

Additions: Underlined

Deletions: [Bracketed]

Rules of NYSE American LLC

DEFINITIONS AND POWERS OF THE BOARD OF DIRECTORS

PART I—General Rules

Rule 41. Failure to Pay Exchange Fees

Any member, member organization or principal executive who shall not pay a fee or any other sums due to the Exchange, within forty-five days after the same shall become payable, shall be reported to the Chief Financial Officer of the Exchange or designee who, after notice has been given to such member, member organization or principal executive of such arrearages, may suspend access to some or all of the facilities of the Exchange until payment is made. Except that failure to pay any fine levied in connection with a disciplinary action shall be governed by [Rule 476(k) or]Rule 8320[, as applicable].

Denial of access to some or all of the facilities of the Exchange through suspension under the provisions of this Rule shall not prevent the member, member organization or principal executive from being proceeded against for any offense other than that for which such member, member organization, or principal executive was suspended.

Office Rules

[Section 9A. Legacy Disciplinary Rules

Rule 475. Prohibition or Limitation with Respect to Access to Services Offered by the Exchange or a Member or Member Organization—Summary Proceedings

Rule 475 shall apply only to a proceeding for which a written notice has been issued by the Exchange under this Rule prior to April 15, 2016, and shall continue to apply until such proceeding is final; otherwise, Rule 9558 shall apply.

(a) Except as provided in subsection (b) of this Rule, the Exchange shall not prohibit or limit any person with respect to access to services offered by the Exchange or any member or member organization thereof unless the Exchange shall have notified such person in writing of, and shall have given such person, upon not less than 15 days prior written notice, an opportunity to be heard upon, the specific grounds for such prohibition or limitation. The Exchange shall keep a

record of any proceeding pursuant to this Rule. Any determination by the Exchange to prohibit or limit any person with respect to access to services offered by the Exchange or a member or member organization thereof shall be supported by a statement setting forth the specific grounds on which the prohibition or limitation is based.

(b) The Exchange may summarily—

- i. suspend a member, member organization, principal executive, approved person, or registered or non-registered employee of a member or member organization who has been and is expelled or suspended from any other self-regulatory organization, as defined in Section 3(a)(26) of the Securities Exchange Act of 1934, or barred or suspended from being associated with a member or any such self-regulatory organization provided, however, that any such summary suspension imposed by the Exchange shall not exceed the termination of the suspension imposed by such other self-regulatory organization on such member, member organization, principal executive, approved person, or registered or non-registered employee;
- ii. suspend a member or member organization who is in such financial or operating difficulty that the Exchange determines and so notifies the Securities and Exchange Commission that the member or member organization cannot be permitted to continue to do business as a member or member organization with safety to investors, creditors, other members or member organizations, or the Exchange;
- iii. limit or prohibit any person with respect to access to services offered by the Exchange if subparagraph (i) or (ii) of this subsection is applicable to such person or, in the case of a person who is not a member or member organization, if the Exchange determines that such person does not meet the qualification requirements or other prerequisites for such access and such person cannot be permitted to continue to have such access with safety to investors, creditors, members, member organizations, or the Exchange.

Any person aggrieved by any such summary action shall be notified in writing of, and shall be promptly afforded an opportunity to be heard by the Exchange upon, the specific grounds for such summary action. The Exchange shall keep a record of any proceeding pursuant to the Rule. Any determination by the Exchange with respect to such summary action shall be supported by a statement setting forth the specific grounds on which the summary action is based. The Commission, by order, may stay any such summary action in accordance with the provisions of the Securities Exchange Act of 1934.

(c) Hearings and proceedings pursuant to subsections (a) and (b) of this Rule shall be under the jurisdiction of a Hearing Officer, appointed by the Exchange Board of Directors, acting alone. The Hearing Officer shall schedule and conduct Hearings promptly and, in doing so, provide such discovery to the person whose access or suspension is the subject of the Hearing and to the Exchange officers and employees as provided for under Rule 476(c). The Hearing Officer shall render determinations based upon the record at such Hearings. No determinations by the Hearing Officer shall be effective to modify, reverse or terminate a summary action until and unless (i) ten days have elapsed after the determination has been rendered and (ii) during such ten days, no

request for review has been filed with the Secretary of the Exchange pursuant to the next sentence. Any member of the Exchange Board of Directors, any member of the Committee for Review, and either the Exchange or the respondent may require a review by the Exchange Board of Directors of any determination by the Hearing Officer by filing with the Secretary of the Exchange a written request therefor within ten days following such determination. The Exchange Board of Directors, with the advice of the Committee for Review, shall have power to affirm, modify or reverse any such determination, or remand the matter to the Hearing Officer for further proceedings. Unless the Exchange Board of Directors otherwise specifically directs, the determination and penalty, if any, of the Exchange Board of Directors after review shall be final and conclusive subject to the provisions for review of the Securities Exchange Act of 1934.

(d) Whenever a member or member organization fails to perform its contracts, becomes insolvent, or is in such financial or operating difficulty that it cannot be permitted to continue to do business as a member or member organization with safety to investors, creditors, other members or member organizations, or the Exchange, such member or member organization shall promptly give written notice thereof to the Secretary of the Exchange.

(e) Any person suspended under the provisions of this Rule shall, at the request of the Exchange, submit to the Exchange its books and records (including those books and records with respect to which such person has access or control) or the books and records of any employee thereof and furnish information to or to appear or testify before or cause any such employee to appear or testify before the Exchange.

(f) Any person suspended under the provisions of this Rule may, at any time, be reinstated by the Exchange Board of Directors.

(g) Any person suspended under the provisions of this Rule may be disciplined in accordance with the Rules of the Exchange for any offense committed by it either before or after its suspension in all respects as if it were not under such suspension.

(h) A member suspended under the provisions of this Rule shall be deprived during the term of the member's suspension of all rights and privileges of membership. Any suspension under the provisions of this Rule of a member or principal executive shall create a vacancy in any office or position held by such member or principal executive.

(i) The limitations on the Chief Executive Officer contained in Rule 476(l) shall apply to all matters under this Rule.

(j) Any member of the Board of Directors, any member of the Committee for Review, the Exchange, and the respondent may require a review by the Exchange Board of any determination under this rule by filing with the Secretary of the Exchange a written request thereof within ten days following such determination. The Exchange Board, with the advice of the Committee for Review, shall have the power to affirm, modify or reverse any such determination, or remand the matter for further proceedings. Unless the Exchange Board of Directors otherwise specifically directs, the determination and penalty, if any, of the Exchange Board of Directors after review

shall be final and conclusive subject to the provisions for review of the Securities Exchange Act of 1934.

Rule 476. Disciplinary Proceedings Involving Charges Against Members, Member Organizations, Principal Executives, Approved Persons, Employees, or Others

Rule 476 shall apply only to a proceeding for which a Charge Memorandum has been filed with the hearing board under Rule 476(d) prior to April 15, 2016 or for which a written Stipulation and Consent has been submitted to a Hearing Officer prior to April 15, 2016 and shall continue to apply until such proceeding is final; otherwise, the Rule 8000 Series and Rule 9000 Series shall apply. Notwithstanding the preceding sentence, on or after April 15, 2016, (1) the offenses under Rule 476(a) shall be subject to the Rule 9000 Series procedures, and (2) the Sanction Guidelines set forth in Rule 476.10 shall continue to apply to sanctions imposed under either Rule 476 or the Rule 9000 Series. The Exchange may issue a written notice of suspension for non-payment of a fine under Rule 476(k) prior to April 15, 2016; thereafter, Rule 8320 shall apply.

(a) If a member, member organization, principal executive, approved person, registered or non-registered employee of a member or member organization or person otherwise subject to the jurisdiction of the Exchange is adjudged guilty in a proceeding under this Rule of any of the following offenses-

1. violating any provision of the Securities Exchange Act of 1934 or any rule or regulation thereunder;
2. violating any of its agreements with the Exchange;
3. violating any provision of any Rule adopted by the Exchange Board of Directors;
4. making a material misstatement to the Exchange;
5. effecting any transaction in, or inducing the purchase or sale of, any security by means of any manipulative, deceptive or other fraudulent device or contrivance;
6. failing to observe high standards of commercial honor and just and equitable principles of trade;
7. acts detrimental to the interest or welfare of the Exchange;
8. Reserved;
9. making any purchases or sales or offers of purchase or sale of securities for the purpose of upsetting the equilibrium of the market or bringing about a condition in which prices will not fairly reflect market values, or assisting in making any such purchases or sales with knowledge of such purpose, or being, with such knowledge, a party to or assisting in

carrying out any plan or scheme for the making of such purchases or sales or offers of purchase or sale;

10. having made a misstatement or omission of fact on its application for membership or approval, or on any financial statement, report, or other submission filed with the Exchange; or
11. refusing or failing to comply with a request of the Exchange to submit its books and records (including those books and records with respect to which such member, member organization, principal executive, approved person, registered or non-registered employee or person otherwise subject to the jurisdiction of the Exchange has access and control) to the Exchange, any other self-regulatory organization, as defined in Section 3(a)(26) of the Securities Exchange Act of 1934, any contract market, as referenced in Section 6(a) of the Commodities Exchange Act, any registered futures association, as referenced in Section 17 of the Commodities Exchange Act, or any foreign self-regulatory organization or association with which the Exchange has entered into an agreement or to furnish information to or to appear or testify before the Exchange or such other organization or association, as specified above, or failing to take any of the foregoing actions on the date or within the time period that the Exchange requires; or if a member who is registered as a DMM is adjudged guilty in a proceeding under this Rule of substantial or continued failure to engage in a course of dealings for the member's own account to assist in the maintenance, so far as practicable, of a fair and orderly market in any security in which the member is registered; then, in any such event, the Hearing Panel or, when authorized by this Rule, a Hearing Officer shall, in accordance with the Exchange Sanctions Guidelines (Rule 476.10) and the procedures set forth in this Rule, impose one or more of the following disciplinary sanctions on such member, member organization, principal executive, approved person, or registered or non-registered employee or person otherwise subject to the jurisdiction of the Exchange: expulsion; suspension; limitation as to activities, functions, and operations, including the suspension or cancellation of a registration in, or assignment of, one or more stocks; fine; censure; suspension or bar from being associated with any member or member organization; or any other fitting sanction.

(b) All proceedings under this Rule, except as to matters which are resolved by a Hearing Officer when authorized by this Rule, shall be conducted at a Hearing in accordance with the provisions of this Rule and shall be held before a Hearing Panel consisting of at least three persons of integrity and judgment: a Hearing Officer, who shall chair the Panel, and at least two members of the Hearing Board, at least one of whom shall be engaged in securities activities differing from that of the respondent or, if retired, was so engaged in differing activities at the time of retirement. In any disciplinary proceeding involving activities on the Floor of the Exchange, no more than one of the persons serving on the Hearing Panel shall be, or if retired, shall have been, active on the Floor of the Exchange. A Hearing Panel can include only one retired person.

