specified instruments (and/or an amount of cash) that will be transferred in-kind to an AP Representative on behalf of an Authorized Participant in exchange for a Redemption Unit,

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which will be identical and will be transmitted to each AP Representative before the commencement of trading.

6. Creation Unit. The term “Creation Unit” means a specified minimum number of Managed Portfolio Shares issued by an Investment Company at the request of an Authorized Participant in return for a designated portfolio of instruments and/or cash.
 7. Redemption Unit. The term “Redemption Unit” means a specified minimum number of Managed Portfolio Shares that may be redeemed to an Investment Company at the request of an Authorized Participant in return for a portfolio of instruments and/or cash.
 8. Reporting Authority. The term "Reporting Authority" in respect of a particular series of Managed Portfolio Shares means the Exchange, an institution, or a reporting service designated by the Exchange, as the official source for calculating and reporting information relating to such series, including, but not limited to, the net asset value, the Verified Intraday Indicative Value, or other information relating to the issuance, redemption or trading of Managed Portfolio Shares. A series of Managed Portfolio Shares may have more than one Reporting Authority, each having different functions.
 9. Normal Market Conditions. The term “Normal Market Conditions” includes, but is not limited to, the absence of trading halts in the applicable financial markets generally; operations issues (e.g., systems failure) causing dissemination of inaccurate market information; or force majeure type events such as natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruptions or any similar intervening circumstance.
- d. Initial and Continued Listing. Managed Portfolio Shares will be listed and traded on the Exchange subject to application of the following criteria:
1. Initial Listing. Each series of Managed Portfolio Shares will be listed and traded on the Exchange subject to application of the following initial listing criteria:
 - A. For each series, the Exchange will establish a minimum number of Managed Portfolio Shares required to be outstanding at the time of commencement of trading on the Exchange.

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- B. The Exchange will obtain a representation from the Investment Company that issues each series of Managed Portfolio Shares that the net asset value per share for the series will be calculated daily and that the net asset value will be made available to all market participants at the same time.
 - C. All Managed Portfolio Shares shall have a stated investment objective, which shall be adhered to under Normal Market Conditions.
2. Continued Listing. Each series of Managed Portfolio Shares will be listed and traded on the Exchange subject to application of the following continued listing criteria:
- A. Verified Intraday Indicative Value. The Verified Intraday Indicative Value for Managed Portfolio Shares will be widely disseminated by the Reporting Authority and/or by one or more major market data vendors in one second intervals during Regular Trading Hours, and will be disseminated to all market participants at the same time.
 - B. Suspension of trading or removal. The Exchange will consider the suspension of trading in, and will commence delisting proceedings under Rules in the 27000 Series for, a series of Managed Portfolio Shares under any of the following circumstances:
 - i. if, following the initial twelve-month period after commencement of trading on the Exchange of a series of Managed Portfolio Shares, there are fewer than 50 beneficial holders of the series of Managed Portfolio Shares;
 - ii. if the Exchange has halted trading in a series of Managed Portfolio Shares because the Verified Intraday Indicative Value is interrupted pursuant to this Rule at (d)(2)(C)(ii) and such interruption persists past the trading day in which it occurred or is no longer available;
 - iii. if the Exchange has halted trading in a series of Managed Portfolio Shares because the net asset value with respect to such series of Managed Portfolio Shares is not disseminated to all market participants at the same time, the holdings of such

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series of Managed Portfolio Shares are not made available on at least a quarterly basis as required under the 1940 Act, or such holdings are not made available to all market participants at the same time pursuant to this Rule at (d)(2)(C)(ii) and such issue persists past the trading day in which it occurred;

- iv. if the Exchange has halted trading in a series of Managed Portfolio Shares pursuant to this Rule at (d)(2)(C)(i), such issue persists past the trading day in which it occurred;
- v. if the Investment Company issuing the Managed Portfolio Shares has failed to file any filings required by the Commission or if the Exchange is aware that the Investment Company is not in compliance with the conditions of any currently applicable exemptive order or no-action relief granted by the Commission or Commission staff to the Investment Company with respect to the series of Managed Portfolio Shares;
- vi. if any of the continued listing requirements set forth in this Rule are not continuously maintained;
- vii. if any of the statements or representations regarding (a) the description of the portfolio, (b) limitations on portfolio holdings, or (c) the applicability of Exchange listing rules, specified in the Exchange's rule filing pursuant to Section 19(b) of the Securities Exchange Act of 1934 to permit the listing and trading of a series of Managed Portfolio Shares, are not continuously maintained; or
- viii. if such other event shall occur or condition exists which, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable.

