EXHIBIT 5

OCC

OCC Rules

Blue underlined text indicates additions

~~Red strikethrough~~ text indicates deletions

~~Green double strikethrough~~ text indicates deletions to existing text that is being relocated within OCC's Rules, as indicated by green underlined text

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CHAPTER I - DEFINITIONS

RULE 101 – Definitions

A

AML

The term “AML” when used in respect of an applicant or Clearing Member’s AML controls means compliance with anti-money laundering requirements imposed under U.S. law or comparable requirements in the Clearing Member’s home jurisdiction.

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K

Key Person

The term “key person” means any person associated with a Clearing Member or applicant that the Corporation deems is critical to the Clearing Member or applicant’s operations or risk management, including, but not limited to, the Clearing Member's President, Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, and Chief Compliance Officer, or equivalent positions, or a major shareholder or partner.

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O.

OCC Confidential Information

The term “OCC Confidential Information” means all non-public information provided by the Corporation that (i) is marked or otherwise identified in writing prior to disclosure to the recipient as “confidential” or “business sensitive,” (ii) is designated by the Corporation as confidential, or (iii) the recipient knows or, under the circumstances surrounding disclosure, ought to reasonably know is confidential.

OFAC

The term “OFAC” means the United States Department of the Treasury’s Office of Foreign Assets Control as defined in Title 31, Chapter V of the Code of Federal Regulations.

Office

The term “office” in respect of any Clearing Member means the office established by such Clearing Member pursuant to Rule 302 ~~201~~.

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CHAPTER II – CLEARING MEMBERSHIP

RULE 201 – Eligibility

(a) To be eligible for membership, a Clearing Member must be:

(1) registered as a broker-dealer under Section 15(b)(1) or (2) of the Securities Exchange Act of 1934 (the "Exchange Act") (a "fully-registered broker-dealer");

(2) registered as a futures commission merchant ("FCM") under Section 4f(a)(1) of the Commodity Exchange Act (the "CEA") (a "fully-registered FCM");

(3) a Canadian Investment Dealer or other Non-U.S. Securities Firm as defined in the Corporation's Rules; or

(4) a U.S. national bank registered with the Office of the Comptroller of the Currency for full-service operations, a U.S. state-chartered bank that is a member of the Federal Reserve System, or a U.S. state-licensed or federally-licensed branch of a non-U.S. bank where the non-U.S. bank is registered with its home country national banking regulatory authority that:

(i) maintains membership solely for purposes of clearing products for its own proprietary account(s) and not on behalf of others, including any affiliates or subsidiaries;

(ii) provides adequate assurance, in such form determined by the Corporation, that it does not engage in activity that would require registration as a broker-dealer, FCM, or any other registration status deemed relevant by the Corporation;

(iii) provides adequate assurance, in such form determined by the Corporation, that it is not prohibited from contributing to the Corporation's Clearing Fund;

(iv) with respect to all of its cleared contracts, stock loans and other transactions subject to the By-Laws and Rules of the Corporation (including without limitation, all "qualified financial contracts") the Clearing Member must ensure that all such agreements and contracts: (1) are in writing; (2) are executed by the Clearing Member and the Corporation contemporaneously with the relevant transaction; (3) are continually maintained as an official record by the Clearing Member from the time of execution; and (4) are approved by the board of directors of the Clearing Member or its loan committee, which approval shall be reflected in the minutes of said board or committee (for the avoidance of doubt, the provisions of this clause (iv) are intended to give effect to Section 13(e) of the Federal Deposit Insurance Act, 12 U.S.C. 1823(e), and shall be interpreted in accordance with such provisions); and

(v) if it is a U.S. branch of a non-U.S. bank (a) the branch is subject to supervision and regulation by the Office of the Comptroller of the Currency, in the case of a federally-licensed branch, or by the applicable state banking regulator, in the case of a state-licensed branch and (b) the non-U.S. bank is subject to supervision and regulation by the Board of Governors of the Federal Reserve System pursuant to the International Banking Act of 1978, as amended, and other applicable U.S. banking laws.

(b) Clearing Members must maintain a minimum operating history of one year in the same or substantially same business activities as being applied for, or in the alternative, must maintain senior personnel with sufficient financial, risk, and operational background and experience, in the sole opinion of the Corporation, to conduct the business of the Clearing Member.

