

24X National Exchange LLC

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EXHIBIT L

Describe the exchange's criteria for membership in the exchange. Describe conditions under which members may be subject to suspension or termination with regard to access to the exchange. Describe any procedures that will be involved in the suspension or termination of a member.

Capitalized terms not otherwise defined in this Exhibit L shall have the meanings ascribed to them in Exhibit B (24X Exchange Rulebook).

Any registered broker or dealer that is a member of another registered national securities exchange or association or any person associated with such a registered broker or dealer shall be eligible to be, and to remain, a Member of the Exchange. There will be only one class of Members of the Exchange, all services, features and functionality of the Exchange are available to all such Members.

To become a Member of the Exchange or to continue as a Member of the Exchange, a person:

- (1) if other than a natural person, must be a broker-dealer registered pursuant to Section 15 of the Act;
- (2) if a natural person, must be either a registered broker or dealer or associated with a broker-dealer;
- (3) must not be subject to a statutory disqualification (except pursuant to an order of the Commission permitting such membership);
- (4) must be a member of another registered national securities exchange or association;
- (5) must meet the standards of training, experience and competence as the Exchange may prescribe;
- (6) must adhere to the Exchange Rules relating to the maintenance of books and records or those rules of other self-regulatory organizations (“SROs”) of which such broker or dealer is or was a member;
- (7) must demonstrate to the Exchange adequate systems capability, capacity, integrity and security necessary to conduct business on the Exchange;
- (8) must either be a member of a registered clearing agency or clear transactions executed on the Exchange through another Member that is a member of a registered clearing agency;
- (9) must not be 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;

- (10) must not be subject to any bankruptcy proceeding, receivership or arrangement for the benefit of creditors within the past three years;
- (11) has not engaged in an established pattern of failure to pay just debts or has defaulted, without a reasonable explanation, on an obligation to an SRO, or to any member or SRO;
- (12) must comply with 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 Exchange Rules; and
- (13) must not have engaged in acts or practices inconsistent with just and equitable principles of trade.

Members may be suspended for failure to pay Exchange dues, fees and assessments, or if they have been expelled or suspended from membership or association in another SRO, or may be suspended or expelled following a determination that the Member, or person associated with a Member, violated one or more Exchange Rules or applicable provisions of the Act or rules thereunder as described more fully below.

Applicants for membership on the Exchange will be required to complete a membership application agreeing:

- (1) To abide by, comply with, and adhere to the provisions of the Exchange's Certificate of Formation, the Exchange LLC Agreement, the Exchange Rules, the policies, interpretations and guidelines of the Exchange and all orders and decisions of the Exchange's Board and penalties imposed by the Board, and any duly authorized committee; provided, however, that such agreement shall not be construed as a waiver by the applicant of any right to appeal as provided in the Act.
- (2) To pay such dues, assessments, and other charges in the manner and amount as shall from time to time be fixed by the Exchange.
- (3) That the Exchange and its officers, employees and members of its Board and of any Board committee shall not be liable, except for willful malfeasance, to the applicant or to any other person, for any action taken by such director, officer, employee or member in his or her official capacity, or by any employee of the Exchange while acting within the scope of his or her employment, in connection with the administration or enforcement of any of the provisions of the Certificate of Formation, the Exchange LLC Agreement, Exchange Rules, policies, interpretations or guidelines or any penalty imposed by the Exchange, its Board or any duly authorized Board committee.
- (4) That, in cases where the applicant fails to prevail in a lawsuit or administrative adjudicative proceeding instituted by the applicant against the Exchange or any of its officers, directors, Board committee members, employees or agents, to pay the Exchange or any of its officers, directors, Board committee members, employees or agents, all reasonable expenses, including attorneys' fees, incurred by the Exchange in the defense of such proceeding, but only in the event that such expenses exceed Fifty

- Thousand Dollars (\$50,000.00); provided, however, that such payment obligation shall not apply to internal disciplinary actions by the Exchange or administrative appeals.
- (5) To maintain and make available to the Exchange, its authorized employees and its Board or Board committee members such books and records as may be required to be maintained by the Commission or the Exchange Rules.
 - (6) To provide such other reasonable information with respect to the applicant as the Exchange may require.

Membership applications will be reviewed by Exchange staff, which may include FINRA staff pursuant to a Regulatory Services Agreement (“**RSA**”). The Exchange’s denials from, and imposition of conditions upon, becoming or continuing to be a Member or person associated with a Member may be appealed under Chapter 10 of the Exchange Rules governing Adverse Actions, which will provide a fair procedure for denial of membership, the barring of any person from becoming associated with a Member thereof, and the prohibition or limitation by the Exchange of any person with respect to access to services offered by the Exchange or a Member thereof. (See the 24X Member Application and Member Agreements in Exhibit F.)

No person shall become an associated person of a Member unless such person agrees to:

- (1) supply the Exchange with such information with respect to such person’s relationships and dealings with the Member as may be specified by the Exchange;
- (2) permit examination of such person’s books and records by the Exchange to verify the accuracy of any information so supplied; and
- (3) be regulated by the Exchange and to recognize that the Exchange is obligated to undertake to enforce compliance with the provisions of the Exchange Rules, its Certificate of Formation and the Exchange LLC Agreement, the interpretations and policies of the Exchange and the provisions of the Act and the regulations thereunder.

Members or persons associated with a Member may effect approved securities transactions on the Exchange’s 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 Member or a person associated with a Member, when the Exchange has reason to believe that a Member or person associated with a Member fails to meet such qualifications, the Exchange may act to revoke such person’s membership or association. Such action may be appealed under Chapter 10 of the Exchange Rules governing Adverse Actions, which provide a fair procedure as described above.

If a Member or person associated with a Member that becomes subject to a statutory disqualification under the Act wants to continue as a Member of the Exchange or in association with a Member, the Member or associated person must submit an application to the Exchange seeking to continue as a Member or in association with a Member notwithstanding the statutory

disqualification. Such applications will be governed by Chapter 10 of the Exchange Rules governing Adverse Actions, which provides a fair procedure for review of such applications.

In addition, the Exchange may investigate and discipline Members and persons associated with a Member by expulsion, suspension, limitation of activities, functions and operations, fine, censure or other appropriate sanction if such Member or person associated with a Member fails to:

- (1) satisfy on a continuing basis the Exchange's membership qualification requirements described above;
- (2) comply with Exchange Rules or applicable provisions of the Act and rules thereunder;
- (3) pay on a timely basis such dues, assessments, and other charges as the Exchange shall fix;
- (4) comply with all agreements with the Exchange; or
- (5) correct a financial or operating difficulty that the Exchange determines should otherwise prevent the Member from continuing to do business with investors, creditors, other Members or the Exchange.

Persons subject to disciplinary action generally, including if such action includes a potential suspension or termination of membership in or access to the Exchange, will be afforded an opportunity to be heard under Chapter 10 of the Exchange Rules governing Adverse Actions, which will provide a fair procedure for the disciplining of Members and persons associated with Members.

The Exchange plans to enter into an RSA with FINRA to conduct various regulatory services on behalf of the Exchange. These services are expected to include performance of the investigation, disciplinary and hearing services as described herein.