C. Trading Halt.

- i. The Exchange may consider all relevant factors in exercising its discretion to halt trading in a series of Managed Portfolio Shares. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the series of Managed Portfolio Shares inadvisable. These

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may include: (a) the extent to which trading is not occurring in the securities and/or the financial instruments composing the portfolio; or (b) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.

- ii. If the Exchange becomes aware that: (a) the Verified Intraday Indicative Value of a series of Managed Portfolio Shares is not being calculated or disseminated in one second intervals, as required; (b) the net asset value with respect to a series of Managed Portfolio Shares is not disseminated to all market participants at the same time; (c) the holdings of a series of Managed Portfolio Shares are not made available on at least a quarterly basis as required under the 1940 Act; or (d) such holdings are not made available to all market participants at the same time (except as otherwise permitted under the currently applicable exemptive order or no action relief granted by the Commission or Commission staff to the Investment Company with respect to the series of Managed Portfolio Shares), it will halt trading in such series until such time as the Verified Intraday Indicative Value, the net asset value, or the holdings are available, as required.

D. Termination. Upon termination of an Investment Company, the Exchange requires that Managed Portfolio Shares issued in connection with such entity be removed from Exchange listing.

E. Voting. Voting rights shall be as set forth in the applicable Investment Company prospectus and/or statement of additional information.

- e. Limitation of Exchange Liability. Neither the Exchange, the Reporting Authority, when the Exchange is acting in the capacity of a Reporting Authority, nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any current portfolio value; the current value of the portfolio of securities required to be deposited to the open end management investment company in connection with issuance of Managed Portfolio Shares; the Verified Intraday Indicative Value; the amount of any dividend equivalent

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payment or cash distribution to holders of Managed Portfolio Shares; net asset value; or other information relating to the purchase, redemption, or trading of Managed Portfolio Shares, resulting from any negligent act or omission by the Exchange, the Reporting Authority when the Exchange is acting in the capacity of a Reporting Authority, or any agent of the Exchange, or any act, condition, or cause beyond the reasonable control of the Exchange, its agent, or the Reporting Authority, when the Exchange is acting in the capacity of a Reporting Authority, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission, or delay in the reports of transactions in one or more underlying securities.

- f. Disclosures. The provisions of this subparagraph apply only to series of Managed Portfolio Shares that are the subject of an order by the Commission exempting such series from certain prospectus delivery requirements under Section 24(d) of the Investment Company Act of 1940 and are not otherwise subject to prospectus delivery requirements under the Securities Act of 1933. The Exchange will inform its ETP Holders regarding application of this subparagraph to a particular series of Managed Portfolio Shares by means of an information circular prior to commencement of trading in such series.

The Exchange requires that ETP Holders provide to all purchasers of a series of Managed Portfolio Shares a written description of the terms and characteristics of those securities, in a form prepared by the open-end management investment company issuing such securities, not later than the time a confirmation of the first transaction in such series is delivered to such a purchaser. In addition, ETP Holders shall include such a written description with any sales material relating to a series of Managed Portfolio Shares that is provided to customers or the public. Any other written materials provided by an ETP Holder to customers or the public making specific reference to a series of Managed Portfolio Shares as an investment vehicle must include a statement in substantially the following form: “A circular describing the terms and characteristics of (the series of Managed Portfolio Shares) has been prepared by the (open-end management investment company name) and is available from your broker. It is recommended that you obtain and review such circular before purchasing (the series of Managed Portfolio Shares).”

An ETP Holder carrying an omnibus account for a non-ETP Holder broker-dealer is required to inform such non-ETP Holder that execution of an order to purchase a series of Managed Portfolio Shares for such omnibus account will be deemed to constitute agreement by the non-ETP Holder to make such written description available to its customers on the same terms as are directly applicable to ETP Holders under this rule.

Upon request of a customer, an ETP Holder shall also provide a prospectus for the particular series of Managed Portfolio Shares.

29000 – DUES, FEES, ASSESSMENTS, AND OTHER CHARGES**29000. Authority to Prescribe Dues, Fees, Assessments and Other Charges**

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- (a) *Generally*. Consistent with Exchange Rule 2080, the Exchange may prescribe such reasonable dues, fees, assessments or other charges as it may, in its discretion, deem appropriate. Such dues, fees, assessments and charges may include membership dues, transaction fees, communication and technology fees, regulatory charges, listing fees, and other fees and charges as the Exchange may determine. All such dues, fees and charges shall be equitably allocated among BSTX Participants, issuers and other persons using the Exchange's facilities.
- (b) *Regulatory Transaction Fee*. Under Section 31 of the Act, the Exchange must pay certain fees to the Commission. To help fund the Exchange's obligations to the Commission under Section 31, this Regulatory Transaction Fee is assessed to BSTX Participants. Each BSTX Participant engaged in executing transactions on the Exchange shall pay, in such manner and at such times as the Exchange shall direct, a Regulatory Transaction Fee equal to (i) the rate determined by the Commission to be applicable to covered sales occurring on the Exchange in accordance with Section 31 of the Act multiplied by (ii) the BSTX Participant's aggregate dollar amount of covered sales occurring on the Exchange during any computational period.