~~(b)~~ (c) Clearing Members must be in compliance with all registration and other regulatory requirements applicable to clearing a particular product type. In that regard, the following specific requirements will ordinarily apply:

(1) To clear transactions in options other than futures options or commodity options, a Clearing Member must be:

(i) a fully-registered broker-dealer;

(ii) a Canadian Investment Dealer or Non-U.S. Securities Firm; or

(iii) an eligible bank.

(2) To clear transactions in commodity futures, futures options and commodity options, a Clearing Member must:

(i) be a fully-registered FCM; or

(ii) not required by the CEA or the regulations of the CFTC to be registered as an FCM. (An exclusion from the FCM registration requirement under the CEA would ordinarily be available to a firm that clears only transactions that are for a "proprietary account" as defined in the regulations of the CFTC.); and

(iii) any Clearing Member who holds positions in physically-settled futures or futures options other than security futures is required to be a member of the Exchange on which the products are traded.

(3) To clear transactions in security futures products, a Clearing Member must be:

(i) a fully-registered broker-dealer that is also (A) a fully-registered FCM, (B) notice-registered as an FCM under Section 4f(a)(2) of the CEA, or (C) not required to register as an FCM under the CEA and the regulations of the CFTC;

(ii) a fully-registered FCM that is notice-registered as a broker-dealer under Section 15(b)(11)(A) of the Exchange Act;

(iii) a Canadian Investment dealer or other Non-U.S. Securities Firm; or

(iv) an eligible bank.

(4) Notwithstanding any other provision of the By-Laws or Rules, no broker or dealer registered under Section 15(b)(11) of the Securities Exchange Act will clear transactions or carry positions in cleared securities other than security futures.

(5) To clear transactions in Stock Loan, a Clearing Member must be:

(i) a fully-registered broker-dealer;

(ii) Canadian Investment Dealer or other Non-U.S. Securities Firm; or

(iii) an eligible bank.

(6) To clear OTC Index Options, a Clearing Member must:

(i) be a broker-dealer registered under Section 15(b)(1) or (2) of the Securities Exchange Act of 1934, a Canadian Investment Dealer or other Non-U.S. Securities Firm, or an eligible bank;

(ii) execute and maintain in effect such agreements and other documents as the Corporation may prescribe (including, for purposes of clearing OTC index options on indices published by the Standard & Poor's Financial Services LLC ("S&P"), a short-form index license agreement in the form specified from time to time by S&P);

(iii) be a user of or participant in an OTC Trade Source for the purpose of affirming and submitting confirmed trades to the Corporation for clearance; and

(iv) meet such other requirements as the Corporation may specify.

A Clearing Member will continue to comply with all conditions described above until the Clearing Member has closed out all open positions in OTC index options.

~~(c)~~ (d) The procedures of the Corporation may provide that a Clearing Member cannot clear transactions in a particular type of product unless, in addition to satisfying any specific requirements applicable to such type of product set forth in the By-Laws and Rules, the Corporation has specifically approved the Clearing Member to clear such type of product.

~~(d)~~ (e) Each Clearing Member must meet such additional non-discriminatory standards of financial responsibility, operational capability, risk management capability, experience and competence as may from time to time be prescribed in the statutory rules of the Corporation.

~~(e)~~ (f) *Fitness Standards*. In addition to the standards of financial responsibility, operational capability, risk management capability, and experience and competence, the Corporation will consider the criteria of the Fitness Standards for Directors, Clearing Members and Others, as adopted or amended by the Board of Directors from time to time, before approving any application for clearing membership and other standards as set forth in these Rules or such other qualifications and standards as the Corporation may promulgate.

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RULE 203 – Admission Procedures

(a) *Form of Application.* Applications for clearing membership, including reapplications under Rule 309, must be in such form and contain such information as the Corporation will from time to time prescribe.

(b) *Review by the Risk Committee or its Delegates.*

(1) The Risk Committee, or its designated delegates or agents, ~~must review and approve or disapprove such~~ determine whether to approve or deny applications or reapplications for clearing membership.

(2) The Risk Committee, or its designated delegates or agents, may examine the books and papers of any applicant, take such evidence as they may deem necessary or employ such other means as they may deem desirable or appropriate to ascertain relevant facts bearing upon the applicant's qualifications.

