



**BOX**<sup>SM</sup>  
EXCHANGE

January 20, 2022

**Via Electronic Mail**

Ms. Vanessa Countryman  
Secretary  
U.S. 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 Partial Amendment No. 3 to the above-referenced filing on January 20, 2022.

Sincerely,

Lisa J. Fall  
President  
BOX Exchange LLC

Encl. (SR-BOX-2021-06 Partial Amendment No. 3)

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of \* 11

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

File No. \* SR 2021 - \* 06

Amendment No. (req. for Amendments \*) 3

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"/>	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 [REDACTED]

### 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 01/20/2022

(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 EFFS website.

**Form 19b-4 Information \***

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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 \***

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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 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**

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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**

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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**

Add Remove View

Partial Amendment 3 - SR-BOX-2021-

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.

**SR-BOX-2021-06 Partial Amendment 3**

BOX Exchange LLC (the “Exchange”) respectfully submits this Partial Amendment 3 to SR-BOX-2021-06, which was originally filed with the Securities and Exchange Commission (the “Commission”) on May 12, 2021 (the “Proposal”). The Proposal seeks to adopt rules governing the trading of equity securities on the Exchange through a facility of the Exchange known as BSTX. The Proposal was published for comment in the Federal Register on June 2, 2021.<sup>1</sup> On July 13, 2021, the Commission extended its time to review the Proposal until August 31, 2021.<sup>2</sup> On August 18, 2021, the Exchange submitted Amendment 1 to the Proposal.<sup>3</sup> On August 27, 2021, the Commission published notice of Amendment 1 and issued an order instituting proceedings to determine whether to approve or disapprove the Proposal, as modified by Amendment 1.<sup>4</sup> On November 23, 2021, the Commission extended its time to review the Proposal, as modified by Amendment 1, until January 28, 2022.<sup>5</sup> On December 20, 2021, the Exchange filed Amendment 2 to the Proposal.<sup>6</sup> There have been 18 comment letters submitted in connection with the Proposal, including four by the Exchange.

This Partial Amendment 3 makes certain changes to the proposed listing rules in the Rule 26000 Series to promote consistency with the definition of “penny stock” under Rule 3a51-1 to ensure that BSTX-listed securities would not be penny stock.<sup>7</sup> The Exchange is filing this

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<sup>1</sup> See Securities Exchange Act Release No. 92017 (May 25, 2021), 86 FR 29634 (June 2, 2021).

<sup>2</sup> See Securities Exchange Act Release No. 92387 (July 13, 2021), 86 FR 38140 (July 19, 2021).

<sup>3</sup> Amendment 1 is available on the Commission’s website at: <https://www.sec.gov/comments/sr-box-2021-06/srbox202106-9159349-247726.pdf>.

<sup>4</sup> See Securities Exchange Act Release No. 92796 (August 27, 2021), 86 FR 49416 (September 2, 2021).

<sup>5</sup> See Securities Exchange Act Release No. 93649 (November 23, 2021), 86 FR 68023 (November 30, 2021).

<sup>6</sup> Amendment 2 is available on the Commission’s website at: <https://www.sec.gov/comments/sr-box-2021-06/srbox202106-20110109-264393.pdf>.

<sup>7</sup> 17 CFR 240.3a51-1.

Partial Amendment 3 to make the changes detailed below to the pending Exhibit 5A, Form 19b-4 and Exhibit 1, each as modified by Amendments 1 and 2.

1. On page 105 of the Form 19b-4 and page 268 of the Exhibit 1, to amend footnote 304/305 as follows (deleted text is [bracketed] and new text is underlined):

<sup>304/305</sup> See e.g., [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).

2. On pages 106-107 of the Form 19b-4 and pages 268-270 of the Exhibit 1, to amend the paragraph beginning with “With respect to initial listing standards for non-ETP Securities . . .” as follows (deleted text is [bracketed] and new text is underlined):