Following this computation, the Exchange will round a sum ending in .xx5 or above to the next higher cent, and round a sum ending in .xx4 or below to the next lower cent. The Exchange's goal is to collect from all BSTX Participants Regulatory Transaction Fees that exactly equal the amount that the Exchange pays the Commission in Section 31 fees during the relevant computational period. However, to the extent there may be any excess monies collected under this Rule, the Exchange may retain those monies to help fund its general operating expense.

- (c) *Schedule of Fees*. The Exchange will provide BSTX Participants with notice of all relevant dues, fees, assessments and charges of the Exchange. Such notice may be made available to BSTX Participants on the Exchange's website or by any other method deemed reasonable by the Exchange.

29010. Regulatory Revenues

Any revenues received by the Exchange from fees derived from its regulatory function or regulatory fines will not be used for non-regulatory purposes or distributed to the stockholder, but rather, shall be applied to fund the legal and regulatory operations of the Exchange (including surveillance and enforcement activities), or, as the case may be, shall be used to pay restitution and disgorgement of funds intended for customers (except in the event of liquidation of the Exchange, in which case BOX Holdings Group LLC will be entitled to the distribution of the remaining assets of the Exchange).

EXHIBIT 5B**BOX Exchange LLC**

* * * * *

100 Definitions

(a) With respect to these Rules, the following terms shall have the meanings specified in this Rule 100. A term defined elsewhere in these Rules shall have the same meaning with respect to this Rule 100 Series, unless otherwise defined below.

(1) through (40) No change.

(41) The term “Options Participant” is a Participant registered with the Exchange for purposes of participating in options trading on the Exchange.

[(41)] (42) The term [“Options Participant” or] “Participant” means a firm, or organization that is registered with the Exchange pursuant to the Rule 2000 Series for purposes of participating in trading on a facility of the Exchange and includes an “Options Participant” and “BSTX Participant.”

[(42)] (43) The term “Options Principal” means persons associated with a Participant, enumerated in subparagraphs (i) through (v) hereafter, who are actively engaged in the management of the Options Participant's investment banking or securities business, including supervision, solicitation, conduct of business or the training of persons associated with a Participant for any of these functions. Designated Options Principals shall include:

- (i) Sole Proprietors;
- (ii) Officers;
- (iii) Partners;
- (iv) Branch Manager; and
- (v) Directors of Corporations.

[(43)] (44) The term “Options Participation Agreement” means the agreement to be executed by Options Participants to qualify to participate on BOX.

[(44)] (45) The term “OPRA” means the Options Price Reporting Authority.

[(45)] (46) The term “order” means a firm commitment to buy or sell options contracts as defined in Rule 7110 (Order Entry).

[(46)] (47) The terms “Order Flow Provider” or “OFP” mean those Options Participants representing as agent Customer Orders on BOX and those non-Market Maker Participants conducting proprietary trading.

[(47)] (48) The term “**outstanding**” means an options contract which has been issued by the Clearing Corporation and has neither been the subject of a closing writing transaction nor has reached its expiration date.

[(48)] (49) The term “**person**” means any natural person, company, government, or political subdivision, agency, or instrumentality of a government.

[(49)] (50) The term “**pre-opening**” means the period immediately prior to the market open on BOX, beginning at a time specified by BOX, during which Options Participants may log on to the Trading Host and submit, amend and withdraw orders, but no trading can occur.

[(50)] (51) The term “**primary market**” means the principal market in which an underlying security is traded.

[(51)] (52) The term “**Professional**” means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). All Professional orders shall be appropriately marked by Participants. A Professional will be treated in the same manner as a broker-dealer for purposes of Rules 7150 and 7245. Except as noted below, each order of any order type counts as one order for Professional order counting purposes.

(a) – (c) No change.

[(52)] (53) The term “**Public Customer**” means a person that is not a broker or dealer in securities.

[(53)] (54) The term “**Public Customer Order**” means an order for the account of a Public Customer.

[(54)] (55) The term “**put**” means an options contract under which the holder of the option has the right, in accordance with the terms and provisions of the option and the Rules of the OCC, to sell to the Clearing Corporation the number of units of the underlying security covered by the options contract, at a price per unit equal to the exercise price, upon the timely exercise of such option.

[(55)] (56) The term “**Quarterly Options Series**” means a series in an options class that is approved for listing and trading on the Exchange in which the series is opened for trading on any business day and that expires at the close of business on the last business day of a calendar quarter.