(3) If the Risk Committee, or its designated delegates or agents, proposes to deny ~~disapprove~~ an application or a reapplication for clearing membership, ~~it must first~~ the Secretary of the Corporation will furnish the Clearing Member or applicant with a written statement of ~~its~~ the proposed ~~recommendation~~ denial and the specific grounds therefor, and afford the Clearing Member or applicant an opportunity to be heard and to present evidence on its own behalf. ~~If the Risk Committee disapproves the application, written notice of its decision, accompanied by a statement of the specific grounds therefor, must be mailed or delivered to the applicant~~. ~~An applicant will have the right to~~

~~present such evidence as it may deem relevant to its application. A verbatim record must be kept of any hearing held pursuant hereto.~~

(4) A Clearing Member or applicant may request a hearing by filing with the Secretary of the Corporation within five (5) business days from the date on which the Secretary of the Corporation furnished the applicant with a written statement under paragraph (b)(3) setting forth the name of the representative of the Clearing Member or applicant who may be contacted with respect to the hearing. The Secretary of the Corporation will give the Clearing Member or applicant not less than ten (10) business days' prior written notice of the place and time of the hearing.

(5) Within seven (7) business days after the Clearing Member or applicant files such written request with the Corporation, the Clearing Member or applicant must submit to the Secretary of the Corporation a clear and concise statement setting forth with particularity the basis for its objection to the denial, whether the Clearing Member or applicant intends to attend the hearing, and whether the Clearing Member or applicant chooses to be represented by counsel at the hearing. The Secretary of the Corporation may extend a Clearing Member's time for submitting a written request for review or a written statement for good cause shown.

(6) A hearing will proceed before the Risk Committee pursuant to the procedures set forth below:

(A) If the applicant fails to appear at the hearing, it may be deemed to have waived the right to review;

(B) The Clearing Member or applicant may be represented by counsel, but such representation is not required;

(C) The Corporation will keep a verbatim record of the hearing, which shall be the official record of the hearing. The applicant must refrain from making audio or video recordings or transmission of the hearing. The verbatim record of the hearing shall constitute OCC Confidential Information.

(D) The Corporation and the Clearing Member or applicant (each a "Party") may offer evidence through documentary evidence entered as exhibits in the proceeding.

(E) Parties must provide copies of any documents or other materials that they plan to use at the hearing as evidence. Such evidence must be exchanged no later than the date established by the Risk Committee.

(F) The formal rules of evidence, including the Federal Rules of Evidence, do not apply to hearings held under this Rule. Parties may argue that any documentary evidence presented by the opposing party should not be considered by the Risk Committee by objecting orally at the hearing on the basis that the evidence is irrelevant, immaterial, unduly repetitious, or unduly prejudicial. After considering the objecting party's reasons for excluding the evidence, the Risk Committee members will determine if the document will be admitted into evidence and into the record.

(G) Following the presentation of each document, members of the Risk Committee may pose questions to the presenter of the document about the evidence offered.

(H) Subject to the Risk Committee's authority to change the order, the hearing will be conducted in the following order: (i) open of record; (ii) presentation of the facts of the case, including documents, by an Officer of the Corporation, or an Officer's delegate or the Corporation's counsel; (iii) the applicant's presentation of facts of the case, including documents; (iv) rebuttal by an Officer of the Corporation, or an Officer's delegate or the Corporation's counsel; (v) the applicant's rebuttal; and (vi) the close of record.

(I) Following the hearing, if necessary, the Risk Committee may submit questions in writing to either Party, with copies of all communication provided to each Party.

(7) If the Risk Committee, or its designated delegates or agents, ~~disapproves~~ denies the application or reapplication, the Corporation will provide the applicant or Clearing Member a written notice of ~~its~~ the decision, accompanied by a statement of the specific grounds ~~therefore, must be mailed or delivered to the applicant~~ on which the denial is based. Any decision made under this Rule will be final upon the date the Secretary of the Corporation provides a copy of the written notice of the decision to the Party.

(8) A final decision to deny a reapplication of a Clearing Member pursuant to Rule 309 and this Rule will constitute a suspension or expulsion from a self-regulatory organization and therefore grounds for summary suspension under Rule 1102.

~~(b)~~(c) *Expediated Approvals*. The Risk Committee, or its designated delegates or agents, may approve an applicant on an expedited basis if approval of such applicant is appropriate for the protection of investors and the public interest. The expedited approval process may grant certain exceptions for (i) the applicant's compliance with the Corporation's membership standards for a reasonable duration and (ii) the Corporation's internal policies, procedures, and due diligence processes in reviewing the applicant.