The Chairman of the Exchange Board of Directors, subject to the approval of the Exchange Board of Directors, shall from time to time appoint a Hearing Board to be composed of such number of members and principal executives of the Exchange who are not members of the Exchange Board of Directors, and registered employees and non-registered employees of

members and member organizations, and such other persons as set forth in the rules as the Chairman of the Exchange Board of Directors shall deem necessary. Former members, principal executives, or registered and non-registered employees of members and member organizations who have retired from the securities industry can be appointed to the Hearing Board within five years of their retirement. The members of the Hearing Board shall be appointed annually and shall serve at the pleasure of the Exchange Board of Directors. The Chairman of the Exchange Board of Directors, subject to the approval of the Exchange Board of Directors, shall also designate a Chief Hearing Officer and one or more other Hearing Officers who shall have no Exchange duties or functions relating to the investigation or preparation of disciplinary matters and who shall be appointed annually and shall serve as Hearing Officers at the pleasure of the Exchange Board of Directors. An individual cannot be a Hearing Officer (including the Chief Hearing Officer) if he or she is, or within the last three years was, a member, principal executive, or registered or non-registered employee of a member or member organization.

For all purposes of this Rule, the decision of a majority of the Panel shall be the decision of the Panel and shall be final and conclusive, unless a request to the Exchange Board of Directors for review is filed as provided in this Rule.

(c) Upon application to the Chief Hearing Officer by either party to a proceeding, the Chief Hearing Officer, or any Hearing Officer designated by the Chief Hearing Officer, shall resolve any and all procedural and evidentiary matters and substantive legal motions, and may require the Exchange to permit the respondent to inspect and copy documents or records in the possession of the Exchange which are material to the preparation of the defense or are intended for use by the Exchange as evidence in chief at the Hearing. The respondent may be required to provide discovery of non-privileged documents and records to the Exchange. This provision does not authorize the discovery or inspection of reports, memoranda, or other internal Exchange documents prepared by the Exchange in connection with the proceeding. There shall be no interlocutory appeal to the Exchange Board of Directors of any determination as to which this provision applies.

(d) Except as provided in paragraph (g), in any proceeding under this Rule before a Hearing Panel, or Hearing Officer as provided by this rule, the specific charges against the respondent shall be in the form of a written statement (Charge Memorandum) and shall be signed by an authorized officer or employee of the Exchange, or an authorized employee of another self-regulatory organization with which the Exchange has entered into an agreement to provide regulatory services to the Exchange pursuant to Rule 1B, on behalf of the Exchange. A copy of such Charge Memorandum (including any exhibits attached thereto) shall be filed with the Hearing Board at the same time it is served upon the respondent. Service shall be deemed effective by personal service of such Charge Memorandum, or by leaving same either at the respondent's last known office address during business hours or respondent's last place of residence as reflected in Exchange records, or upon mailing same to the respondent at the aforesaid office address or place of residence. The Hearing Board shall assume jurisdiction upon receipt of the Charge Memorandum.

An Answer to the Charge Memorandum shall be filed not later than twenty-five days from the date of service or within such longer period of time as the Hearing Officer may deem proper.

The Answer shall be in writing, signed by or on behalf of the respondent and filed with the Hearing Board, with a copy served on the Exchange. The Answer shall indicate specifically which assertions of fact and charges in the Charge Memorandum are denied and which are admitted; and shall also contain any specific facts in contradiction of the charges and any affirmative defenses. A general denial without more shall not be deemed to satisfy this requirement. Any assertions of fact not specifically denied in the Answer may be deemed admitted and failure to file an Answer may be deemed an admission of any facts asserted in the Charge Memorandum.

The Hearing Board shall set a schedule for filing of motions and shall establish Hearing dates. If the respondent has failed to file an Answer, the Exchange, by motion, accompanied by proof of notice to the respondent, may request a determination of guilt by default, and may recommend a penalty to be imposed. If the respondent opposes the motion, the Hearing Officer, on a determination that respondent had adequate reason to fail to file an Answer, may adjourn the Hearing date and direct the respondent to promptly file an Answer. If the default motion is unopposed, or respondent did not have adequate reason to fail to file an Answer, or respondent failed to file an Answer after being given an opportunity to do so, the Hearing Officer, on a determination that respondent has had notice of the charges and that the Exchange has jurisdiction in the matter, may find guilt and determine penalty.

Notice of the Hearing to be held for the purpose of considering the charges shall be served upon the Exchange and the respondent as provided above. The respondent shall be entitled to be personally present thereat if a natural person, and if other than a natural person, by a designee. The Hearing Officer shall determine the specific facts in issue, and with respect to those facts only, both the Exchange and the respondent may produce witnesses and any other evidence and they may examine and cross-examine any witnesses so produced. After hearing all the witnesses and considering all the evidence, the Hearing Panel shall determine whether the respondent is guilty of the charges. If the Hearing Panel determines that the respondent is guilty, it shall fix and impose the penalty or penalties.

(e) The Exchange shall keep a record of any Hearing conducted under this Rule and a written notice of the result setting forth the requirements contained in Section 6(d)(1) of the Securities Exchange Act of 1934 shall be served upon the respondent and the Exchange.

The determination of the Hearing Panel, or of the Hearing Officer on a determination of default, and any penalty imposed, shall be final and conclusive twenty-five days after notice thereof has been served upon the respondent in the manner provided in paragraph (d) above, unless a request to the Exchange Board of Directors for review of such determination and/or penalty is filed as hereinafter provided. If such a request to the Exchange Board of Directors for review is filed as hereinafter provided, any penalty imposed shall be stayed pending the outcome of such review.

(f) The Exchange, the respondent, any member of the Exchange Board of Directors, and any member of the Committee for Review may require a review by the Exchange Board of Directors of any determination or penalty, or both, imposed by a Hearing Panel or Hearing Officer. A request for review shall be made by filing with the Secretary of the Exchange a written request therefor, which states the basis and reasons for such review, within twenty-five days after notice

of the determination and/or penalty is served upon the respondent. The Secretary of the Exchange shall give notice of any such request for review to the Exchange and any respondent affected thereby.

Any review shall be conducted by the Exchange Board of Directors or the Committee for Review in the sole discretion of the Exchange Board of Directors, and shall be based on oral arguments and written briefs, and be limited to consideration of the record before the Hearing Panel or Hearing Officer. The Committee for Review may, but is not required to, appoint an appeals panel to conduct a review under this subsection and make a recommendation to the Committee for Review. An appeals panel appointed by the Committee for Review would consist of at least three and no more than five individuals. An appeals panel appointed by the CFR for equity matters would be composed of at least one director and one member or individual associated with an equities member organization. An appeals panel appointed by the Committee for Review for options matters would be composed of at least one director and one member or individual associated with an options member organization. Upon review, and with the advice of the Committee for Review, the Exchange Board of Directors, by the affirmative vote of a majority of the Exchange Board of Directors then in office, may sustain any determination or penalty imposed, or both, may modify or reverse any such determination, and may increase, decrease or eliminate any such penalty, or impose any penalty permitted under the provisions of this Rule. Unless the Exchange Board of Directors otherwise specifically directs, the determination and penalty, if any, of the Exchange Board of Directors after review shall be final and conclusive subject to the provisions for review of the Securities Exchange Act of 1934.

Notwithstanding the foregoing, if either party upon review applies for leave to adduce additional evidence, and shows to the satisfaction of the Exchange Board of Directors, with the advice of the Committee for Review, that the additional evidence is material and that there was reasonable ground for failure to adduce it before the Hearing Panel or Hearing Officer, the Exchange Board of Directors, with the advice of the Committee for Review, may remand the case for further proceedings, in whatever manner and on whatever conditions the Exchange Board of Directors considers appropriate.

(g) In lieu of the procedures set forth in paragraph (d) above, a Hearing Officer acting alone shall also determine whether a member, member organization, principal executive, approved person, or registered or non-registered employee of a member or member organization has committed any one or more of the offenses specified in paragraph (a) above, on the basis of a written Stipulation and Consent entered into between the respondent and any authorized officer or employee of the Exchange or of another self-regulatory organization with which the Exchange has entered into an agreement to provide regulatory services to the Exchange pursuant to Rule 1B on behalf of the Exchange. Any such Stipulation and Consent shall contain a stipulation with respect to the facts, or the basis for findings of fact by the Hearing Officer; a consent to findings of fact by the Hearing Officer, including a finding that a specified offense had been committed; and a consent to the imposition of a specified penalty.

A Hearing Officer shall convene a Hearing Panel, if the Hearing Officer requires clarification or further information on the Stipulation and Consent, or if either party requests a Hearing before a Hearing Panel. A Hearing Officer, acting alone, may not reject a Stipulation or Consent, but shall convene a Hearing Panel to consider such action.

Notice of any Hearing held for the purpose of considering a Stipulation and Consent shall be served upon the respondent as provided in paragraph (d) above. In any such Hearing, if the Hearing Panel determines that the respondent has committed an offense, it may impose the penalty agreed to in such Stipulation and Consent. In addition, a Hearing Panel may reject such Stipulation and Consent.

Such rejection shall not preclude the parties to the proceeding from entering into a modified Stipulation and Consent which shall be presented to a Hearing Panel in accordance with the provisions of this subsection, nor shall such rejection preclude the Exchange from bringing or presenting the same or different charges to a Hearing Panel in accordance with the provisions of paragraph (d) above. The Exchange shall keep a record of any Hearing conducted under this Rule and a written notice of the result setting forth the requirements contained in Section 6(d)(1) of the Securities Exchange Act of 1934 shall be served on the parties to the proceeding.

The determination of the Hearing Panel or Hearing Officer and any penalty imposed shall be final and conclusive, twenty-five days after notice thereof has been served upon the respondent in the manner provided in paragraph (d) above, unless a request to the Exchange Board of Directors for review of such determination and/or penalty is filed as hereinafter provided. If such a request to the Exchange Board of Directors for review is filed as hereinafter provided, any penalty imposed shall be stayed pending the outcome of such review.

Any member of the Exchange Board of Directors and any member of the Committee for Review may require a review by the Exchange Board of Directors of any determination or penalty, or both, imposed by a Hearing Panel or Hearing Officer in connection with a Stipulation and Consent. The respondent or the Division which entered into the written consent may require a review by the Exchange Board of Directors of any rejection of a Stipulation and Consent by the Hearing Panel.

A request for review shall be made by filing with the Secretary of the Exchange a written request therefor, which states the basis and reasons for such review, within twenty-five days after notice of the determination and/or penalty is served on the respondent. The Secretary of the Exchange shall give notice of any such request for review to the Exchange involved in the proceeding and any respondent affected thereby.

Any review shall be conducted by the Exchange Board of Directors or the Committee for Review, in the sole discretion of the Exchange Board of Directors, and shall consist of oral arguments and written briefs, and be limited to consideration of the record before the Hearing Panel or Hearing Officer. Upon review, and with the advice of the Committee for Review, the Exchange Board of Directors, by the affirmative vote of a majority of the Exchange Board of Directors then in office, may fix and impose the penalty agreed to in such Stipulation and Consent or any penalty which is less severe than the stipulated penalty, or may remand for further proceedings. Unless the Exchange Board of Directors otherwise specifically directs, the determination and penalty, if any, of the Exchange Board of Directors after review shall be final and conclusive subject to the provisions for review of the Securities Exchange Act of 1934.