[(56)] (57) The term “**quote**” or “**quotation**” means a bid or offer entered by a Market Maker as a firm order that updates the Market Maker's previous bid or offer, if any.

[(57)] (58) The term “**Representative**” means persons associated with a Participant, including assistant officers other than principals, who are engaged in the investment banking or securities business for the Participant including the functions of supervision, solicitation, or conduct of business in securities or who are engaged in the training of persons associated with a Participant for any of these functions.

[(58)] (59) The term “**Request for Quote**” or “**RFQ**” shall mean a message that may be issued by an Options Participant in order to signal an interest in an options series and

request response from other Participants. The RFQ contains only the series symbol and quantity and is broadcast to all Participants.

[(59)] (60) The term “**Rules**” means the Exchange By-Laws, the Exchange LLC Agreement, and these Rules of the Exchange.

[(60)] (61) The term “**Rules of the Clearing Corporation**” or “**Rules of the OCC**” means the Certificate of Incorporation, the By-Laws and the Rules of the Clearing Corporation, and all written interpretations thereof, as may be in effect from time to time.

[(61)] (62) The term “**SEC**” or “**Commission**” means the United States Securities and Exchange Commission.

[(62)] (63) The term “**series of options**” means all options contracts of the same class of options having the same exercise price and expiration date.

[(63)] (64) The term “**session end**” means the period immediately following Market Close, ending at a time specified by BOX, during which Options Participants may withdraw any “good-till-canceled” orders that they do not wish to remain in the market for the following market day.

[(64)] (65) The term “**short position**” means a person's interest as the writer of one or more options contracts.

[(65)] (66) The term “**Short Term Option Series**” means a series in an option class that is approved for listing and trading on BOX in which the series is opened for trading on any Monday, Tuesday, Wednesday, Thursday or Friday that is a business day and that expires on the Monday, Wednesday or Friday of the next business week, or, in the case of a series that is listed on a Friday and expires on a Monday, is listed one business week and one business day prior to that expiration. If a Tuesday, Wednesday, Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Tuesday, Wednesday, Thursday or Friday, respectively. For a series listed pursuant to this section for Monday expiration, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday.

[(66)] (67) The term “**SRO**” means a self-regulatory organization as defined in Section 3(a)(26) of the Exchange Act.

[(67)] (68) The term “**Trading Floor**” or “**Options Floor**” means the physical trading floor of the Exchange located in Chicago. The Trading Floor shall consist of one “Crowd Area” or “Pit” where all option classes will be located. The Crowd Area or Pit shall be marked with specific visible boundaries on the Trading Floor, as determined by the Exchange. A Floor Broker must open outcry an order in the Crowd Area.

[(68)] (69) The term “**Trading Host**” means the automated trading system used by BOX for the trading of options contracts.

[(69)] (70) The term “**type of option**” means the classification of an options contract as either a put or a call.

[(70)] (71) The term “**uncovered**” means a short position in an options contract that is not covered.

[(71)] (72) The term “**underlying security**” means the security that the Clearing Corporation shall be obligated to sell (in the case of a call option) or purchase (in the case of a put option) upon the valid exercise of an options contract.

* * * * *

2020 Participant Eligibility and Registration

(a) – (b)

(c) All Principals Must Be Registered.

(1) All Representatives who are to function as Principals on the Exchange shall be registered as Principals with the Exchange consistent with paragraph (e) below. Before their registration can become effective, they shall pass the applicable qualification examination for Principals as determined by the Exchange. A Participant shall not maintain a principal registration with the Exchange for any person: (i) who is no longer functioning as a Principal, or (ii) where the sole purpose is to avoid the examination requirement prescribed below.

(2) Securities Trader Principal

(i) Each person associated with a Participant who is included within the definition of [Options] Principal may register with the Exchange as a Securities Trader Principal if:

(A) his or her supervisory responsibilities in the investment banking and [options] securities business are limited solely to the activities of a Participant that involve proprietary trading;

(B) he or she is registered pursuant to Exchange Rules as a Securities Trader Principal; and

(C) he or she is qualified to be so registered by passing the Series 24 examination.

(3) A person registered as a Securities Trader Principal shall NOT be qualified to function in a Principal capacity with responsibility over any area of business activity not described in paragraph (c)(2) above.

(4) A person registered as a General Securities Principal under 2020(c)(1) above shall NOT be qualified to function in a Principal capacity with responsibility over any area of business activity described in (c)(2) above.

(d) No Change.

(e) Requirement of Two Registered Principal for Participants.

