

Additions underlined
 Deletions [bracketed]

Rules of New York Stock Exchange LLC

Rule 346. [Deleted] Statutory Disqualification – Association of Member Organizations, and Persons Associated With Member Organizations

[Deleted]

Except as otherwise permitted by the Exchange, no member organization, principal executive, approved person, person associated with a member organization or any person directly or indirectly controlling, controlled by or under common control with a member organization shall have associated with it any person who is known, or in the exercise of reasonable care should be known, to be subject to any “statutory disqualification” defined in Section 3(a)(39) of the Securities Exchange Act of 1934.

NYSE Rule Interpretations

[Rule 346 LIMITATIONS – EMPLOYMENT AND ASSOCIATION WITH MEMBER ORGANIZATIONS

/01 Registration of Unassociated Natural Persons

NYSE Rule 346(a) and Section 15(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) require that natural persons not associated with entities which are registered broker/dealers must themselves register as a broker or dealer with the SEC unless specifically exempted by the Exchange Act.

/02 Personal Business Expenses

Registered representatives are permitted to absorb the cost of any advertising or outside activities. However, a member organization must establish controls to ensure that the contents of all such advertising and all outside activities receive its approval, and otherwise assume responsibility for all activities effected on its behalf and under its name.

/03 Outside Connections – Supervisory Persons

In unusual circumstances the Exchange will permit member organization personnel who are delegated supervisory responsibilities under Rule 342 to devote a portion of their time to activities outside the member organization, including serving as officers, directors or employees of a secondary affiliation. The Exchange will consider such approvals on a case-by-case basis and will consider, among other factors: whether less than full time activity in the member organization is consistent with the protection of investors or the public interest; the precise nature of the supervisory position in the member organization and the time required to perform it effectively; the degree of control between the member organization and the other entity.

Rule 346 LIMITATIONS – EMPLOYMENT AND ASSOCIATION WITH MEMBER ORGANIZATIONS

/04 Outside Connections – Legal Limitations

Rule 346 affords member organizations discretion to permit their associated persons to engage in outside activities – without Exchange approval – to the extent compatible with Rule 342. In the exercise of this discretion, member organizations and their associated persons would be advised to consult with counsel as to possible limitations arising under specific provisions of Federal Law. (See, for example, Section B of the Clayton Act, 15 USC 19 governing common directors of competing corporations).

Before approving an outside connection for an associated person, member organizations should consider any possible conflict of interest and potential liability that may accrue as a result of the outside activity. Particularly sensitive situations arise when the outside connection is an unrelated securities business since it may be perceived that any business done with such associated person is done with his member organization. Even in the unique circumstance where approval is granted, the member organization should consider whether such person is associated with another registered entity (broker/dealer or investment adviser) or should be individually registered with the Securities and Exchange Commission as a broker/dealer or investment advisor.

Rule 346 LIMITATIONS – EMPLOYMENT AND ASSOCIATION WITH MEMBER ORGANIZATIONS

(e) STATUTORY DISQUALIFICATIONS

/01 Definitions

Statutory disqualifications relate basically to acts involving expulsion or suspension by any regulatory or self-regulatory agency or other acts of dishonesty, acts or conduct constituting a statutory disqualification as set forth in Section 3(a)(39) of the Exchange Act as well as convictions within the past ten years for felonies or misdemeanors specified in Section 15(b)(4)(B) of the Exchange Act.

/02 Reporting Requirements – Non-Registered Employees

Member organizations are required to submit to the Exchange (for filing with the SEC) details concerning any prospective employee subject to a statutory disqualification. Member organizations should exert reasonable care to determine the existence of a statutory disqualification prior to employing any prospective employee.

For those persons already employed by a member organization who thereafter become subject to a statutory disqualification, notice should be sent to the Exchange immediately.

Rule 346 LIMITATIONS – EMPLOYMENT AND ASSOCIATION WITH MEMBER ORGANIZATIONS

/03 Reporting Requirements – Form U4 Applications

A candidate for registration who is subject to a statutory disqualification may not engage in any activity on behalf of his or her employer until such time as approval has been obtained by the Exchange and the SEC.]