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.<sup>306/307</sup> 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.<sup>307/308</sup> 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 26000(a)(4), the definition of “public distribution” and “public shareholders” would, consistent with Nasdaq Rule 5005(a)(36), define those terms to mean holders of a security that includes both beneficial holders and holders of record, but does not include any holder who is, either directly or indirectly, an executive officer, director, or the beneficial holder of more than 10% of the total shares outstanding; 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) and (d)(1), one of the listing standard criteria would be the “market value of listed securities” rather than “total value of market capitalization” as NYSE American uses; in Rule 26101(c)(2) the required market value of listed securities[total value of market capitalization] would be \$50 million for the prior 90 consecutive days; in Rule 26101(d)(1) the required market value of listed securities[total market value of capitalization] would be \$75[50] million for the prior 90 consecutive days; in Rule 26101(e) to provide that a Reverse Merger Company will be required to maintain a closing security price equal to \$4 or higher for a sustained period of time (rather than equal to the security price requirements applicable to the initial listing standard under which the Reverse Merger Company is qualifying to list for a sustain period of time, as NYSE American requires); 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 \$75[0] million; in Rule 26101(i)(1)(ii) one of the required initial listing requirements for secondary classes of common stock would be to have at least 300 round lot holders (rather than 100 round lot holders)]. 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. Additionally, in Rule 26103(b), the Exchange’s Rules propose to adopt listing criteria for preferred shares that would mirror Nasdaq Rule 5510(a) and (b) (other than requiring 300 round lot holders instead of 100 round lot holders, as noted above), rather than adopting an analogous provision to NYSE American Section 103(b) relating to distribution requirements for the listing of preferred shares. These provisions meet the requirements in SEC Rule 3a51-1 and are consistent with the rules of other national securities exchanges.<sup>308/309</sup> 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.

<sup>306/307</sup> 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 dist[ri]bution will meet or exceed the applicable requirements.

<sup>307/308</sup> 17 CFR 240.3a51-1.

<sup>308/309</sup> See e.g., NASDAQ Rules 5505 and 5510.

3. On pages 107 – 109 of the Proposal in the Form 19b-4, and on pages 270 – 272 of the Exhibit 1, the Exchange proposes to modify the following paragraph and related footnotes (deleted text is [bracketed] and new text is underlined):

The Exchange is also proposing to adopt certain provisions based on Nasdaq rules [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.<sup>310/311</sup> 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.<sup>311/312</sup> 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 [1]300 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)(1[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 (other than requiring 300 round lot holders rather than 100) would 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 a [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.<sup>312/313</sup> Further, consistent with the public interest, rules that provide more opportunity for listings may promote competition among listing exchanges and capital formation for issuers.

<sup>310/311</sup> See proposed Rules 26101(i) and 26103(b)(1[2]).

<sup>311/312</sup> See NASDAQ Rule 5510 (Initial Listing Requirements for Preferred Stock and Secondary Classes of Common Stock).

<sup>312/313</sup> 15 U.S.C. 78f(b)(5).

4. On page 751 of the Proposal, in Exhibit 5A, the Exchange proposes to amend proposed Rule 26000(a)(4) as follows (deleted text is [bracketed] and new text is underlined):

(4) The terms “public distribution” and “public shareholders” as used herein means holders of a security that includes both beneficial holders and holders of record, but does not include any holder who is, either directly or indirectly, an executive officer, director, or the beneficial holder of more than 10% of the total shares outstanding[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. On page 752-753 of the Proposal, in Exhibit 5A, the Exchange proposes to amend proposed Rule 26101(c) and (d) as follows (deleted text is [bracketed] and new text is underlined):

(c) Initial Listing Standard 3

- (1) Size—Shareholder's equity of at least \$4,000,000.
- (2) Market Value of Listed Securities [Total Value of Market Capitalization]—\$50,000,000 for the prior 90 consecutive days.

- (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) Market Value of Listed Securities [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).

6. On page 753 - 755 of the Proposal, in Exhibit 5A, the Exchange proposes to amend proposed Rule 26101(e) as follows (deleted text is [bracketed] and new text is underlined):

(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 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 \$4 or higher [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] \$4 or higher 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] \$4 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.

7. On page 755 - 756 of the Proposal, in Exhibit 5A, the Exchange proposes to amend proposed Rule 26101(i) as follows (deleted text is [bracketed] and new text is underlined):

(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 3[1]00 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 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.

8. On page 756 - 758 of the Proposal, in Exhibit 5A, the Exchange proposes to amend proposed Rule 26103 as follows (deleted text is [bracketed] and new text is underlined):

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.

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—

(1) 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 standard[s]:

[(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 3[1]00 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
Aggregate Public Market Value/ Minimum Bid Price	\$4,000,000/\$10]

(2) 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.