(h) A member, member organization, principal executive, approved person, or registered or non-registered employee of a member or member organization, or any other person shall have the right to be represented by legal counsel or other representative in any Hearing or review held pursuant to the provisions of this Rule and in any investigation before any committee, officer, or employee of the Exchange. A Hearing Officer may impose a fine or any other appropriate sanction on any party or the party's representative for improper conduct in connection with a matter before the Hearing Board, and may, if appropriate, exclude any participant, including any party, witness, attorney or representative from a Hearing on the basis of such conduct.

(i) A member or principal executive of the Exchange who is associated with a member organization is liable to the same discipline and penalties for any act or omission of such member organization as for the member or principal executive's own personal act or omission. The Hearing Panel which considers the charges against such member, or principal executive, or the Exchange Board of Directors upon any review thereof, may relieve him from the penalty therefor or may remit or reduce such penalty on such terms and conditions as the Panel or the Exchange Board of Directors, with the advice of the Committee for Review, shall deem fair and equitable.

(j) When a member is suspended under the provisions of this Rule, such member shall be deprived during the term of the member's suspension of all rights and privileges of membership. The expulsion of a member shall terminate all rights and privileges arising out of said membership.

(k) Any approved person or registered or non-registered employee who shall neglect to pay any fine within forty-five days after the same shall become payable may, after written notice mailed to such person at either the member's office or last place of residence as reflected in Exchange records, be summarily suspended from association in any capacity with a member organization or have the member's approval withdrawn until such fine is paid.

Any member, member organization or principal executive who shall not pay a fine within forty-five days after the same shall become payable, shall be reported by the Exchange Treasurer to the Chairman of the Exchange Board of Directors and, after written notice mailed to such member, member organization or principal executive of such arrearages, may be suspended by the Exchange Board of Directors until payment is made.

Whenever a member, member organization, principal executive, approved person or registered or non-registered employee of a member or member organization is suspended under the provisions of this Rule, that person or organization may be proceeded against for any offense other than that for which such member, member organization, principal executive, approved person or registered or non-registered employee was suspended.

The suspension or expulsion of a member or principal executive under the provisions of this Rule shall create a vacancy in any office or position held by the member or principal executive.

(l) Notwithstanding any other provisions of this Rule, the Chief Executive Officer (a) may not require a review by the Board under this Rule and (b) shall be recused from deliberations and actions of the Board with respect to matters to be reviewed by the Board under this Rule.

• • • *Supplementary Material*

.10 Sanctions Guidelines.

A. Overview

The mission of the Exchange is to provide a securities market place in which high standards of honor and integrity prevail and to promote and maintain just and equitable principles of trade and business. To this end, as a regulator, the Exchange seeks to protect investors and strengthen market integrity through vigorous, even-handed, and cost-effective self-regulation. The Exchange embraces self-regulation as the most effective means of infusing a balance of industry and non-industry expertise into the regulatory process. To build public confidence in the financial markets, and as part of the Exchange's regulatory mission, the Exchange must stand ready to discipline members, member organizations, their employees, and approved persons by imposing sanctions when necessary and appropriate to protect investors, members, member organizations and the market place as a whole and to promote the public interest.

The Exchange has developed these Sanction Guidelines for use by the various bodies with responsibility for the adjudication of disciplinary actions, including Hearing Panels, Hearing Officers, the Committee for Review, and the Board of Directors (collectively, "Adjudicatory Bodies" or "Adjudicators"), in determining appropriate remedial sanctions. These Guidelines also may be used by parties to a disciplinary action in entering into a Stipulation of Facts and Consent to Penalty.

These Guidelines do not prescribe fixed sanctions for particular violations. Rather, they provide direction for Adjudicatory Bodies to assist them in imposing sanctions consistently and fairly. The Guidelines recommend ranges for sanctions and suggest factors (called "Principal Considerations") that Adjudicatory Bodies may consider in determining, for each case, where within the range the sanctions should fall or whether sanctions should be above or below the recommended range. These Guidelines are not intended to be absolute. Based on the facts and circumstances presented in each case, Adjudicatory Bodies may impose sanctions that fall outside the ranges recommended and may consider aggravating and mitigating factors in addition to those listed in these Guidelines.

To promote consistency and uniformity in the imposition of penalties, the following factors should be considered in connection with the imposition of sanctions in all cases. In addition, a list of Principal Considerations in Determining Sanctions, which enumerates generic factors that could be aggravating or mitigating in any given case, is included.

B. General Principles Applicable to All Sanction Determinations

(1) Disciplinary sanctions are remedial in nature. Adjudicatory Bodies should design sanctions to prevent and deter future misconduct by the wrongdoer, to discourage others from engaging in similar misconduct, and to improve overall business standards of Exchange members. The concept of remediation calls for the imposition of the least burdensome sanction necessary effectively to address the misconduct. The concept of deterrence requires the imposition of a

remedial sanction of sufficient weight to discourage the violator and others similarly situated from repeating or engaging in the misconduct. Disciplinary sanctions should not be designed to punish for past misconduct. Rather, Adjudicatory Bodies should seek to achieve remediation and deterrence in imposing sanctions.

(2) An important objective of the disciplinary process is to deter future misconduct by imposing progressively escalating sanctions on recidivists. Repeated acts of misconduct call for increasingly serious sanctions.¹ Adjudicatory Bodies should consider a named party's relevant disciplinary history in determining sanctions. Relevant history may include past misconduct similar to the misconduct at issue or past misconduct that, while unrelated, evidences prior disregard for regulatory requirements, investor protection, or the integrity of the industry as a whole.²

(3) Adjudicatory Bodies should tailor sanctions to address the misconduct at issue. In order to achieve remediation, Adjudicatory Bodies should impose sanctions tailored to the misconduct at issue. While adhering to the limitations with respect to sanctions imposed by the Securities Exchange Act of 1934 and the Exchange's own rules, Adjudicatory Bodies may consider imposing somewhat unique sanctions if necessary to address the specific misconduct at issue. For example, an Adjudicatory Body may require a member or member organization to: retain a qualified independent consultant to improve future compliance with regulatory requirements; disclose disciplinary history to new and/or existing clients; or implement heightened supervision of certain employees.

(4) Aggregation or "batching" of violations may be appropriate in certain instances for purposes of determining sanctions. Adjudicatory Bodies may treat several acts of misconduct as one "violation" for purposes of determining sanctions if the misconduct meets certain objective parameters. The parameters are intended to describe the circumstances in which Adjudicatory Bodies may choose to aggregate violations and are not intended to require that Adjudicators aggregate multiple violations in every instance in which the violations meet the parameters. Multiple violations may be treated individually such that a sanction is imposed for each violation, and multiple violations may be treated as aggravating and warrant higher sanctions. In determining whether to aggregate, Adjudicatory Bodies should consider the following factors:

- A. Whether the violations involved related activity and the same or similar interrelated rules or regulations. (If aggregated, the violations should not have involved materially different types of misconduct.)
- B. Whether the violations involved unintentional or negligent misconduct or manipulative, fraudulent, or deceptive intent. (If aggregated, the violations should not have involved manipulative, fraudulent, or deceptive intent.)
- C. Whether the misconduct resulted in injury to investors. (If investors were injured, but the misconduct did not involve manipulative, fraudulent, or deceptive intent and full restitution has been paid to all injured parties, an Adjudicatory Body may consider aggregating violations. Otherwise, violations involving customer harm should not be aggregated.)

- D. Whether the violations resulted from a single systematic problem or underlying cause that has been corrected. (If aggregated, the violations should have resulted from one cause and the cause should have been corrected.)
- E. Whether the violations were uncovered as the result of a comprehensive surveillance review conducted by the Exchange or the member firm. (It may be appropriate to aggregate violations if they were uncovered as a result of a comprehensive surveillance review.),

(5) Adjudicatory Bodies should order restitution if necessary to remediate misconduct. Adjudicatory Bodies should order restitution when an identifiable party has suffered a quantifiable loss as a result of a named party's misconduct.³ Adjudicatory Bodies should calculate orders of restitution based on the actual amount of loss sustained by the injured party, as demonstrated by record evidence. Orders of restitution may exceed the amount of the named party's ill-gotten gain. It is imperative that Adjudicatory Bodies include in written decisions a description of the method used to calculate restitution.

(6) Adjudicatory Bodies should consider the amount of a named party's ill-gotten gain when determining the amount of a disciplinary fine. In cases in which the record demonstrates that a named party obtained a financial benefit from its misconduct, Adjudicatory Bodies should require disgorgement of the ill-gotten gain by fining away the amount of the financial benefit in addition to any other sanction that might apply.

C. Principal Considerations In Determining Sanctions

The following list of factors should be considered in conjunction with the imposition of sanctions. Individual guidelines may list other factors. As appropriate, Adjudicatory Bodies should consider case-specific factors in addition to those listed here and in individual guidelines.

- (1) The named party's relevant disciplinary history including any fines imposed under a Minor Rule Violation Fine Plan. (See General Principle No. 2).
- (2) Whether the named party accepted responsibility for and acknowledged the misconduct to an employer (in the case of an employee of a member or member organization or an approved person) or a regulator prior to detection and intervention by the employer or regulator.
- (3) Whether the named party voluntarily employed subsequent corrective measures, prior to detection or intervention by an employer (in the case of an employee of a member or member organization or an approved person) or a regulator, to revise general and/or specific procedures to avoid recurrence of misconduct.
- (4) Whether the named party voluntarily and reasonably attempted, prior to detection and intervention, to pay restitution or otherwise remedy the misconduct.

- (5) Whether the named party demonstrated reasonable reliance on competent legal or accounting advice.
- (6) Whether the named party engaged in numerous acts and/or a pattern of misconduct.
- (7) Whether the named party engaged in the misconduct over an extended period of time.
- (8) Whether the named party attempted to conceal misconduct or to lull into inactivity, mislead, deceive, or intimidate a customer, regulatory authorities, or an employer (in the case of an employee of a member or member organization or an approved person).
- (9) With respect to other parties, including the investing public and/or other market participants, (a) whether the named party's misconduct resulted directly or indirectly in injury to such other parties; and (b) the extent of the injury.
- (10) Whether the named party provided substantial assistance to regulators in its examination and/or investigation of the underlying misconduct, or whether the named party attempted to delay an investigation, to conceal information, or to provide inaccurate or misleading testimony or documentary information to the Exchange or another regulator.
- (11) Whether the named party's misconduct was the result of an intentional act, recklessness, or negligence.
- (12) Whether the named party engaged in the misconduct at issue notwithstanding prior warnings from Exchange staff, another regulator, or a supervisor (in the case of an approved person or employee of a member or member organization) that the conduct violated Exchange rules or applicable securities laws or regulations.
- (13) Whether the named party's misconduct resulted in the potential for monetary or other gain.
- (14) The number, size, and character of the transactions at issue.
- (15) The level of sophistication of the injured or affected customer. (Generally a violation affecting an unsophisticated customer should be considered as an aggravating factor.)
- (16) Whether, at the time of the violation, the named member or member organization had developed reasonable supervisory, operational, and/or technical procedures or controls that were properly implemented.
- (17) Whether, at the time of the violation, the named member or member organization had developed adequate training and educational initiatives.
- (18) Whether the named member or member organization can demonstrate that the misconduct at issue was aberrant or not otherwise reflective of its historical compliance record.

