

Additions: Underlined
Deletions: [Bracketed]

Rules of NYSE Texas, Inc.

RULE 11 BUSINESS CONDUCT

Rule 11.5.3120. Supervisory Control System

••• *Supplementary Material:*

.01 "Associated person." For the purposes of this rule, the term "associated person" and "person associated with a Participant Firm" shall have the same meaning as the terms "person associated with a member" or "associated person of a member" as defined in Article I (rr) of the FINRA By-Laws.

Rule 11.4530. Reporting Requirements

(a) Each Participant Firm shall promptly report to the Exchange, but in any event not later than 30 calendar days, after the Participant knows or should have known of the existence of any of the following:

(1) the Participant Firm or an associated person of the Participant Firm:

- (A) has been found to have violated any securities-, insurance-, commodities-, financial- or investment-related laws, rules, regulations or standards of conduct of any domestic or foreign regulatory body, self-regulatory organization or business or professional organization;
- (B) is the subject of any written customer complaint involving allegations of theft or misappropriation of funds or securities or of forgery;
- (C) is named as a defendant or respondent in any proceeding brought by a domestic or foreign regulatory body or self-regulatory organization alleging the violation of any provision of the Exchange Act, or of any other federal, state or foreign securities, insurance or commodities statute, or of any rule or regulation thereunder, or of any provision of the by-laws, rules or similar governing instruments of any securities, insurance or commodities domestic or foreign regulatory body or self-regulatory organization;

- (D) is denied registration or is expelled, enjoined, directed to cease and desist, suspended or otherwise disciplined by any securities, insurance or commodities industry domestic or foreign regulatory body or self-regulatory organization or is denied membership or continued membership in any such self-regulatory organization; or is barred from becoming associated with any member of any such self-regulatory organization;
- (E) is indicted, or convicted of, or pleads guilty to, or pleads no contest to, any felony; or any misdemeanor that involves the purchase or sale of any security, the taking of a false oath, the making of a false report, bribery, perjury, burglary, larceny, theft, robbery, extortion, forgery, counterfeiting, fraudulent concealment, embezzlement, fraudulent conversion, or misappropriation of funds, or securities, or a conspiracy to commit any of these offenses, or substantially equivalent activity in a domestic, military or foreign court;
- (F) is a director, controlling stockholder, partner, officer or sole proprietor of, or an associated person with, a broker, dealer, investment company, investment advisor, underwriter or insurance company that was suspended, expelled or had its registration denied or revoked by any domestic or foreign regulatory body, jurisdiction or organization or is associated in such a capacity with a bank, trust company or other financial institution that was convicted of or pleaded no contest to, any felony or misdemeanor in a domestic or foreign court;
- (G) is a defendant or respondent in any securities- or commodities-related civil litigation or arbitration, is a defendant or respondent in any financial-related insurance civil litigation or arbitration, or is the subject of any claim for damages by a customer, broker or dealer that relates to the provision of financial services or relates to a financial transaction, and such civil litigation, arbitration or claim for damages has been disposed of by judgment, award or settlement for an amount exceeding \$15,000. However, when the Participant Firm is the defendant or respondent or is the subject of any claim for damages by a customer, broker or dealer, then the reporting to the Exchange shall be required only when such judgment, award or settlement is for an amount exceeding \$25,000; or
- (H) is (i) subject to a “statutory disqualification” as that term is defined in the Exchange Act, or (ii) involved in the sale of any financial instrument, the provision of any investment advice or the financing of any such activities with any person that is subject to a “statutory disqualification” as that term is defined in the Exchange Act, provided, however, that this requirement shall not apply to activities with a Participant Firm or an associated person that has been approved (or is otherwise permitted pursuant to Exchange rules and the federal securities laws) to be a Participant Firm or to be associated with a Participant Firm. The report shall include the name of

the person subject to the statutory disqualification and details concerning the disqualification; or

- (2) an associated person of the Participant Firm is the subject of any disciplinary action taken by the Participant Firm involving suspension, termination, the withholding of compensation or of any other remuneration in excess of \$2,500, the imposition of fines in excess of \$2,500 or is otherwise disciplined in any manner that would have a significant limitation on the individual's activities on a temporary or permanent basis.

(b) Each Participant Firm shall promptly report to the Exchange, but in any event not later than 30 calendar days, after the Participant Firm has concluded or reasonably should have concluded that an associated person of the Participant Firm or the Participant Firm itself has violated any securities-, insurance-, commodities-, financial- or investment-related laws, rules, regulations or standards of conduct of any domestic or foreign regulatory body or self-regulatory organization.