(1) All Participants, except a sole proprietorship or a proprietary trading firm with 25 or fewer Representatives ("Limited Size Proprietary Trading Firm"), shall have at least two officers or partners who are registered as a Principal with respect to the Participants [options] securities business and, at a minimum, one such Principal shall be the Participant's chief compliance officer. A Limited Size Proprietary Trading

Firm is required to register at least one Principal with the Exchange. In addition, the Exchange may waive the two Principal requirement in situations that indicate conclusively that only one Principal associated with the Participant should be required. This requirement applies to persons seeking admission as Participants and existing Participants.

- (2) For purposes of paragraph (1) above, a "proprietary trading firm" shall mean a Participant that trades its own capital, that does not have customers, and that is not a member of the Financial Industry Regulatory Authority. In addition, to qualify for this definition, the funds used by a proprietary trading firm must be exclusively firm funds, all trading must be in the firm's accounts, and traders must be owners of, employees of, or contractors to the firm.

(f) No Change.

(g) Persons Exempt from Registration. The following persons associated with a Participant are not required to be registered with the Exchange:

- (1) persons associated with a Participant whose functions are solely and exclusively clerical or ministerial; and
- (2) [persons associated with a Participant who are not actively engaged in the options securities business.] persons associated with a Participant whose functions are related solely and exclusively to transactions in municipal securities; (3) persons associated with a Participant whose functions are related solely and exclusively to transactions in commodities; (4) persons associated with a Participant whose functions are related solely and exclusively to transactions in securities futures, provided that any such person is appropriately registered with a registered futures association; and (5) persons associated with a Participant who are restricted from accessing the Exchange and that do not engage in the securities business of the Participant relating to activity that occurs on the Exchange.

(h) – (i) No Change.

(j) The following sets forth the qualification requirements for each of the registration categories described in this Rule:

<u>CATEGORY OF REGISTRATION</u>	<u>QUALIFICATION EXAMINATION</u>	<u>ALTERNATIVE ACCEPTABLE QUALIFICATIONS</u>
<u>General Securities Representative</u>	<u>Series 7 and SIE</u>	<u>N/A</u>
<u>Securities Trader</u>	<u>Series 57 and SIE</u>	<u>N/A</u>

<u>General Securities Principal</u>	<u>Series 24</u>	<u>Compliance Official Examination (Series 14)¹</u>
<u>Securities Trader Principal</u>	<u>Series 24</u>	<u>Compliance Official Examination (Series 14)¹</u>
<u>Financial/Operations Principal</u>	<u>Series 27</u>	<u>Other examination acceptable to designated examining authority²</u>

¹ The Exchange will only permit the Series 14 for those designated as Chief Compliance Officers on Schedule A of Form BD.

² An examination acceptable to the Participant’s designated examining authority is only acceptable to the Exchange if the Exchange waives the requirements of paragraph (f).

* * * * *

2060 Revocation of Participant Status or Association with a Participant

Participants or associated persons of Participants may effect approved [options] securities transactions on BOX trading facilities only so long as they possess all the qualifications set forth in the Exchange Rules. Except where, pursuant to Section 17(d) of the Act, the Exchange has been relieved of its responsibility to monitor the continued qualifications of a Participant or an associated person of a Participant, when the Exchange has reason to believe that a Participant or associated person of a Participant fails to meet such qualifications, the Exchange may act to revoke such person's Participant status or association. Such action shall be instituted under, and governed by, the Exchange Rule 11000 Series and Rule 12000 Series and may be appealed under the Rule 13000 Series of the Exchange Rules governing adverse action. In connection with any revocation of rights as a Participant or voluntary termination of rights as a Participant pursuant to Rule 2070, the Participant status in the Exchange shall be cancelled.

* * * * *

3180 Mandatory Systems Testing

(a) Each Participant that the Exchange designates as required to participate in a system test must conduct or participate in the testing of its computer systems to ascertain the compatibility of such systems with the Exchange's systems in the manner and frequency prescribed by the Exchange. The Exchange will designate Participants as required to participate in a system test based on: (1) the category of the Participant (e.g., Market Maker, [and] OFP, BSTX Participant); (2) the computer system(s) the Participant uses; and (3) the manner in which the Participant connects to the Exchange. The Exchange will give Participants reasonable notice of any mandatory systems test, which notice will specify the nature of the test and Participants' obligations in participating in the test.

(b) through (c) No Change.

* * * * *

7130 Execution and Price/Time Priority

(a) BOX shall make available to market participants market information in the manner described in subsection (a)(2) of this Rule. BOX will also disseminate current consolidated quotations/last sale information, and such other market information as may be made available from time to time pursuant to agreement between BOX and OPRA in the manner described in subsection (a)(3).

(1) *Ranking.* Orders of Options Participants shall be ranked and maintained in the BOX Book according to price-time priority, such that within each price level, all orders shall be organized by the time of entry in the following manner:

(i) Limit Orders, with no other conditions, shall be ranked ahead of all other orders based on the specified limit price and the time of original order entry.

