

Rule 9: Disciplinary Actions

9.1 Forms of Discipline. The Company may discipline a Participant for a violation of these Rules or any of the Participant's agreements with the Company, or for errors or delays, by imposing any of the following sanctions: (a) ceasing to act pursuant to Rule 7 (including through a summary action by the Company as described in Rule 9.4 below); (b) termination pursuant to Rule 7; (c) fines (as set forth in the Company's Fee Schedule); (d) censure; and (e) any other fitting sanction.

9.2 Additional Cash Collateral or Other Deposits. In addition, in the event a Participant violates these Rules or any of the Participant's agreements with the Company, the Company may require such Cash or other deposit by the Participant as is necessary or appropriate to protect the Company and the other Participants, in the circumstances.

9.3 Penalty Notices. When the Company proposes to impose any sanction under this Rule 9, it will send the Participant a Penalty Notice containing a written statement describing the reason for the proposed sanction and notifying the Participant that it has an opportunity to respond, pursuant to Rule 10. The sanction proposed may be imposed and enforced by the Company unless, within five (5) business days after the Penalty Notice, the Participant provides notice of its desire to contest the sanction, as provided in Rule 10. The right to contest a decision before it is imposed pursuant to Rule 10 will not apply to a case in which the Company summarily suspends or terminates the Participant Accounts of a Participant pursuant to the Securities Exchange Act.

9.4 Summary Suspension of a Participant. Section 17A(b)(5)(C) of the Securities Exchange Act permits the Company summarily to suspend and close the Participant Accounts of a Participant that (a) has been and is expelled or suspended from any SRO; (b) is in default of any delivery of funds or securities to the Company; or (c) is in such financial or operating difficulty that the Company determines and so notifies the appropriate regulatory agency for such Participant that such suspension and closing of Participant Accounts are necessary for the protection of the Company, its Participants, creditors or investors. That section also provides that a Participant so summarily suspended will be promptly afforded an opportunity for hearing by the Company and that the appropriate regulatory agency for the Participant may stay any such summary suspension. Section 19 of the Securities Exchange Act contains provisions relevant to a Participant's remedies in the event of its summary suspension. The Company will impose any summary suspension as described in Section 17A(b)(5)(C) of the Securities Exchange Act through its authority to cease to act for and terminate Participants under Rule 7.