(19) Whether the member or member organization with which a named party is/was associated disciplined the party for the misconduct at issue prior to regulatory detection.

Firm Quotes—Specialist Options Transactions

Exchange Rule 958A

Principal Considerations in Determining Sanctions

See List of Principal Considerations Applicable to All Guidelines Additional Considerations
1) Whether named party remediated the failures to execute.

Monetary Sanction

First Disciplinary Action⁴ Fine of \$500 to \$1,000.
Second Disciplinary Action Fine of \$1,000 to \$10,000.
Subsequent Disciplinary Actions Fine of \$3,000 to \$50,000.

Suspension, Expulsion, or Other Sanctions

In egregious cases, consider suspending the named party with respect to any or all activities or functions for up to two years.

4

To determine if an action is the first disciplinary action, consider disciplinary actions with respect to violative conduct that occurred within the two years prior to the misconduct at issue. As indicated in the General Principles, recent acts of similar misconduct may be considered to be aggravating factors.

Limit Order Display—Specialist Options Transactions

Exchange Rule 958A

Principal Considerations in Determining Sanctions ***Monetary Sanction*** ***Suspension, Bar, or Other Sanctions***

See List of Principal Considerations Applicable to All Guidelines

Additional Considerations

1) Whether customer limit order was executed during the period of non-compliance.

2) Whether other transactions were executed at prices equal to or better than the customer limit order.

3) Whether misconduct had a significant adverse impact on market transparency and availability of price information.

4) Amount of time beyond 30 seconds that elapsed before limit order was displayed.

First Disciplinary Action ⁵ *Fine of \$1,000 to \$2,000.*

Second Disciplinary Action *Fine of \$2,000 to \$10,000.*
Subsequent Disciplinary Actions *Fine of \$5,000 to \$50,000.*

In egregious cases, consider suspending the named party with respect to any or all activities or functions for up to two years. In particularly egregious cases involving a pattern of misconduct, consider expelling the member or member organization, withdrawing approval of the responsible approved person, and/or permanently barring a named party from employment or association with any member or member organization.

5

To determine if an action is the first disciplinary action, consider disciplinary actions with respect to violative conduct that occurred within the two years prior to the misconduct at issue. As indicated in the General Principles, recent acts of similar misconduct may be considered to be aggravating factors.

Priority Rules—Restrictions on Transactions of Registered Traders, Precedence of Bids and Offers, and Precedence of Orders Entrusted to Specialists

Exchange Rules 111, 126, 155, 950, and 958

Principal Considerations in Determining Sanctions

Monetary Sanction

Suspension, Bar, or Other Sanctions

See List of Principal Considerations Applicable to All Guidelines

Additional Considerations

1) Whether the misconduct involved violations of rules

First Disciplinary Action⁶ *Fine of \$1,000 to \$5,000.*

Second Disciplinary

In egregious cases, consider suspending the named party with respect to any or all activities or functions for up to two years. In particularly egregious cases involving a pattern of misconduct and/or customer harm, consider expelling the member or member organization, withdrawing

<p>intended to provide protection to customer orders.</p> <p>2) Whether misconduct resulted in the failure to execute a customer order and, if so, whether the named party remediated the misconduct.</p>	<p>Action Fine of \$2,000 to \$20,000.</p> <p>Subsequent Disciplinary Actions Fine of \$5,000 to \$50,000.</p>	<p>approval of the responsible approved person, and/or permanently barring a named party from employment or association with any member or member organization.</p>
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6

To determine if an action is the first disciplinary action, consider disciplinary actions with respect to violative conduct that occurred within the two years prior to the misconduct at issue. As indicated in the General Principles, recent acts of similar misconduct may be considered to be aggravating factors.

Rule Regarding Anti-Competitive Behavior and Harassment

Rules 16 and 995NY

<i>Principal Considerations in Determining Sanctions</i>	<i>Monetary Sanction</i>	<i>Suspension, Bar, or Other Sanctions</i>
<p>See List of Principal Considerations Applicable to All Guidelines</p> <p>Additional Considerations</p> <p>1) Whether the behavior also was collusive.</p> <p>2) Whether the behavior affected publicly disseminated quotes.</p> <p>3) Whether the behavior resulted in late or inaccurate trade reporting.</p> <p>4) Whether the behavior resulted in altered prices or quotations.</p> <p>5) In the case of harassment, nature and content of named party's speech and/or communications.</p> <p>6) Whether the behavior resulted in harm to public customers.</p>	<p>First Disciplinary Action ⁷<i>Fine of \$1,000 to \$5,000.</i></p> <p>Second Disciplinary Action Fine of \$2,000 to \$20,000.</p> <p>Subsequent Disciplinary Actions Fine of \$5,000 to \$50,000.</p>	<p>In egregious cases, consider expelling the member or member organization, withdrawing approval of the responsible approved person, and/or permanently barring a named party from employment or association with any member or member organization.</p>

7

To determine if an action is the first disciplinary action, consider disciplinary actions with respect to violative conduct that occurred within the two years prior to the misconduct at issue. As indicated in the General Principles, recent acts of similar misconduct may be considered to be aggravating factors.

Trade Reporting

Rule 957NY

<i>Principal Considerations in Determining Sanctions</i>	<i>Monetary Sanction</i>	<i>Suspension, Bar, or Other Sanctions</i>
<p>See List of Principal Considerations Applicable to All Guidelines</p> <p>Additional Considerations</p> <p>1) Nature of trade-reporting violation.</p> <p>2) Whether violative conduct affected discovery of information regarding market price.</p> <p>3) Amount of time beyond 90 seconds that elapsed before trade was reported.</p>	<p>First Disciplinary Action 8 Fine of \$1,000 to \$2,000.</p> <p>Second Disciplinary Action Fine of \$2,000 to \$10,000.</p> <p>Subsequent Disciplinary Actions Fine of \$5,000 to \$50,000.</p>	<p>In egregious cases, consider suspending the named party with respect to any or all activities or functions for up to two years. In particularly egregious cases involving a pattern of misconduct, consider expelling the member or member organization, withdrawing approval of the responsible approved person, and/or permanently barring a named party from employment or association with any member or member organization.</p>

8

To determine if an action is the first disciplinary action, consider disciplinary actions with respect to violative conduct that occurred within the two years prior to the misconduct at issue. As indicated in the General Principles, recent acts of similar misconduct may be considered to be aggravating factors.

Footnotes

¹ It should be noted, however, that even if a named party has no history of misconduct, the misconduct at issue may be so egregious as to justify sanctions beyond the range recommended in these Guidelines.

- ² Certain regulatory incidents are not relevant to the determination of disciplinary sanctions. Examples of incidents not relevant to the determination of disciplinary sanctions are: settlements containing an express agreement prohibiting consideration of the action for purposes of enhancement of sanctions in subsequent actions; arbitration proceedings, whether pending, settled or fully litigated; and pending regulatory investigations or the existence of ongoing regulatory proceedings prior to the issuance of a decision.
- ³ Restitution is particularly appropriate when a named party has benefited from the misconduct. Furthermore, while restitution is an appropriate method of depriving a wrongdoer of ill-gotten gain, as discussed in the sixth principle, the amount of ill-gotten gain also may be used to determine the amount of a disciplinary fine.

Rule 476A. Imposition of Fines for Minor Violation(s) of Rules

Rule 476A shall apply only to a proceeding for which a Charge Memorandum has been filed with the hearing board under Rule 476(d) prior to April 15, 2016, until such proceeding is final; otherwise, the Rule 9000 Series shall apply. Notwithstanding the preceding sentence, on or after April 15, 2016, (1) the violations under Rule 476A supplementary Part 1A, Part 1C and Part 1D shall be subject to the Rule 9000 Series procedures, and (2) the fine amounts and fine levels set forth in Rule 476A supplementary Part 1A, Part 1C and Part 1D shall apply to fines imposed under either Rule 476A or the Rule 9000 Series.

(a) In lieu of commencing a "disciplinary proceeding" as that term is used in Disciplinary Rule 476, the Exchange may, subject to the requirements set forth in this Rule, impose a fine, not to exceed \$5,000, on any member, member organization, principal executive, approved person, or registered or non-registered employee of a member or member organization, for any violation of a rule of the Exchange, which violation the Exchange shall have determined is minor in nature. Any fine imposed pursuant to this Rule and not contested shall not be publicly reported, except as may be required by Rule 19d-1 under the Securities Exchange Act of 1934, and as may be required by any other regulatory authority.

(b) In any action taken by the Exchange pursuant to this Rule, the person against whom a fine is imposed shall be served (as provided in paragraph (d) of Disciplinary Rule 476) with a written statement, signed by an authorized officer or employee of the Exchange on behalf of the Division or Department of the Exchange taking the action, setting forth (i) the rule or rules alleged to have been violated; (ii) the act or omission constituting each such violation; (iii) the fine imposed for each such violation; and (iv) the date by which such determination becomes final and such fine becomes due and payable to the Exchange, or such determination must be contested as provided in

paragraph (d), such date to be not less than 25 days after the date of service of the written statement.

(c) If the person against whom a fine is imposed pursuant to this Rule pays the fine, such payment shall be deemed to be a waiver by such person of such person's right to a disciplinary proceeding under Disciplinary Rule 476 and any review of the matter by a Hearing Panel or the Board of Directors of the Exchange.

(d) Any person against whom a fine is imposed pursuant to this Rule may contest the Exchange's determination by filing with the Division or Department of the Exchange taking the action not later than the date by which such determination must be contested, a written response meeting the requirements of an "Answer" as provided in Disciplinary Rule 476(d), at which point the matter shall become a "disciplinary proceeding" subject to the provisions of Disciplinary Rule 476. In any such disciplinary proceeding, if the Hearing Panel determines that the person charged is guilty of the rule violation(s) charged, the Panel shall (i) be free to impose any one or more of the disciplinary sanctions provided in Disciplinary Rule 476 and (ii) determine whether the rule violation(s) is minor in nature. Exchange regulatory staff, the person charged, any member of the Board of Directors or of the Exchange, any member of the Committee for Review, and any Executive Floor Governor may require a review by the Board of any determination by the Hearing Panel by proceeding in the manner described in Disciplinary Rule 476.

(e) The Exchange shall prepare and announce to its members and member organizations from time to time a listing of the Exchange rules as to which the Exchange may impose fines as provided in this Rule. Such listing shall also indicate the specific dollar amount that may be imposed as a fine hereunder with respect to any violation of any such rule or may indicate the minimum and maximum dollar amounts that may be imposed by the Exchange with respect to any such violation. Nothing in this Rule shall require the Exchange to impose a fine pursuant to this Rule with respect to the violation of any rule included in any such listing and the Exchange shall be free, whenever it determines that any violation is not minor in nature, to proceed under Disciplinary Rule 476 rather than under this Rule.