~~(c)~~(d) *Business Expansion Requests*. A Clearing Member that is not authorized to clear all types of transactions (e.g., securities customer transactions, segregated futures customers transactions, proprietary transactions, market-maker and JBO Participant transactions), or all kinds of transactions (e.g., transactions in stock options, cash-settled index options, commodity options and futures, stock loan/borrow) may at any time request authorization from the Corporation to conduct any or all of such activity ("business expansion request"). Business expansion requests may be reviewed and approved or disapproved by the Risk Committee, or its designated delegates or agents, ~~Chief Executive Officer or Chief Operating Officer~~ pursuant to the procedures of the Corporation~~; provided that the Risk Committee will be given not less than ten business days from the date it is notified of such approval or disapproval to determine whether the business expansion request should be reviewed by the Risk Committee~~.

(e) *Notification.* The Corporation will provide notice to the Risk Committee of all decisions made by the Risk Committee's designated delegates or agents related to the approval or denial of any applicant or business expansion request.

(f) *Confidential Information*.

(1) Any non-public information furnished to the Corporation pursuant to this Chapter will be held in confidence as may be required under the laws, rules and regulations applicable to the Corporation that relate to the confidentiality of records. Nothing in this Rule will prevent the Corporation from releasing such non-public information, in its sole discretion, to (i) any governmental or regulatory authority or (ii) any regulatory organization to which the applicant is a member or participant.

(2) Each applicant must maintain OCC Confidential Information in confidence to the same extent and using the same means it uses to protect its own confidential information, but no less than a reasonable standard of care, and must not use OCC Confidential Information or disclose OCC Confidential Information to any third party except as necessary to perform such applicant's obligations under the By-Laws and Rules or as otherwise required by applicable law. Each applicant acknowledges that breach of its confidentiality obligations under these Rules may result in serious and irreparable harm to the Corporation for which there is no adequate remedy at law. In the event of such a breach by the applicant, the Corporation will be entitled to seek any temporary or permanent injunction or other equitable relief in addition to any monetary damages. Nothing in this Rule will prevent the Corporation or the applicant from providing such OCC Confidential Information to any governmental or regulatory authority subject to request for confidential treatment.

RULE 204 – Conditions to Admission

(a) The Risk Committee, or its designated delegates or agents, ~~will not~~ may approve any application for clearing membership if the applicant ~~fails to meet~~ meets the membership requirements and standards set forth in the Rules.

(b) No applicant will be admitted as a Clearing Member until the applicant has deposited with the Corporation its initial contribution to the Clearing Fund in the amount required by the Risk Committee in accordance with Chapter X of the Rules, has met all contingencies established by the Risk Committee at the time of approval, and has signed and delivered to the Corporation an agreement in such form as the Corporation will require, including applicant's agreements:

(1) to clear through the Corporation, either directly or through another Clearing Member, all of its confirmed trades and all other transactions which the By-Laws or the Rules may require to be cleared through the Corporation;

(2) to abide by all provisions of the By-Laws and the Rules and by all procedures adopted pursuant thereto;

(3) that the By-Laws and the Rules constitute a part of the terms and conditions of every confirmed trade or other contract or transaction which the applicant, while a Clearing Member, may make or have with the Corporation, or with other Clearing Members in respect of cleared contracts, or which may be cleared or required to be cleared through the Corporation;

(4) to grant the Corporation all liens, rights and remedies set forth in the By-Laws and the Rules;

(5) to pay to the Corporation all fees and other compensation provided by or pursuant to the By-Laws and the Rules for clearance and for all other services rendered by the Corporation to the applicant while a Clearing Member;

(6) to pay such fines as may be imposed on it in accordance with the By-Laws and the Rules;

(7) to permit inspection of its books and records at all times by the representatives of the Corporation and to furnish the Corporation with all information in respect of the applicant's business and transactions as the Corporation or its officers may require;

(8) to make such payments to or in respect of the Clearing Fund as may be required from time to time;

(9) to comply, in the case of Non-U.S. Securities Firms, with the guidelines and restrictions imposed on domestic broker-dealers regarding the extension of credit, as provided by Section 7 of the Securities Exchange Act of 1934 and Regulation T promulgated thereunder by the Board of Governors of the Federal Reserve System, with respect to any customer account that includes cleared contracts issued by the Corporation; and

(10) to comply, in the case of Non-U.S. Securities Firms, with the Rules of the Financial Industry Regulatory Authority governing maintenance margin and cut-off times for the submission of exercise notices by customers.