(c) Each person associated with a Participant Firm shall promptly report to the Participant Firm the existence of any of the events set forth in paragraph (a)(1) of this Rule.

(d) Each Participant Firm shall report to the Exchange statistical and summary information regarding written customer complaints in such detail as the Exchange shall specify by the 15th day of the month following the calendar quarter in which customer complaints are received by the Participant Firm.

(e) Nothing contained in this Rule shall eliminate, reduce or otherwise abrogate the responsibilities of a Participant Firm or person associated with a Participant Firm to promptly disclose required information on the Forms BD, U4 or U5, as applicable, to make any other required filings or to respond to the Exchange with respect to any customer complaint, examination or inquiry. In addition, Participant Firms are required to comply with the reporting obligations under paragraphs (a), (b) and (d) of this Rule, regardless of whether the information is reported or disclosed pursuant to any other rule or requirement, including the requirements of the Form BD. However, a Participant Firm need not report an event otherwise required to be reported under (1) paragraph (a)(1) of this Rule if the Participant Firm discloses the event on the Form U4, consistent with the requirements of that form, and indicates, in such manner and format that the Exchange may require, that such disclosure satisfies the requirements of paragraph (a)(1) of this Rule, as applicable; or (2) paragraphs (a) or (b) of this Rule if the Participant Firm discloses the event on the Form U5, consistent with the requirements of that form.

(f) Each Participant Firm shall promptly file with the Exchange copies of:

- (1) any indictment, information or other criminal complaint or plea agreement for conduct reportable under paragraph (a)(1)(E) of this Rule;

- (2) any complaint in which a Participant Firm is named as a defendant or respondent in any securities- or commodities-related private civil litigation, or is named as a defendant or respondent in any financial-related insurance private civil litigation;
- (3) any securities- or commodities-related arbitration claim, or financial-related insurance arbitration claim, filed against a Participant Firm in any forum other than the FINRA Dispute Resolution forum;
- (4) any indictment, information or other criminal complaint, any plea agreement, or any private civil complaint or arbitration claim against a person associated with a Participant Firm that is reportable under question 14 on Form U4, irrespective of any dollar thresholds Form U4 imposes for notification, unless, in the case of an arbitration claim, the claim has been filed in the FINRA Dispute Resolution forum.

(g) Participant Firms shall not be required to comply separately with paragraph (f) in the event that any of the documents required by paragraph (f) have been the subject of a request by the Exchange, provided that the Participant Firm produces those requested documents to the Exchange staff not later than 30 days after receipt of such request. This paragraph does not supersede any Exchange rule or policy that requires production of documents specified in paragraph (f) sooner than 30 days after receipt of a request by the Exchange.

••• Supplementary Material:

.01 Reporting of Firms' Conclusions of Violations. For purposes of paragraph (b) of this Rule, with respect to violative conduct by a Participant Firm, the Exchange expects a Participant Firm to report only conduct that has widespread or potential widespread impact to the Participant Firm, its customers or the markets, or conduct that arises from a material failure of the Participant Firm's systems, policies or practices involving numerous customers, multiple errors or significant dollar amounts. With respect to violative conduct by an associated person, the Exchange expects a Participant Firm to report only conduct that has widespread or potential widespread impact to the Participant Firm, its customers or the markets, conduct that has a significant monetary result with respect to a Participant Firm(s), customer(s) or market(s), or multiple instances of any violative conduct. In addition, with respect to violative conduct by an associated person, the reporting obligation under paragraph (b) must be read in conjunction with the reporting obligation under paragraph (a)(2) of this Rule. If a Participant Firm has concluded that an associated person has engaged in violative conduct and imposes the discipline set forth under paragraph (a)(2) of this Rule, then the Participant Firm is required to report the event under paragraph (a)(2), and it need not report the event under paragraph (b).

.02 Firms' Conclusions of Violations versus External Findings. Participant Firms should be aware that paragraph (b) of this Rule is limited to situations where the Participant Firm has concluded or reasonably should have concluded on its own that violative conduct has occurred. Paragraph (a)(1)(A) of this Rule is limited to situations where there has been a

finding of violative conduct by an external body, such as a court, domestic or foreign regulatory body, self-regulatory organization or business or professional organization.