• • • *Supplementary Material:*

Part 1A: List of Equities Rule Violations and Fines Applicable Thereto

The violations and fines listed in Part 1A are applicable to trading activity and conduct on and after December 1, 2008.

- Rule 15 – Equities (Pre-Opening Indications)

- Rule 19 - Equities (Locking or Crossing Protected Quotations in NMS Stocks)
- Rule 35 - Equities requirement that employees of members and member organizations be registered with, qualified by, and approved by the Exchange before being admitted to the Trading Floor.
- Failure to notify the Exchange's Security Office and surrender Exchange-issued identification cards within 24 hours of Floor members' or employees' termination or reassignment, or cancellation of such identification cards, as required by Rule 35.80 - Equities
- Rule 36 – Equities provisions governing member and member organization communications between the Floor and other locations, the use and/or possession of portable or wireless communication or trading devices, and the proper handling and reporting of "give ups".
- Rule 60 - Equities requirements for dissemination of quotations for reported securities.
- Violation of the agency provisions of Rule 72(d) - Equities
- Rule 91.10 - Equities requirements for a DMM to summon a representative of a firm who had entrusted an order with the DMM who has elected to take or supply for his or her account the securities named in the order to confirm the acceptance or rejection of such transaction.
- Rule 95 - Equities order identification requirements and prohibition of transactions which involve discretion on the Floor as to choice of security, total amount of security to be bought or sold or whether transaction is purchase or sale
- Reporting rule violations (Rules 104A.50 - Equities, 312(a) - Equities, 312(b) - Equities, 312(c) - Equities, 313 - Equities, 345.12 - Equities, 345.17 - Equities, 351 - Equities, 440H- Equities, 4110.01 – Equities, 4521 – Equities, 4530 – Equities, and 4560(a) – Equities)
- Rule 103.11 - Equities requirements to keep and provide records to the Exchange with respect to the time DMM and DMM clerks are on the Floor of the Exchange acting in those capacities.
- Rule 104 – Equities requirements for the dealings and responsibilities of DMMs

- Rule 105 - Equities and Guidelines (DMMs' Interest in Pools, Options, and Single Stock Futures)
- Rule 116.30 - Equities requirement for DMMs' stopping stock
- Record retention rule violations (Rules 117 - Equities, 121 - Equities, 123 - Equities, 123A.20 - Equities, 345.11 - Equities, 410- Equities, 432(a) - Equities, 440- Equities, 440I- Equities and 472(c) - Equities)
- Failure to Time-Record Orders Received at the DMM's Post (Rule 121 - Equities) and Failure to Time-Record Orders received at a Member's Booth from off the Floor (Rule 123 - Equities)
- Failure of a member or member organization to use standardized Floor stationery as required by Rule 123A.23 - Equities
- Rule 123C – Equities - Failure to adhere to entry and cancellation procedures for limit-at-the-close and market-at-the-close orders
- Rule 123D – Equities requirements for DMMs relating to openings, re-openings, delayed openings, trading halts, and tape indications
- Failure to utilize procedures of Rule 127 - Equities to satisfy all better priced limit orders when effecting block crosses outside the quote and failure to provide public orders an execution at the cross price when required by Rule 127 - Equities procedures
- Failure to submit required trade data to comparison pursuant to Rule 130 - Equities within time periods determined by the Exchange.
- Failure to collect all audit trail data specified in Rule 132 - Equities
- Rule 134(c) - Equities and 134(e) - Equities requirement to comply with specified QT procedures and time periods
- Failure to Obtain Exchange Approval Rule Violations (Rules 312(h) - Equities, 312(i) - Equities, 382(a) - Equities, and 4110 - Equities)
- Failure of a member organization to have individuals responsible and qualified for the positions of Financial Principal, Operations Principal, Compliance Official, Branch Office Manager and Supervisory Analyst (Rules 311(b)(5) - Equities, 344 - Equities, 3110(a) - Equities and 3130(a) - Equities)

- Failure of a member organization to have individuals responsible and qualified for the positions of Securities Lending Supervisor (Rule 345(a) - Equities)
- Failure to obtain employer's prior written consent for engaging in an outside activity as required by Rule 3270 - Equities
- Guaranteeing a customer's account against loss or sharing in profits or losses as prohibited by Rules 352(b) - Equities, 352(c) - Equities, and 2150(b) - and (c) - Equities
- Rule 387 - Equities requirements for customer COD/POD transactions
- Rules 392 - Equities and 5190 - Equities notification requirements
- Failure to acknowledge customer complaint within 15 business days, as required by Rule 401A - Equities
- Rule 407 - Equities requirements for transactions of employees of the Exchange, members or member organizations
- Rule 407A - Equities reporting and notification requirements for members
- Rule 408(a) - Equities requirement that written authorization be obtained for discretionary power in a customer's account
- Rule 410A - Equities requirements for automated submission of trading data
- Rule 411(b) - Equities requirement to not combine the orders of several different customers to buy or sell odd-lots of the same stock, into a round lot order, without the prior approval of the customers interested
- Failure to transfer a customer securities account in accordance with the requirements of Rule 412 - Equities and the interpretations thereunder
- Failure to promptly provide or promptly update required membership profile information through the Exchange's Electronic Filing Platform ("EFP"), or failure to electronically certify that required membership profile information is complete and accurate, as required by Rule 416A - Equities
- Rule 440B - Equities short sale rule violations

- Rule 440C - Equities failure to deliver against a short sale without diligent effort to borrow
- Failure to designate and identify to the Exchange an Anti-Money Laundering contact person or persons as required by Rules 445(4) - Equities and 3310(d) - Equities
- Rules 451 - Equities and 452 - Equities requirements relating to transmission of proxy material and authorizing the giving of proxies
- Misstatements or omission of fact on submissions filed with the Exchange (Disciplinary Rule 476(a)(10))
- Rule 460.30 - Equities notification requirements
- Failure to submit books and records or to furnish information on the date or within the time period that the Exchange requires (Disciplinary Rule 476(a)(11))
- Rule 502 – Equities prohibition on making a bid, offer or transaction, or routing an order, for Nasdaq Securities on or from Exchange systems before 9:30 a.m. or after the close of the Off-Hours Trading session.
- Rule 504(b)(5) – Equities requirement for a DMM Unit registered in a Nasdaq Security that is an Exchange Traded Fund to report the listed concentration measures.
- Rule 508(a)(2) – Equities requirement for a DMM Unit to open trading in Nasdaq Securities at 9:30 a.m. or as soon thereafter as possible.
- Rule 508(a)(3) – Equities requirement for a DMM Unit to reopen trading in Nasdaq Securities as soon as possible after a trading halt, suspension or pause has been lifted.
- Rule 508(b)(2) – Equities requirements for closing a Nasdaq Security in a manual or slow market.
- Rule 509(a) – Equities requirements for DMM Units.
- Rule 509(b) – Equities requirements for DMM communications from the Floor.
- Rule 510(c) – Equities requirements for dissemination and distribution of information for Nasdaq Securities that are derivative securities products.

- Rule 516 – Equities requirements for reporting and recordkeeping of transactions in Nasdaq Securities.
- Rule 518 – Equities requirements for clearance and settlement of transactions in Nasdaq Securities.

Fine Amount	Individual	Member Organization
1st Offense	\$500	\$1,000
2nd Offense*	\$1,000	\$2,500
Subsequent Offenses*	\$2,500	\$5,000
	* Within a "rolling" 24 month period from the date of the violation.	

Part 1B: Reserved

Part 1C: List of Options Rule Violations and Fines Applicable Thereto

The violations and fines listed in Part 1C are applicable to trading activity and conduct on and after March 2, 2009.

- (i) Minor Rule Plan: Options Floor Decorum and Minor Trading Rule Violations¹
 - (1) Floor Broker failed to use due diligence in the handling or execution of an order. (Rule 933NY)
 - (2) Failure to comply with the order format and system entry requirements of Rule 955NY or proper documentation of time stamps (Rule 955NY)
 - (3) Floor Broker improperly executed a cross transaction. (Rule 934NY-934.3NY)
 - (4) Market Maker or Floor Broker violated procedures concerning the Market Maker's use of a Floor Broker to effect transactions. (Rule 936NY and 925.3NY)

- (5) Market Maker failed to respond to a call for Market Makers by a Trading Official. (Rule 940NY)
- (6) Market Maker failed to respond to demands for bids and/or offers. (Rule 925NY)
- (7) ATP Holder failed to give up the name of the clearing member by open outcry when requesting a quote and size of the market or after effecting a trade. (Rule 954NY)
- (8) ATP Holder failed to remain accessible for a specified amount of time after trade processing. (Rule 964)
- (9) ATP Holder failed to honor a guaranteed market. (Rules 927NY and 970NY)
- (10) ATP Holder failed to identify broker-dealer order. (Rules 954NY(c) and 970NY)
- (11) Improper communication on the floor. (Rule 902NY, Commentary .02.)
- (12) ATP Holder established or maintained a telephonic communication between the Floor and another location, or between locations on the Floor, without prior registration with the Exchange (Rule 902NY(i)); ATP Holder established or maintained an alternative communication device between the Floor and another location, or between locations on the Floor, without the prior approval of the Exchange (Rule 902NY(i)).
- (13) Improper vocalization of a trade. (Rules 959NY and 961NY)
- (14) Violation of rules related to floor decorum. (Rule 902NY)
- (15) Disruptive action involving physical contact while on the Trading Floor. (Rule 902NY)
- (16) ATP Holder used abusive language on the Trading Floor. (Rule 902NY)
- (17) Position Limit or Exercise Limit Violation. (Rule 904, 904C, 905, 905C, 1107, 1108)

- (18) Failure to meet 75% Primary Appointment Requirement. (Rule 923NY)
- (19) Failure to comply with Authorized Trader rules. (Rule 921.1NY).
- (20) Violation of rules on visitors to the Options Floor. (Rule 902NY)
- (21) Misuse of ATP Holder badge or identification. (Rule 902NY)
- (22) Violation of rules pertaining to Exercise of Option Contracts (Rule 980 and 980C)
- (23) Failure to satisfy the Order Exposure Requirements set forth in Rule 935NY and its Commentary.
- (24) Failure to comply with the requirements for avoidance of locked markets as required by Rule 992NY.
- (25) Abusing Exchange Property. (Rule 902NY)
- (26) Market Maker failed to apply for an Appointment in one or more option classes. (Rule 923NY)
- (27) Failure to comply with the reporting duties of Rule 957NY
- (28) Failure by a Specialist or Market Maker to comply with the Quotation Requirements of Rule 925NY or 964.1NY.
- (29) ATP Holder failed to honor the priority of bids and offers. (Rule 963NY)
- (30) Market Maker failed to quote markets within the maximum quote spread differentials or failed to disseminate quotes accurately. (Rules 925NY and 927NY)
- (31) ATP Holder traded either before the opening or after the close of market. (Rule 901NY)