(c) The Risk Committee, or its designated delegates or agents, may disapprove ~~the~~ an application for clearing membership ~~of~~ if any applicant, or Key P~~p~~erson of the applicant, ~~who~~ is or becomes subject to a Statutory Disqualification.

(1) In cases in which the SEC, by order, directs as appropriate in the public interest, the Corporation will disapprove an application for clearing membership by any applicant or Key P~~p~~erson of the applicant who is or becomes subject to a S~~s~~tatutory D~~d~~isqualification.

(2) Every applicant must notify the Corporation in writing within two business days if the applicant or a Key Person is or becomes subject to a statutory disqualification in accordance with the requirements of Rule 306A(c) or if the applicant learns that it or a Key Person is the subject of a formal investigation by a regulatory organization.

(d) The Risk Committee, or its designated delegates or agents, may disapprove an application for clearing membership if the applicant or any natural person associated with the applicant has engaged and there is a reasonable likelihood he will again engage in acts or practices inconsistent with just and equitable principles of trade.

(e) The Risk Committee, or its designated delegates or agents, may disapprove any application for clearing membership if the Corporation becomes aware of any factor or circumstance about the applicant, or a Key Person of the applicant, that may pose elevated risk to the Corporation or impact the suitability of the applicant as a Clearing Member. Factors or circumstances that may pose elevated risk to the Corporation include, but are not limited to:(i) concerns relating to an applicant's liquidity profile; (ii) concerns with the results of an independent assessment, performed in the last 12-18 months, of an applicant's (a) AML program's compliance with the Banking Secrecy Act requirements or (b) OFAC Sanctions List and Sanctions list data; (iii) concerns relating to the amount or degree of financial leverage maintained or proposed to be maintained by the applicant; (iv) concerns relating to pending, adjudicated or settled regulatory or other legal actions involving the applicant or its management, including the applicant or a Key Person of the applicant being subject to a Statutory Disqualification, as such term is defined in Rule 101; (v) if an applicant does not conduct its business from a physical office facility such that the Corporation determines this represents an unacceptable level of operational risk to the Corporation, or (vi) concerns related to an applicant's profitability.

(f) If an applicant is denied membership, the applicant is restricted from reapplying for membership until the applicant has demonstrated to the satisfaction of the Corporation that the applicant has adequately addressed the specific grounds upon which the applicant was denied.

(g) Every applicant must maintain physical office facilities for conducting business with the Corporation, unless such applicant utilizes a remote office model that the Corporation determines, in its sole discretion, does not present heightened risk to the Corporation. Every applicant may be subject to an on-site visit from the Corporation at the applicant's physical office facility as part of the Corporation's onboarding process. Applicants will be provided with no less than 24 hours notice prior to such on-site visit from the Corporation.

~~(e)~~ (h) Each applicant that has been approved for clearing membership subject to satisfaction of specified conditions must meet all conditions applicable to its admission within nine months from the date on which its application was approved, unless the Risk Committee prescribed an earlier date at the time the applicant was approved for clearing membership. Such referenced conditions shall include, but are not limited to, clearing fund deposits and operational testing requirements.

~~(f)~~ (i) The Risk Committee may consider information provided by an applicant's Designated Examining Authority, designated self-regulatory organization (in the case of an applicant primarily regulated as a futures commission merchant) and/or other self-regulatory organizations to which an applicant is a member or has applied for membership when considering an applicant's compliance with the Corporation's membership requirements and standards and overall fitness to be a Clearing Member.

(j) If an applicant fails to respond fully to the Corporation's requests for information after a period of 90 days from the inception of the application process, or for any subsequent 90-day period thereafter, the Corporation may deny the applicant.

(k) The Corporation may share with such Designated Examining Authority or designated self-regulatory organization any information provided by the applicant to the Corporation in connection with the application process.

~~(g)~~ (l) If the Risk Committee, or its designated delegates or agents, determines that an applicant's financial condition, operational capability, risk management capability, or experience and competence in relation to the business that the applicant is expected to transact with the Corporation, makes it necessary or advisable, for the protection of the Corporation, Clearing Members, or the general public, the Risk Committee may impose additional~~, temporary~~ requirements for membership including, but not limited to, the imposition of protective measures pursuant to Rule 307. ~~Additional membership criteria may be imposed~~ Any contingencies that the Risk Committee, or its designated delegates or agents, designates as temporary will remain in effect until the heightened risk presented by the Clearing Member is sufficiently reduced, based on the judgment of the Corporation, or if applicable, the maturity date of such contingency as specified by the Corporation.