(ii) Conditional orders shall be ranked behind all unconditional Limit Orders at the specified limit price based upon the time of order entry with earlier orders receiving priority.

(2) *Display.* BOX makes the proprietary High Speed Vendor Feed (“HSVF”) of BOX market information available to all market participants. The HSVF contains the following information:

(i) Trades and trade cancellation information;

(ii) Best-ranked price level to buy and the best ranked price level to sell;

(iii) Instrument summaries (including information such as high, low, and last trade price and traded volume);

(iv) The five best limit prices and the best-ranked Legging Order (if any) as defined in 7240(c)(1), for each option instrument, and the five best limit prices and the best-ranked Implied Order (if any), as defined in 7240(d)(1) for each Complex Order Strategy;

(v) Request for Quote messages (see Rule 100(a)[(58)](59), Rule 7070(h), and Rule 8050);

(vi) PIP Order, COPIP Order, Improvement Order and Block Trade Order (Facilitation and Solicitation) information (as set forth in Rule 7150, 7245 and Rule 7270, respectively);

(vii) Orders exposed at NBBO (as set forth in this Rule 7130(b)(2) and Rule 8040(d)(6) of the BOX Rules, respectively) and Complex Orders exposed pursuant to Rule 7240(b)(3)(iii)(B);

(viii) Instrument dictionary (e.g. strike price, expiration date, underlying symbol, price threshold, and minimum trading increment for instruments traded on BOX);

(ix) Options class and instrument status change notices (e.g., whether an instrument or class is in pre-opening, continuous trading, closed, halted, or whether prohibited from trading);

(x) Options class opening time;

- (xi) Public Customer bid/ask volume at the best limit; and
- (xii) Participant ID, including any supplemental clearing information, if elected, pursuant to Rule 7130(b)(3)(iii).

(3) through (7) No Change.

(b) No Change.

* * * * *

7150 Price Improvement Period (“PIP”)

(a) For purposes of this Rule 7150,

(1) an “Unrelated Order” shall be defined as a non-Improvement Order entered into the BOX market during a PIP; and

(2) Professionals are treated as provided in Rule 100(a)[(51)](52).

(b) through (l) No Change.

* * * * *

7230 Limitation of Liability

(a) The Exchange, BOX and any of their respective affiliates, and their respective directors, officers, committee members, employees, contractors, and agents or other persons acting on their behalf (“Exchange Related Persons and/or Entities”) will not be liable to [Options] Participants or users for any loss, damages, claim or expense:

- (1) growing out of the use or enjoyment of BOX or the Trading Host; or
- (2) arising from or occasioned by any inaccuracy, error or delay in, or omission of or from the collection, calculation, compilation, maintenance, reporting or dissemination of any information derived from BOX, resulting either from any act or omission by any Exchange Related Persons and/or Entities, or from any act, condition or cause beyond the reasonable control of any Exchange Related Persons and/or Entities, including but not limited to flood, extraordinary weather conditions, earthquakes or other acts of God, fire, war, terrorism, insurrection, riot, labor dispute, accident, action of government, communications or power failure, or equipment or software malfunction.
- (3) Generally, in the event of a BOX market outage, or interruption of service, a loss pertaining to an order that is entered into BOX will be absorbed by the order entering [Options] Participant organization. Without limiting the generality of the foregoing, Exchange Related Persons and/or Entities shall not have any liability to any person for any loss, expense, damages or claims that result from any error, omission or delay in calculating or disseminating any current or closing index value or any reports of transactions in or quotations for options or other securities, including underlying securities.

(b) Exchange Related Persons and/or Entities shall not be liable to [Options] Participants nor any persons associated with [Options] Participants for any loss, expense, damages or claims arising out of the use of the facilities, systems or equipment afforded by BOX in relation to the BOX market, or any interruption in or failure or unavailability of any such facilities, systems or equipment, whether or not such loss, expense, damages or claims result or are alleged to result from negligence or other unintentional errors or omissions on the part of any Exchange Related Persons and/or Entities or from systems failure, or from any other cause within or outside the control of BOX. Without limiting the generality of the foregoing, Exchange Related Persons and/or Entities shall not have any liability to any person for any loss, expense, damages or claims that result from any error, omission or delay in calculating or disseminating any current or closing index value or any reports of transactions in or quotations for options or other securities, including underlying securities.

(c) Exchange Related Persons and/or Entities make no warranty, express or implied, as to results to be obtained by any person or entity from the use of any data transmitted or disseminated by or on behalf of BOX or any reporting authority designated by BOX, including but not limited to, reports of transactions in or quotations for securities traded on BOX or underlying securities, or reports of interest rate measures or index values or related data, and Exchange Related Persons and/or Entities make no express or implied warranties of merchantability or fitness for a particular purpose or use with respect to any such data.