- (32) ATP Holder failed to maintain an accurate record of orders. (Rule 956NY)
 - (33) Failure to maintain adequate procedures and controls to monitor and supervise the entry of electronic orders by Users to prevent the prohibited practices set forth in Rule 995NY.
 - (34) Failure to adhere to the principles of good business practice in the conduct of business affairs, as required by Rule 16.
 - (35) Reserved
 - (36) Removal of handheld wireless trading device from the Options Trading Floor or have possession of an NYSE Floor Broker Hand Held Terminal while on the Options Trading Floor (Rule 902NY(g) and (h)).
 - (37) Effecting opening transactions in restricted series. (Rule 916 and 916C)
 - (38) Reporting of options positions. (Rule 906(a) and 906C(a))
 - (39) Failure to complete mandatory regulatory training. (Rule 50 Commentary .03-.04)
- (ii) Minor Rule Plan: Record Keeping and Other Minor Rule Violations
- (1) Failure to submit trade data to the Exchange in a timely manner. (Section 9A)
 - (2) Failure to furnish in a timely manner books, records or other requested information or testimony in connection with an examination of financial responsibility and/or operational conditions. (Rule 31)
 - (3) Failure to notify the Exchange of any change of address where notices may be served. (Rule 311)
 - (4) Failure to file a financial report or financial information in the type, form, manner and time prescribed by the Exchange (Rule 441). Failure to comply with the notification requirements of (Rule 440)

- (5) Delaying, impeding or failing to cooperate in an Exchange investigation. (Rule Section 9A)
- (6) Failure to comply with the requirements for preventing the Misuse of Material Nonpublic Information as set forth in Rule 3(i) and 3(l).
- (7) Failure to comply with the Supervision requirements set forth in Rule 320, including but not limited to, an ATP Holder's failure to:
 - (a) supervise persons associated with it to assure their compliance with the federal securities laws and the Constitution and Rules of the Exchange (Rule 320(e)); or
 - (b) establish and maintain a system to supervise the activities of its associated persons and the operations of its business that is reasonably designed to ensure compliance with applicable federal securities laws and regulations and Exchange Rules (Rule 320(e)); or
 - (c) establish, maintain, and enforce written procedures to supervise the business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable federal securities laws and regulations and with the Rules (Rule 320(e)).
- (8)
 - (a) Failure to exercise due diligence as to accounts as required by Section 7.
 - (b) Failure to diligently supervise all accounts and licensed personnel as required by Section 7.
 - (c) Failure to keep current and preserve records concerning all Customer accounts as required by Section 7.
- (9) Failure to comply with the books and records requirements of Rule 324.
- (10) Failure to comply with the U-4, U-5, and fingerprint submission policies. (Rule 340, Commentary .01)

- (11) Failure to comply with the Employee Registration or other requirements of Rule 341.
- (12) Failure to satisfy the anti-money laundering compliance program requirements set forth in Rule 432.

(iii) Minor Rule Plan: Recommended Fine Schedule

The following fine schedule sets forth the amount of the fine(s) to be imposed. Except as noted below, the amount of the fine(s) shall be imposed at the First Level pursuant to the chart below. If another Minor Rule Plan Fine has been issued to the same ATP Holder, or associated person for the same or similar conduct violating the same rule (regardless of when paid) within 24 months from the date of occurrence of the violation(s) set forth in the current Notice of Minor Rule Plan Fine, then the fine(s) shall be imposed at the Second Level. If two or more separate Notices of Minor Rule Plan Fine have previously been issued to the same ATP Holder or associated person for the same or similar conduct violating the same rule within 24 months from the date of occurrence of the violation(s) set forth in the current Notice of Minor Rule Plan Fine, then the fine(s) shall be imposed at the Third Level.

These fines are intended to apply to minor violations. For more serious violations, other disciplinary action may be sought.

(i) Options Floor Decorum and Minor Trading Rule Violations	Fine Levels		
	1st Level	2nd Level	3rd Level
1. Floor Broker failed to use due diligence in the handling or execution of an order. (Rule 933NY)	\$1,000.00	\$2,500.00	\$5,000.00
2. Failure to comply with the order format and system entry requirements of Rule 955NY or proper documentation of time stamps (Rule 955NY)	\$1,500.00	\$3,000.00	\$5,000.00
3. Floor Broker improperly executed a cross transaction. (Rule 934NY-934.3NY)	\$1,000.00	\$2,500.00	\$3,500.00
4. Market Maker or Floor Broker violated procedures concerning the	\$1,000.00	\$2,500.00	\$3,500.00

Market Maker's use of a Floor Broker to effect transactions. (Rule 936NY and 925.3NY)			
5.	Market Maker failed to respond to a call for Market Makers by a Trading Official. (Rule 940NY)	\$2,000.00	\$2,500.00 \$3,500.00
6.	Market Maker failed to respond to demands for bids and/or offers. (Rule 925NY)	\$1,000.00	\$2,500.00 \$3,500.00
7.	ATP Holder failed to give up the name of the clearing member by open outcry when requesting a quote and size of the market or after effecting a trade. (Rule 954NY)	\$500.00	\$1,000.00 \$2,500.00
8.	ATP Holder failed to remain accessible for a specified amount of time after trade processing. (Rule 964)	\$500.00	\$1,000.00 \$2,500.00
9.	ATP Holder failed to honor a guaranteed market. (Rules 927NY and 970NY)	\$1,000.00	\$2,500.00 \$3,500.00
10.	ATP Holder failed to identify broker-dealer order. (Rules 954NY(c) and 970NY)	\$500.00	\$1,500.00 \$3,000.00
11.	Improper communication on the floor. (Rule 902NY, Commentary .02)	\$1,000.00	\$2,500.00 \$3,500.00
12.	ATP Holder or ATP Firm established or maintained a telephonic communication between the Floor and another location, or between locations on the Floor, without prior registration with the Exchange (Rule 902NY(i)); ATP Holder established or maintained an alternative communication device between the Floor and another location, or between locations on the Floor, without the prior approval of the Exchange (Rule 902NY(i)).	\$500.00	\$1,000.00 \$2,500.00
13.	Improper vocalization of a trade. (Rule 959NY and 961NY)	\$1,000.00	\$2,500.00 \$3,500.00
14.	Violation of rules related to floor decorum (Rules 902NY)	\$1,000.00	\$2,000.00 \$3,500.00

15. Disruptive action involving physical contact while on the Trading Floor. (Rule 902NY)	\$2,000.00	\$4,000.00	\$5,000.00
16. ATP Holder used abusive language on the Trading Floor. (Rule 902NY)	\$500.00	\$2,000.00	\$3,500.00
17. Position Limit or Exercise Limit violation. (Rule 904, 904C, 905, 905C, 1107, 1108)	\$500.00	\$1,000.00	\$2,500.00

	Fine Levels		
	<i>1st Level</i>	<i>2nd Level</i>	<i>3rd Level</i>
18. Failure to meet 75% Primary Appointment Requirement. (Rule 923NY)	\$1000.00	\$2500.00	\$3,500.00
19. Failure to comply with Authorized Trader rules. (Rules 921.1NY)	\$1,000.00	\$2,500.00	\$3,500.00
20. Violation of rules on visitors to the Options Floor. (Rule 902NY)	\$1,000.00	\$2,500.00	\$3,500.00
21. Misuse of ATP Holder badge identification. (Rule 902NY)	\$1,000.00	\$2,500.00	\$3,500.00
22. Violation of rules pertaining to Exercise of Options Contracts (Rule 980, 980C)	\$1,000.00	\$2,500.00	\$5,000.00
23. Failure to satisfy the Order Exposure Requirements set forth in Rule 935NY and its Commentary.	\$1,000.00	\$2,500.00	\$5,000.00
¹ Quantifiable monetary gains attributable to these violations may be required to be disgorged in addition to the specified fine amounts.			
24. Failure to avoid locking a market (Rule 992NY)	\$500.00	\$1,000.00	\$2,500.00
25. Abusing Exchange Property (plus repair or replacement costs). (Rule 902NY)	\$1,000.00	\$2,000.00	\$3,500.00

26. Market Maker failed to apply for an Appointment in one or more option classes. (Rule 923NY)	\$1,000.00	\$2,500.00	\$5,000.00
27. Failure to comply with the reporting duties of Rule 957NY.	\$1,500.00	\$3,000.00	\$5,000.00
28. Failure by a Specialist or Market Maker to comply with the Quotation Requirements of Rule 925NY or 964.1NY.	\$1,000.00	\$2,500.00	\$5,000.00
29. ATP Holder failed to honor the priority of bids and offers. (Rule 963NY)	\$1,000.00	\$2,500.00	\$5,000.00
30. Market Maker failed to quote markets within the maximum quote spread differentials or failed to disseminate quotes accurately. (Rules 925NY and 927NY)	\$1,000.00	\$2,500.00	\$5,000.00
31. ATP Holder traded either before the opening of market or after the close of market. (Rule 901NY)	\$1,000.00	\$2,500.00	\$3,500.00
32. ATP Holder failed to maintain accurate record of orders. (Rule 956NY)	\$500.00	\$1,000.00	\$2,500.00
33. Failure to maintain adequate procedures and controls to monitor and supervise the entry of electronic orders by Users to prevent the prohibited practices set forth in Rule 995NY	\$500.00	\$1,000.00	\$2,500.00
34. Bad Business Practice (Rule 16).	\$1,000.00	\$2,500.00	\$3,500.00
35. Reserved.			
36. Removal of handheld wireless trading device from the Options Trading Floor or have possession of an NYSE Floor Broker Hand Held Terminal while on the Options Trading Floor. (Rule 902NY (g) and (h)).	\$1,000.00	\$2,500.00	\$3,500.00
37. Effecting opening transactions in restricted series. (Rules 916 and 916C)	\$1,000.00	\$2,500.00	\$5,000.00

38. Reporting of options. positions. (Rules 906(a) and 906C(a))	\$1,000.00	\$2,500.00	\$5,000.00
39. Failure to complete mandatory regulatory training. (Rule 50, Commentary .03-.04)	\$1,000.00	\$2,500.00	\$5,000.00

*Fine Levels***(ii) Record Keeping and Other Minor Rule Violations***1st Level 2nd Level*

1. Failure to submit trade data to the Exchange in a timely manner (Section 9A)	\$1,000.00	\$
2. Failure to furnish in a timely manner books, records or other requested information or testimony in connection with an examination of financial responsibility and/or operational conditions. (Rule 31)	\$2,000.00	\$
3. Failure to comply with the notification requirements of Rule 311).	\$500.00	\$
4. Failure to file a financial report or financial information in the type, form, manner and time prescribed by the Exchange. Failure to follow the notification requirements (Rule 440, 441)	\$2,000.00	\$
5. Delaying, impeding or failing to cooperate in an Exchange investigation. (Section 9A)	\$3,500.00	\$
6. Failure to comply with the requirements for preventing the Misuse of Material Nonpublic Information as set forth in Rule 3(j) and 3(1).	\$2,000.00	\$
7. Failure to comply with the Supervision requirements set forth in Rule 320(e). ²	\$3,500.00	\$
8a. Failure to exercise due diligence as to accounts as required by Section 7.2	\$3,500.00	\$
8b. Failure to diligently supervise all accounts and licensed personnel as required by Section 7.2	\$3,500.00	\$
8c. Failure to keep current and preserve records concerning all Customer accounts as required by Section 7.	\$2,000.00	\$
9. Failure to comply with the books and records requirements of Rule 324.	\$2,000.00	\$
10. Failure to comply with the U-4, U-5, and fingerprint submission policies. (Rule 340, Commentary .01)	\$1,000.00	\$
11. Failure to comply with the Employee Registration or other requirements of Rule 341.3	\$1,000.00	\$
12. Anti-Money Laundering Compliance Program Violations (Rule 432) ²	\$2,000.00	\$

- ² In addition to the specified fines, the Exchange may require the violator to make specified changes to or other compliance procedures.
- ³ In addition to the specified fines, the Exchange may require the violator to remit all fees that it should have paid to the Exchange pursuant to compliance with Rule 341.