(m) Upon the Corporation's request, the applicant must provide to the Corporation its business plan, supported by financial projections and assumptions, that includes the applicant's proposed use of the Corporation's services that demonstrates, to the satisfaction of the Corporation, that the applicant has a viable plan to meet and sustain the financial and operational responsibility standards and financial obligations under the Rules. The applicant must provide, upon the Corporation's request, an assessment of the applicant's business plan by an independent third-party consultant deemed acceptable by the Corporation, and at the expense of the applicant, to evaluate the reasonableness and viability of the plan, including its assumptions and projections. Failure by the applicant to provide such a plan, when requested by the Corporation, may result in denial of applicant from clearing membership.

(n) If the Corporation determines to apply a limitation or restriction on an applicant in lieu of applying a membership standard, as the Corporation is currently authorized to do as outlined in Rule 307, such limitations and restrictions also include contingencies and, in addition to the examples already provided in Rule 307, such limitations, restrictions, and contingencies also may include increased or adjusted ongoing membership financial requirements or an ongoing requirement to provide additional information or reports to the Corporation. Any such financial requirements will be risk-based.

(o) If an applicant is approved by the Corporation with contingencies attached to its membership, such applicant's membership will be deemed to be in a probationary period for twelve months following the date of the approval as a Clearing Member. If a Clearing Member subject to a probationary period violates any contingency, or any of the Corporation's Rules, the Clearing Member is subject to suspension by the Corporation pursuant to Chapter XII of the Corporation's Rules.

(p) Upon the Corporation's request, the applicant must provide to the Corporation the annual audited financial statements of a parent or affiliate for the applicable fiscal year, certified by an independent certified public accountant and prepared in accordance with generally accepted accounting principles applicable to the parent or affiliate. If the annual audited financial statements of the applicant's parent or affiliate are not available, the applicant must provide, upon the Corporation's request, unaudited financial statements, audited consolidated financial statements, or other financial information of the applicant's parent or affiliate, as applicable.

~~(h)~~ (g) Each applicant for clearing membership and each Clearing Member must sign and deliver to the Corporation such other instruments in writing as the Corporation may require from time to time, depending on the services that the applicant or Clearing Member selects.

* * * *

RULE 207 – Submission to and Retrieval of Items to and from the Corporation

(a) Clearing Members must submit and retrieve instructions, notices, reports, data, and other items in accordance with procedures prescribed or approved by the Corporation. Items submitted to or retrieved from the Corporation by electronic data entry will be deemed to constitute “writings” for purposes of any applicable law.

(b) Items required or permitted to be submitted to the Corporation must be submitted at or prior to such times as the Corporation will specify. The Corporation may disregard any untimely submission or correction of any such item. If unusual or unforeseen conditions prevent a Clearing Member from submitting any instruction, notice, report, data, or other item to the Corporation on a timely basis, the Corporation may in its discretion (i) require the Clearing Member to submit the item by other means, and/or (ii) extend the applicable cut-off time by such period as the Corporation deems reasonable, practicable, and equitable under the circumstances; provided, however, that cut-off times for submission of exercise notices at expiration are governed by Rule 805, and by Article VI, Sec. 18 of the By-Laws.

(c) If unusual or unforeseen conditions (including but not limited to power failures or equipment malfunctions) prevent the Corporation from making any instruction, notice, report, data, or other item available to a Clearing Member for electronic data retrieval on a timely basis, the Corporation may in its discretion (i) make such item available to such Clearing Member by other means, and/or (ii) extend the applicable time frame by such period as the Corporation deems reasonable, practicable, and equitable under the circumstances.

(d) Each Clearing Member must maintain OCC Confidential Information in confidence to the same extent and using the same means it uses to protect its own confidential information, but no less than a reasonable standard of care, and must not use OCC Confidential Information or disclose OCC Confidential Information to any third party except as necessary to perform such Clearing Member’s obligations under the By-Laws and Rules or as otherwise required by applicable law. Each Clearing Member acknowledges that breach of its confidentiality obligations under these Rules may result in serious and irreparable harm to the Corporation for which there is no adequate remedy at law. In the event of such a breach by the Clearing Member, the Corporation will be entitled to seek any temporary or permanent injunction or other equitable relief in addition to any monetary damages. Nothing in this Rule will prevent the Corporation or the Clearing Member from providing such OCC Confidential Information to any governmental or regulatory authority subject to request for confidential treatment.