.03 Meaning of “Found.” The term “found” as used in paragraph (a)(1)(A) of this Rule includes among other formal findings, adverse final actions, including consent decrees in which the respondent has neither admitted nor denied the findings, but does not include informal agreements, deficiency letters, examination reports, memoranda of understanding, cautionary actions, admonishments and similar informal resolutions of matters. For example, a Letter of Acceptance, Waiver and Consent or an Order Accepting an Offer of Settlement is considered an adverse final action. The term “found” also includes any formal finding, regardless of whether the finding will be appealed. The term “found” does not include a violation of a self-regulatory organization rule that has been designated as “minor” pursuant to a plan approved by the SEC, if the sanction imposed consists of a fine of \$2,500 or less, and if the sanctioned person does not contest the fine.

.04 Meaning of “Regulatory Body.” For purposes of this Rule, the term “regulatory body” refers to governmental regulatory bodies and authorized non-governmental regulatory bodies, such as the Financial Services Authority.

.05 Reporting of Individual and Related Events. With respect to a reportable event under paragraphs (a) or (b) of this Rule, Participant Firms should not report the same event under more than one paragraph or subparagraph. Participant Firms should report the event under the most appropriate paragraph or subparagraph. However, Participant Firms should be aware that they may be required to report related events under more than one paragraph or subparagraph. For instance, if a Participant Firm is named as a respondent in a proceeding brought by a self-regulatory organization alleging the violation of the self-regulatory organization's rules, the Participant Firm would be required to report that event under paragraph (a)(1)(C) of this Rule. In addition, if the Participant Firm subsequently is found to have violated the self-regulatory organization's rules, the Participant Firm would be required to report that finding under paragraph (a)(1)(A) of this Rule.

.06 Calculation of Monetary Thresholds. For purposes of paragraph (a)(1)(G) of this Rule, when determining the dollar amount that would require a report, Participant Firms must include any attorneys' fees and interest in the total amount. In addition if the parties are subject to “joint and several” liability, the amount for each party must be aggregated and reported, if above the dollar thresholds under paragraph (a)(1)(G), as if each party is separately liable for the aggregated amount. For instance, if two parties have “joint and several” liability for \$40,000, the amount reported would be \$40,000 for each party.

.07 Former Associated Persons. For purposes of paragraphs (a), (b) and (d) of this Rule, Participant Firms should report an event relating to a former associated person if the event occurred while the individual was associated with the Participant Firm. A Participant Firm is not required to report such an event where, based on its records or information available through Web CRD, the Participant Firm cannot determine that the person was an associated person of the Participant Firm.

.08 Customer Complaints. For purposes of paragraph (a)(1)(B) of this Rule, a “customer” includes any person, other than a broker or dealer, with whom the Participant Firm has engaged, or has sought to engage, in securities activities. Any written customer complaint reported under paragraph (a)(1)(B) of this Rule also must be reported pursuant to paragraph (d) of this Rule. For purposes of paragraph (d) of this Rule, with respect to a person, other than a broker or dealer, with whom the Participant Firm has engaged in securities activities, the Participant Firm must report any written grievance by such person involving the Participant Firm or a person associated with the Participant Firm. In addition, with respect to a person, other than a broker or dealer, with whom the Participant Firm has sought to engage in securities activities, the Participant Firm must report any securities-related written grievance by such person involving the Participant Firm or a person associated with the Participant Firm and any written complaint reportable under paragraph (a)(1)(B) of this Rule.

.09 Financial Related. For purposes of this Rule, the term “financial related” means related to the provision of financial services.

.10 Meaning of “associated person of the Participant Firm.” For purposes of this Rule, the term “associated person of the Participant Firm” shall have the same meaning as the terms “person associated with a member” or “associated person of a member” as defined in Article I (rr) of the FINRA By-Laws.

.11 For purposes of paragraphs (a)(1)(A), (C) and (D) of this Rule only, Participant Firms are not required to report findings and actions by the Exchange or by FINRA.

Rule 11.5190 Notification Requirements for Offering Participants

ARTICLE 6 Registration, Supervision and Training

Rule 8. Reserved[Disciplinary Actions by Other Organizations

Disciplinary Action. Every Participant shall promptly notify the Exchange in writing of any disciplinary action, including the basis therefor, taken by any national securities exchange or association, clearing corporation, commodity futures market or government regulatory or law enforcement department or agency against the Participant or its associated persons, and shall similarly notify the Exchange of any disciplinary action taken by the Participant itself against any of its associated persons involving suspension, termination, the withholding of commissions or imposition of fines in excess of \$2,500, or any other significant limitation on activities.]