Part 1D: List of Reports Required to be Filed with the Exchange by ATP Holders and Filing Deadlines

The violations and fines listed in Part 1D are applicable on and after May 24, 2010.

The Exchange shall, in accordance with the procedures of Rule 476A, impose on any ATP Holder a fine of \$100 per day for each day that a report listed below is not timely filed as required under Exchange Rules and/or the federal securities laws. The fee will be assessed for a period not to exceed 10 business days. Requests for such extension of time must be submitted to the Exchange at least three business days prior to the due date.

Report	Required to be filed by	Frequ
Equity Computation	ATP Holders designated to the Exchange NOT subject to SEC Rule 15c3-1 that are engaged solely in the business of acting as registered traders	Montl monthl
Net Capital Computation	ATP Holders designated to the Exchange subject to SEC Rule 15c3-1	Montl
X-17A-5 Part II (FOCUS Report)	ATP Holders designated to the Exchange that self-clear or carry customer accounts that are subject to SEC Rule 15c3-1	Quart quarte
X-17A-5 Part I (FOCUS Report)	ATP Holders designated to the Exchange that self-clear or carry customer accounts that are subject to SEC Rule 15c3-1	Montl above interi
X-17A-5 Part IIA (FOCUS Report)	ATP Holders designated to the Exchange that are subject to SEC Rule 15c3-1 but do NOT file FOCUS Parts I or II	Quart quarte
X-17A-5 Part IIA (Short Form) (FOCUS Report)	ATP Holders that do not file one of the FOCUS reports listed above	Quart quarte
ITSFEA Forms I & II	ATP Holders designated to the Exchange	Annu calenc

Annual Audited
Financial Statements

ATP Holders designated to the Exchange

Annually--60 calendar
date of the financial st

Rule 477. Retention of Jurisdiction—Failure to Cooperate

Rule 477 shall apply to any member or member organization that resigned or had its membership canceled or revoked and any person whose status as a covered person was terminated or whose registration was revoked or canceled only if such member, member organization or person has been served with a Charge Memorandum or written notice of inquiry prior to April 15, 2016; otherwise, Rule 8130 shall apply.

(a) If, prior to termination, or during the period of one year immediately following the receipt by the Exchange of written notice of the termination, of a person's status as a member, member organization, principal executive, approved person, or registered or non-registered employee of a member or member organization, the Exchange serves (as provided in paragraph (d) of Rule 476) written notice on such person that it is making inquiry into, or serves a Charge Memorandum on such person with respect to any matter or matters occurring prior to the termination of such person's status as a member, member organization, principal executive, approved person, or registered or non-registered employee of a member or member organization, the Exchange may thereafter require such person to comply with any requests of the Exchange to appear, testify, submit books, records, papers, or tangible objects, respond to written requests and attend hearings in every respect in conformance with the Rules of the Exchange in the same manner and to the same extent as if such person had remained a member, member organization, principal executive, approved person, or registered or non-registered employee of a member or member organization.

(b) Prior to termination, or during the period of one year immediately following the receipt by the Exchange of written notice of the termination of a person's status as a member, member organization, principal executive, approved person, or registered or non-registered employee of a member or member organization, the Exchange may, through the exercise of its jurisdiction, as described in (a) above, require such person to comply with any requests of an organization or association included in Rule 476(a)(11) to appear, testify, submit books, records, papers, or tangible objects, respond to written requests and attend hearings in every respect in conformance with the Rules of the Exchange in the same manner and to the same extent as if such person had remained a member, member organization, principal executive, approved person, or registered or non-registered employee of a member or member organization with respect to any matter or matters occurring prior to the termination of such person's status as a member, member organization, principal executive, approved person, or registered or non-registered employee of a member or member organization.

(c) If such former member, member organization, principal executive, approved person, or registered or non-registered employee of a member or member organization, provided such notice or Charge Memorandum is or has been served, is adjudged guilty in a proceeding under Rule 476 of having refused or failed to comply with any such requirement, such person may be barred from being a member, member organization, principal executive, approved person, or registered or non-registered employee of a member or member organization permanently, or for such period of time as may be determined, or until such time as the Exchange has completed its investigation into the matter or matters specified in such notice or Charge Memorandum, has determined a penalty, if any, to be imposed, and until the penalty, if any, has been carried out.

(d) Following the termination of such person's status as a member, member organization, principal executive, approved person, or registered or non-registered employee of a member or member organization, provided such notice or Charge Memorandum is or has been served, such person may also be charged with having committed, prior to termination, any other offense with which such person might have been charged had such status not been terminated. Any such charges shall be brought and determined in accordance with the provisions set forth in Rule 476.

Rule 478T. Deleted]

Section 10[9B]. Disciplinary Rules

[Rule 8001. Effective Date of Rule 8000 Series

The Rule 8000 Series shall become effective on April 15, 2016, except as otherwise provided in Rule 8130(d). The Exchange may issue a written notice of suspension for non-payment of a fine under Rule 476(k) prior to April 15, 2016; thereafter, Rule 8320 shall apply.]

Rule 8130. Retention of Jurisdiction

[(d) Rule 477 shall continue to apply to any member or member organization that resigned or had its membership canceled or revoked and any person whose status as a covered person was terminated or whose registration was revoked or canceled only if such member, member organization or person has been served with a Charge Memorandum or written notice of inquiry prior to April 15, 2016.]

Rule 8320. Payment of Fines, Other Monetary Sanctions, or Costs; Summary Action for Failure to Pay

[(d) Transition

The Exchange may exercise the authority set forth in paragraphs (b) and (c) above with respect to non-payment of a fine, monetary sanction, or cost assessed in a disciplinary action initiated under Rule 476 for which a decision was issued on or after April 15, 2016.]

Rule 9000. Code of Procedure

[Rule 9001. Effective Date of Rule 9000 Series

Rule 476 shall apply only to a proceeding for which a Charge Memorandum has been filed with the hearing board under Rule 476(d) prior to April 15, 2016 or for which a written Stipulation and Consent has been submitted to a Hearing Officer prior to April 15, 2016 and shall continue to apply until such proceeding is final; otherwise, the Rule 8000 Series and Rule 9000 Series shall apply. Notwithstanding the preceding sentence, on or after April 15, 2016, (1) the offenses under Rule 476(a) shall be subject to the Rule 9000 Series procedures, and (2) the Sanction Guidelines set forth in Rule 476.10 shall apply to sanctions imposed under either Rule 476 or the Rule 9000 Series.]

Rule 9200. Disciplinary Proceedings

Rule 9216. Acceptance, Waiver, and Consent; Procedure for Imposition of Fines for Minor Violation(s) of Rules

(b) Procedure for Imposition of Fines for Minor Violation(s) of Rules

(1) Notwithstanding Rule 9211, the Exchange may, subject to the requirements set forth in paragraphs (b)(2) through (b)(4), impose a fine in accordance with the fine amounts and fine levels set forth in [Rule 476A or]Rule 9217 and/or a censure on any member organization or covered person with respect to any rule listed in Rule 9217. If Enforcement has reason to believe a violation has occurred and if the member organization or covered person does not dispute the violation, Enforcement may prepare and request that the member organization or covered person execute a minor rule violation plan letter accepting a finding of violation, consenting to the imposition of sanctions, and agreeing to waive such member's, member organization's or covered person's right to a hearing before a Hearing Panel or, if applicable, an Extended Hearing Panel, and any right of review by the Exchange Board of Directors, the SEC, and the courts, or to otherwise challenge the validity of the letter, if the letter is accepted. The letter shall describe the act or practice engaged in or omitted, the rule, regulation, or statutory provision violated, and the sanction or sanctions to be imposed. Unless the letter

states otherwise, the effective date of any sanction(s) imposed will be a date to be determined by Regulatory Staff.

Rule 9217. Violations Appropriate for Disposition Under Rule 9216(b)

List of Equities Rule Violations and Fines Applicable Thereto

Legacy Minor Rules

- Rules 451 - Equities and 452 - Equities requirements relating to transmission of proxy material and authorizing the giving of proxies
- Misstatements or omission of fact on submissions filed with the Exchange ([Disciplinary Rule 476(a)(10)]Rule 600(10))
- Rule 460.30 - Equities notification requirements
- Failure to submit books and records or to furnish information on the date or within the time period that the Exchange requires ([Disciplinary Rule 476(a)(11)] Rule 600(11) and Rule 8210)
- Rule 502 - Equities prohibition on making a bid, offer or transaction, or routing an order, for Nasdaq Securities on or from Exchange systems before 9:30 a.m. or after the close of the Off-Hours Trading session.

RULE 9800. TEMPORARY CEASE AND DESIST ORDERS

Rule 9810. Initiation of Proceeding

(a) Enforcement; Service and Filing of Notice

With the prior written authorization of the Exchange's CRO or such other senior officers as the CRO may designate, Enforcement may initiate a temporary cease and desist proceeding with respect to alleged violations of Section 10(b) of the Exchange Act and SEA Rule 10b-5 thereunder; SEA Rules 15g-1 through 15g-9; [Rule 476(a)(6) or]Rule 2010 - Equities (if the alleged violation is unauthorized trading, or misuse or conversion of customer assets, or based on

violations of Section 17(a) of the Securities Act); or [Rule 476(a)(5) or]Rule 2020 - Equities. Enforcement shall initiate the proceeding by serving a notice on a member organization or covered person (hereinafter "Respondent") (or upon counsel representing the Respondent, or other person authorized to represent others under Rule 9141, when counsel or other person authorized to represent others under Rule 9141 agrees to accept service for the Respondent) and filing a copy thereof with the Office of Hearing Officers. Enforcement shall serve the notice by personal service, overnight commercial courier, or email. If service is made by email, Enforcement shall send an additional copy of the notice by personal service or overnight commercial courier. Service is complete upon sending the notice by email or overnight courier or delivering it in person, except that, where duplicate service is required, service is complete when the duplicate service is complete. The notice shall be effective when service is complete.