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CHAPTER III – MEMBERSHIP STANDARDS

RULE 301 – Financial Responsibility

(a) *General.* Each Clearing Member, including applicants for clearing membership, must meet the financial resource and responsibility requirements set forth in these Rules and such other qualifications and standards as the Corporation may promulgate. All dollar amounts in this Rule 301 refer to U.S. dollars.

(b) *Minimum Capital.* Clearing Members must maintain the following minimum capital requirements. The Corporation, in its sole discretion, may, pursuant to Rule 307C(a), establish risk-based minimum capital levels, higher than those specified in Rule 301 to mitigate risk to the Corporation. Examples of such risks giving rise to a higher capital requirement include, but are not limited to, Clearing Members that may, as determined by the Corporation, present a short operating history, an inadequate liquidity profile, a business strategy that is high risk, a profile that is highly leveraged, weak internal risk controls, or insufficient personnel. No opening purchase transaction or opening sale transaction will be cleared by or through any Clearing Member, and no Stock Loan will be entered into by any Clearing Member, at any time when such Clearing Member's capital falls below its respective minimum capital requirement.

(1) *Registered Broker-Dealers*. Every Clearing Member that is a fully-registered broker-dealer must maintain minimum net capital equal to the greater of: (i) $10 million; (ii) in the case of a broker-dealer not electing to operate pursuant to the alternative net capital requirements, 6 2/3% of its aggregate indebtedness (i.e., aggregate indebtedness cannot exceed 1500% of net capital); or (iii) in the case of a broker-dealer electing to operate pursuant to the alternative net capital requirements, 2% of its aggregate debit items.

(2) *Registered Futures Commission Merchants.* Every Clearing Member that is a fully-registered FCM must maintain minimum adjusted net capital equal to the greater of $10 million or any other minimum financial requirements established by regulation of the CFTC.

(3) *Canadian Investment Dealers and other Non-U.S. Securities Firms*. Non-U.S. Securities Firms must maintain the following levels of minimum net capital.

(i) *Canadian Investment Dealers.* Every Clearing Member that is a registered investment dealer regulated by the Investment Industry Regulatory Organization of Canada must maintain risk adjusted capital equal to the greater of $10 million or 2% of total margin required.

(ii) *Other Non-U.S. Securities Firms.* Every Non-U.S. Securities Firm that is not a Canadian Investment Dealer must maintain capital substantially similar to (adjusted) net capital required for fully-registered broker-dealers or fully-registered futures commission merchants equal to the greater of $10 million or the amount required by the firm’s applicable regulatory minimum requirements established by the regulatory authority of that country’s government or an agency or instrumentality thereof. If the Risk Committee prohibits the use of the non-U.S. jurisdiction’s regulatory minimum requirements or chooses to supplement a non-U.S. jurisdiction’s regulatory minimum requirements, then a Non-U.S. Securities Firm must maintain total equity greater than $25 million.

(4) *Banks*. Every U.S. bank Clearing Member must maintain Tier 1 Capital of at least $500 million, a Tier 1 Capital Ratio greater than 6%, and be either “well-capitalized” or “adequately-capitalized” as measured by prompt corrective action (“PCA”) capital category ratios applicable to such U.S. Banks. Every U.S. branch of a non-U.S. bank that is a Clearing Member must be a branch of a non-U.S. bank that maintains Tier 1 Capital of at least $500 million (or its equivalent in the relevant home country currency), maintain a Tier 1 Capital Ratio greater than 6%, and that remains at least adequately capitalized as calculated or defined pursuant to the regulatory capital rules of the applicable banking regulatory authority of its home country.

(c) If a Clearing Member is registered as a broker-dealer under Section 15(b)(1) of the Securities Exchange Act and also as a futures commission merchant under Section 4f(a)(1) of the Commodity Exchange Act, the Clearing Member must comply with all applicable capital requirements.

(d) *Extreme But Plausible Events and Contingency Planning.* Every Clearing Member must have access to sufficient financial resources to meet obligations arising from clearing membership in extreme but plausible market conditions, as determined by the Corporation for purposes of this Rule. Every Clearing

Member must also maintain adequate procedures, including but not limited to contingency funding and alternate settlement bank arrangements, to ensure that it is able to meet its obligations arising in connection with clearing membership when such obligations arise. Every Clearing Member must furnish copies of such procedures related to its contingency planning upon the request of the Corporation.