(d) No [Options] Participant or person associated with an [Options] Participant shall institute a lawsuit or other legal proceeding against any Exchange Related Persons and/or Entities for actions taken or omitted to be taken in connection with the official business of BOX or any subsidiary, except to the extent such actions or omissions constitute violations of the federal securities laws for which a private right of action exists. This provision shall not apply to appeals of disciplinary actions or other actions by the Exchange as provided for in the Rules.

(e) Notwithstanding paragraphs (a), (b), and (d) above, and subject to the express limits set forth below, BOX may compensate [Options] Participants for losses resulting directly from the malfunction of the physical equipment, devices, or programming of Exchange Related Persons and/or Entities, or from the negligent acts or omissions of employees of the Exchange or BOX.

(1) As to the aggregate of all claims made by all [Options] Participants under this Rule during a single calendar month, BOX shall not be liable in excess of the larger of \$500,000, or the amount of any recovery obtained by BOX under any applicable insurance maintained by BOX.

(2) In the event that all of the claims made under this Rule cannot be fully satisfied because in the aggregate they exceed the applicable maximum limitations provided in this Rule, then the maximum permitted amount will be proportionally allocated among all such claims arising during a single calendar month based on the proportion that each such claim bears to the sum of all such claims.

(3) All claims for compensation pursuant to this Rule shall be in writing and must be submitted no later than 12:00 p.m. ET on the next business day following the day on which the use of BOX gave rise to such claims. Once in receipt of a claim, BOX will verify that: (i) a valid order was accepted into BOX; and (ii) any loss claimed resulted directly from the malfunction of the physical equipment, devices, or programming of

Exchange Related Persons and/or Entities, or from the negligent acts or omissions of employees of the Exchange or BOX during the execution or handling of that order.

(f) Each [Options] Participant that physically conducts business on the Exchange's Trading Floor is required, at its sole cost, to procure and maintain liability insurance that provides defense and indemnity coverage for itself, any person associated with it, and the Exchange for any action or proceeding brought, or claim made, to impose liability upon such [Options] Participant, associated person, or the Exchange resulting from, relating to, or arising out of the conduct of the [Options] Participant or associated person (hereinafter, "Insurance"). The Insurance shall further provide defense and indemnity coverage to the Exchange for the Exchange's sole, concurrent, or contributory negligence, or other wrongdoing, relating to or in connection with such claim. The Exchange shall be expressly named by endorsement as an Additional Insured under the Insurance. The Exchange's status and rights to coverage under the Insurance shall be the same rights of the named insured of the Insurance, including, without limitation, rights to the full policy limits. In addition:

(1) The limits for the Insurance shall be not less than \$1,000,000 without erosion by defense costs, but under no circumstance shall the Exchange be entitled to less than the full policy limits of such Insurance.

(2) The Insurance shall state that it is primary to any insurance maintained by the Exchange.

(3) Each [Options] Participant annually shall cause a certificate of insurance to be issued directly to the Exchange demonstrating that insurance compliant with this Rule has been procured and is maintained. Each [Options] Participant also shall furnish a copy of the Insurance to the Exchange for review upon the Exchange's request at any time.

(4) This section (f) is the only section of Rule 7230 specifically limited to [Options] Participants physically located on the Exchange's Trading Floor.

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7245 Complex Order Price Improvement Period ("COPIP")

(a) For purposes of this Rule 7245,

(1) an "Improvement Order" shall be defined as a competing Complex Order submitted to BOX by an OFP or Market Maker during a COPIP;

(2) an "Unrelated Order" shall be defined as a non-Improvement Order entered on BOX during a COPIP or BOX Book Interest during a COPIP;

(3) "BOX Book Interest" shall be defined as bids and offers on the BOX Book for the individual legs of a Strategy; and

(4) Professionals are treated as provided in Rule 100(a)[(51)](52).

(b) through (l) No Change.

* * * * *

IM-8050-3

(a) Notwithstanding Rule 100(a)[(55)](57), all quotes and quote updates on BOX after the opening are liquidity adding only. Specifically, after the Opening Match pursuant to Rule 7070, a Market Maker's quote will not execute against a resting order or quote on the BOX Book. If an incoming quote is marketable against the BOX Book and will execute against a resting order or quote, it will be rejected.

(b) No Change.

* * * * *

11010 Investigation Following Suspension

(a) Every Participant or person associated with a Participant against which action has been taken in accordance with the Summary Suspension procedures of this Rule 11000 Series shall immediately afford every facility required by the Exchange for the investigation of his or its affairs and shall forthwith file with the Secretary a written statement covering all information requested, including a complete list of creditors and the amount owing to each and a complete list of each open long and short security position [in BOX options contracts] maintained by the Participant and each of his or its Customers.