Section 11[10]. Advertising

Section 12[11]. Wires and Other Means of Communication

Section 13[12]. Reports

Section 14[13]. Secondary Distributions

Section 15[14]. Special Offerings and Special Bids

Section 16[15]. Exchange Distributions and Exchange Acquisitions

Section 17[16]. Proxies

Section 18. Offenses and Sanctions Guidelines

Rule 600. Other Offenses

A member, member organization, principal executive, approved person, registered or non-registered employee of a member or member organization or person otherwise subject to the jurisdiction of the Exchange violates the provisions of this Rule if it commits any of the following offenses:

(1) violating any provision of the Securities Exchange Act of 1934 or any rule or regulation thereunder;

(2) violates any of its agreements with the Exchange;

- (3) violates any provision of any Rule adopted by the Exchange Board of Directors;
- (4) makes a material misstatement to the Exchange;
- (5) effecting any transaction in, or inducing the purchase or sale of, any security by means of any manipulative, deceptive or other fraudulent device or contrivance;
- (6) failing to observe high standards of commercial honor and just and equitable principles of trade;
- (7) commits acts detrimental to the interest or welfare of the Exchange;
- (8) making any purchases or sales or offers of purchase or sale of securities for the purpose of upsetting the equilibrium of the market or bringing about a condition in which prices will not fairly reflect market values, or assisting in making any such purchases or sales with knowledge of such purpose, or being, with such knowledge, a party to or assisting in carrying out any plan or scheme for the making of such purchases or sales or offers of purchase or sale;
- (9) makes a misstatement or omission of fact on its application for membership or approval, or on any financial statement, report, or other submission filed with the Exchange; or
- (10) refuses or fails to comply with a request of the Exchange to submit its books and records (including those books and records with respect to which such member, member organization, principal executive, approved person, registered or non-registered employee or person otherwise subject to the jurisdiction of the Exchange has access and control) to the Exchange, any other self-regulatory organization, as defined in Section 3(a)(26) of the Securities Exchange Act of 1934, any contract market, as referenced in Section 6(a) of the Commodities Exchange Act, any registered futures association, as referenced in Section 17 of the Commodities Exchange Act, or any foreign self-regulatory organization or association with which the Exchange has entered into an agreement or to furnish information to or to appear or testify before the Exchange or such other organization or association, as specified above, or failing to take any of the foregoing actions on the date or within the time period that the Exchange requires; or if a member who is registered as a DMM is adjudged guilty in a proceeding under this Rule of substantial or continued failure to engage in a course of dealings for the member's own account to assist in the maintenance, so far as practicable, of a fair and orderly market in any security in which the member is registered.

Rule 601. Sanctions Guidelines

Principal Considerations In Determining Sanctions

To promote consistency and uniformity in the imposition of penalties, the following Principal Considerations in Determining Sanctions should be considered in connection with the imposition of sanctions in all cases in determining appropriate remedial sanctions through the resolution of disciplinary matters through offers of settlement or after formal disciplinary hearings.

These Principal Considerations are not intended to be absolute. Based on the facts and circumstances presented in each case, the various individuals with responsibility for the adjudication of disciplinary actions, including the CRO, Hearing Panels, Extended Hearing

Panels, Hearing Officers, the Committee for Review, and the Board of Directors (collectively, “Adjudicatory Bodies”), may consider aggravating and mitigating factors in addition to those listed below.

- (a) Disciplinary sanctions are remedial in nature. Adjudicatory Bodies, as applicable, should design sanctions to prevent and deter future misconduct by wrongdoers, to discourage others from engaging in similar misconduct, and to improve overall business standards of ATP Holders and ATP Firms. Adjudicatory Bodies, as applicable, may impose sanctions including expulsion, suspension, limitation of activities, fine, censure, suspension or revocation of one or more Trading Permits, or any other fitting sanction.
- (b) An important objective of the disciplinary process is to deter future misconduct by imposing progressively escalating sanctions on recidivists. Adjudicatory Bodies, as applicable, should consider a party’s relevant disciplinary history in determining sanctions.
- (c) Adjudicatory Bodies, as applicable, should consider prior similar disciplinary decisions (relevant precedent) in determining an appropriate sanction and may consider relevant precedent from other self-regulatory organizations.
- (d) Adjudicatory Bodies, as applicable, should tailor sanctions to address the misconduct at issue. For example, Adjudicatory Bodies, as applicable, may require an ATP Holder or ATP Firm to, among other things, retain a qualified independent consultant to improve future compliance with regulatory requirements; disclose disciplinary history to new and/or existing clients; implement heightened supervision of certain employees; or requalify by examination in any or all registered capacities.
- (e) Adjudicatory Bodies, as applicable, may aggregate individual violations of particular rules and treat such violations as a single offense for purposes of determining sanctions. Aggregation may be appropriate when the Exchange utilizes a comprehensive surveillance program in the detection of potential rules violations. Aggregation may also be appropriate where the Exchange has reviewed activity over an extensive time period during the course of an investigation of matters disclosed either through a routine examination of the ATP Holder or ATP Firm or as the result of a complaint. Similarly, where no exceptional circumstances are present, the Exchange may impose a fine based upon a determination that there exists a pattern or practice of violative conduct. The Exchange also may aggregate similar violations generally if the conduct was unintentional, there was no injury to public investors, or the violations resulted from a single systemic problem or cause that has been corrected.
- (f) Adjudicatory Bodies, as applicable, should evaluate the appropriateness of disgorgement and/or restitution in those cases where the amount of harm is quantifiable and the harmed party is identifiable.
- (g) Adjudicatory Bodies, as applicable, should consider contributions or settlements by a respondent or any related ATP Holder or ATP Firm to the harmed party as it relates to the conduct that is the subject of the disciplinary matter.
- (h) Adjudicatory Bodies, as applicable, may consider a party’s inability to pay in connection with the imposition of monetary sanctions.

Contracts in Securities

Rule 781. Insolvency

When announcement is made of the suspension of a member or member organization pursuant to Rule [475 or]9558, as applicable, members and member organizations having Exchange contracts with the suspended member or member organization for the purchase, sale or loan of securities shall, without unnecessary delay, proceed to close the same on the Exchange or in the best available market, except insofar as the By-Laws and Rules of a registered clearing agency are applicable and provide the method of closing; provided, however, that upon any such suspension the Board may, in its discretion, suspend the mandatory close-out provisions of this rule and may, in its discretion, reinstate such provisions at such time as it may determine. Should a contract not be closed when required to be closed by this rule, the price of settlement shall be fixed by the fair market value at the time when such a contract should have been closed under this Rule.

Equities Rules

Rule 2A - Equities. Jurisdiction

(e) The Exchange shall have jurisdiction after notice and a hearing to discipline members, member organizations, principal executives, approved persons in connection with their conduct of the business of a member organization, and registered or non-registered employees of member organizations and other broker-dealers that choose to be regulated by the Exchange. [The Exchange may impose one or more of the following disciplinary sanctions following a proceeding under Rule 475 or 476: expulsion, suspension; limitation as to activities, functions, and operations, including the suspension or cancellation of a registration in, or assignment of, one or more stocks, fine, censure, suspension or bar from being associated with any member or member organization, or any other fitting sanction.]The Exchange may impose one or more of the disciplinary sanctions set forth in Rule 8310(a) following a proceeding under the Rule 9000 Series.

Rule 12E. Arbitration

(c) Failure to Arbitrate or to Pay an Arbitration Award. Any member organization or associated person who fails to submit to arbitration a matter required to be arbitrated pursuant to this Rule, or that fails to honor an arbitration award made pursuant to the FINRA Codes of Arbitration Procedure, or made under the auspices of any other self-regulatory organization, shall be subject

to disciplinary proceedings in accordance with [Rule 476, or]the Rule 8000 and 9000 Series[, as applicable].

Rule 3170. Tape Recording of Registered Persons by Certain Firms

(a) Definitions

- (3) For purposes of this Rule, the term “disciplinary history” means a finding of a violation by a registered person in the past five years by the SEC, a self-regulatory organization, or a foreign financial regulatory authority of one or more of the following provisions (or comparable foreign provision) or rules or regulations thereunder: violations of the types enumerated in Exchange Act Section 15(b)(4)(E); Exchange Act Section 15(c); Securities Act Section 17(a); SEA Rules 10b-5 and 15g-1 through 15g-9; NASD Rule 2110 (Standards of Commercial Honor and Principles of Trade) or FINRA Rule 2010 (Standards of Commercial Honor and Principles of Trade) or Rule 2010 - Equities (Standards of Commercial Honor and Principles of Trade) or NYSE American Rule [476(a)]600(6) (Failure to Observe High Standards of Commercial Honor and Just and Equitable Principles of Trade) (only if the finding of a violation of NASD Rule 2110, FINRA Rule 2010, Rule 2010 - Equities or NYSE American Rule [476(a)]600(6) is for unauthorized trading, churning, conversion, material misrepresentations or omissions to a customer, front-running, trading ahead of research reports or excessive markups), FINRA Rule 5280 (Trading Ahead of Research Reports), NASD Rule 2120 (Use of Manipulative, Deceptive or Other Fraudulent Devices) or FINRA Rule 2020 (Use of Manipulative, Deceptive or Other Fraudulent Devices) or Rule 2020 - Equities (Use of Manipulative, Deceptive or Other Fraudulent Devices) or NYSE American Rule [476(a)]600(5) (effecting any transaction in, or inducing the purchase or sale of, any security by means of any manipulative, deceptive or other fraudulent device or contrivance), NASD Rule 2310 (Recommendations to Customers (Suitability)) or FINRA Rule 2111 (Suitability) or Rule 405 - Equities (Diligence as to Accounts) or NYSE Rule 2090 – Equities (Know Your Customer) or NYSE Rule 2111 – Equities (Suitability), NASD Rule 2330 (Customers’ Securities or Funds) or FINRA Rule 2150 (Improper Use of Customers’ Securities or Funds; Prohibition Against Guarantees and Sharing in Accounts) or Rule 2150 - Equities (Improper Use of Customers’ Securities or Funds; Prohibition Against Guarantees and Sharing in Accounts), NASD Rule 2440 (Fair Prices and Commissions), NASD Rule 3010 (Supervision) or FINRA Rule 3110 (Supervision) or Rule 3110 - Equities (Supervision) or NYSE American Rule 342 (Offices – Approval, Supervision and Control) (failure to supervise only for both NASD Rule 3010, FINRA Rule 3110, Rule 3110 - Equities or NYSE American Rule 342), NASD Rule 3310 (Publication of Transactions and Quotations) or FINRA Rule 5210 (Publication of Transactions and Quotations), and NASD Rule 3330 (Payment Designed to Influence Market Prices, Other than Paid Advertising) or FINRA Rule 5230 (Payments Involving Publications that Influence the Market Price of a Security); and MSRB Rules G-19, G-30, and G-37(b) & (c).

Trading of Option Contracts

Section 900NY. Rules Principally Applicable to Trading of Option Contracts

Rule 902NY. Admission and Conduct on the Options Trading Floor

(g) *Hand Held Wireless Trading Devices*: No ATP Holder or employee of an ATP Holder may remove from the Options Trading Floor a wireless device that may be used to enter orders into the NYSE American Options automated trading system. An ATP Holder who is authorized by the Exchange to use a particular wireless device is also liable under this rule if the device is removed from the Options Trading Floor by any person, including but not limited to, employees of such ATP Holder. This prohibition will apply to any Exchange issued, or ATP proprietary, order routing and/or execution device. Failure to comply will result in disciplinary action, including action pursuant to [Rule 476 or 476A or]the Rule 9000 Series[, as applicable].