(b) Paragraph (a) includes, without limitation, the furnishing of such books and records of the Participant or person associated with a Participant and the giving of such sworn testimony as may be requested by the Exchange.

* * * * *

11030 Failure to Obtain Reinstatement

If an [Options] Participant suspended under the provisions of this Rule 11000 Series fails or is unable to apply for reinstatement in accordance with Rule 11020 or fails to obtain reinstatement as therein provided, the Exchange shall revoke his or its Participant status in accordance with Rule 12110(a).

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12030 Letters of Consent

(a) In lieu of the procedures set forth in Rules 12040 through 12060 (Charges, Answer and Hearing), a matter may be disposed of through a letter of consent.

(1) A matter can only be disposed of through a letter of consent if regulatory staff, including regulatory staff of another SRO acting on the Exchange's behalf pursuant to Rule 12150 (collectively, "SRO Staff") and the [Options] Participant or person(s) who is the subject of the investigation (the "Subject") are able to agree upon terms of a letter of consent. Such letter must be signed by the Subject and must set forth a stipulation of facts and findings concerning the Participant's conduct, the violation(s) committed by the Participant and the sanction(s) therefor.

(2) through (3) No Change.

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12140 Imposition of Fines for Minor Rule Violations

- (a) *General.* In lieu of commencing a disciplinary proceeding, the Exchange may, subject to the requirements set forth herein, impose a fine, not to exceed \$5,000, on any [Options] Participant, or person associated with or employed by an [Options] Participant, with respect to any Rule violation listed in paragraph (d) and (e) of this Rule. Any fine imposed pursuant to this Rule that (i) does not exceed \$2,500 and (ii) is not contested, shall be reported on a periodic basis, except as may otherwise be required by Rule 19d-1 under the Exchange Act or by any other regulatory authority. The Exchange will proceed under this Rule only for violations that are minor in nature. Any other violation will be addressed pursuant to Rule 12030 or 12040.
- (b) *Notice.* Any person against whom a fine is imposed under this Rule (the "Subject") shall be served with a written statement setting forth (i) the Rule(s) allegedly violated; (ii) the act or omission constituting each such violation; (iii) the fine imposed for each violation; and (iv) the date by which such determination becomes final and such fine must be paid or contested as provided below, which date shall be not less than 25 calendar days after the date of service of such written statement.
- (c) *Review.* A Subject may contest the Exchange's determination by filing with the Office of the Secretary of the Exchange a written answer as provided in Rule 12050 on or before the date such fine must be paid.
- (1) Upon the receipt of an answer by the Exchange the matter becomes subject to review by the Hearing Committee, or a subcommittee thereof consisting of at least three (3) members of the Hearing Committee.
 - (2) The answer must include a request for a hearing, if a hearing is desired. Formal rules of evidence shall not apply to hearings conducted by the Hearing Committee under this Rule. The Hearing Committee shall determine the time and place of the hearing and make all determinations with regard to procedural or evidentiary matters, as well as prescribe the time within which all documents or written materials must be submitted. The regulatory staff and the Subject may present evidence and produce witnesses who shall testify under oath and are subject to being questioned by the Hearing Committee and the other party. No [Options] Participant or person associated with an [Options] Participant shall refuse to furnish relevant testimony, documentary materials or other information requested by the Hearing Committee during the course of the hearing. The Subject is entitled to be represented by counsel who may participate fully in the hearing.
 - (3) If a hearing is not requested, the review will be based on written submissions and will be conducted in a manner to be determined by the Hearing Committee.
 - (4) If, after a hearing or review based on written submissions, the Hearing Committee determines that the Subject is guilty of the rule violation(s) alleged, the Committee may impose any one or more of the disciplinary sanctions authorized

by the Exchange's By-Laws and Rules. Unless the sole disciplinary sanction imposed by the Committee for such rule violation(s) is a fine that is less than the total fine initially imposed by the Exchange for the subject violation(s), the person charged shall pay a forum fee in the amount of \$100 if the determination was reached without a hearing and \$300 if a hearing was conducted.

- (5) The regulatory staff, the Subject or the Board on its own motion may require a review by the Board of any determination by the Hearing Committee under this Rule by proceeding in the manner described in Rule 12100.
 - (6) In the event that a fine imposed pursuant to this Rule is subsequently upheld by the Hearing Committee or, if applicable, on appeal to the Board, such fine, plus all interest that has accrued thereon since the fine was due and any forum fee imposed pursuant to subparagraph (4) above, shall be immediately payable.
- (d) through (e) No Change.

(f) *Transactions on BSTX*. Rules and penalties relating to trading on BSTX that are set forth in Rule 24010 (Penalty for Minor Rule Violations).