. . . *Interpretations and Policies:*

.01 The terms "net capital," "aggregate indebtedness", and "aggregate debit items" must be computed for a broker-dealer Clearing Member in accordance with SEC Rule 15c3-1 and 15c3-3, as applicable. For the purpose of this Chapter III only, the term "customer" has the meaning set forth in paragraph (c)(6) of SEC Rule 15c3-1.

.02 If a Clearing Member maintains proprietary options positions but carries those positions in an account or accounts with another Clearing Member and is otherwise eligible to calculate its net capital requirement in accordance with the provisions of SEC Rule 15c3-1(a)(6), the Clearing Member must nevertheless take the risk based haircuts associated with proprietary securities positions in determining its compliance with the Corporation's minimum net capital requirements.

RULE 302 – Operational Capability

(a) *General.* Each Clearing Member, including applicants for clearing membership, shall meet the operational capability, experience, and competence standards set forth in these Rules and such other qualifications and standards as the Corporation may promulgate.

(b) *Offices*. Every Clearing Member must maintain physical office facilities for conducting business with the Corporation, unless such Clearing Member utilizes a remote office model that the Corporation determines, in its sole discretion, does not present heightened risk to the Corporation. There must be available, during such hours as may be specified from time to time by the Corporation, a representative of the Clearing Member authorized in the name of the Clearing Member to take all action necessary for conducting business with the Corporation during regular and overnight business hours. Every Clearing Member may be subject to an on-site visit from the Corporation at the Clearing Member's physical office facility as part of the Corporation's ongoing monitoring and due diligence of Clearing Members. Clearing Members will be provided with no less than 24 hours notice prior to such on-site visit from the Corporation.

(c) *Books and Records*. Every Clearing Member must maintain books and records in accordance with the requirements of its applicable regulatory agency, including but not limited to any applicable requirements under the Securities Exchange Act, the Commodity Exchange Act, or the requirements of any non-U.S. regulatory agency, and with such additional requirements as the Corporation may impose. Every Clearing Member must make its books and records available for inspection by the Corporation upon request.

(d) *Ability to Discharge Responsibilities.* Clearing Members must maintain facilities, systems and procedures that are operationally sufficient to discharge its functions as a Clearing Member in a timely and efficient manner, including the ability to process expected volumes and values of transactions cleared by the Clearing Member within required time frames, including at peak times and on peak days; the ability to fulfill collateral, payment, and delivery obligations as required by the Corporation; and the ability to participate in applicable operational and default management activities, including auctions, as may be required by the Corporation and in accordance with applicable laws and regulations.

(e) *Physically-Settled Equity Options and Stock Futures*. Every Stock Clearing Member and every Clearing Member that effects transactions in physically-settled stock futures shall be and remain a participant in good standing of the correspondent clearing corporation; provided, however, that the foregoing shall not apply to: (i) an Appointing Clearing Member during a period when such Appointing Clearing Member has in effect an appointment of an Appointed Clearing Member pursuant to Rule 901(f);

or (ii) a Canadian Clearing Member on behalf of which CDS maintains an identifiable subaccount in a CDS account at the correspondent clearing corporation, provided that CDS is a participant in good standing of the correspondent clearing corporation during the period when such Canadian Clearing Member has in effect an appointment of CDS pursuant to Rule 901(g).

(f) *Stock Loan Programs*. Clearing Members participating in the Corporation's Stock Loan programs shall meet the following additional operational requirements.

(1) *Stock Loan/Hedge Program*. Every Clearing Member participating in the Stock Loan/Hedge Program must: (i) be a member of the Depository (as defined in Article XXI of the By-Laws) or be a Canadian Clearing Member on behalf of which CDS maintains an identifiable sub-account in a CDS account at the Depository, provided that CDS is a participant of the Depository eligible to perform the necessary functions on behalf of the Canadian Clearing Member during the period when such Canadian Clearing Member has in effect an appointment of CDS pursuant to the provisions set forth in this Interpretation, and (ii) execute such agreements and other documents as the Corporation may prescribe.

(2) *Market Loan Program*. Every Clearing Member participating in the ~~Stock Loan/Hedge~~ Market Loan Program must: (i) be a U.S. Clearing Member or Clearing Member from any foreign country or jurisdiction approved by the Risk Committee, (ii) be a subscriber to such Loan Market with full access to services provided by the Loan Market, (iii) be a member of the Depository that has provided the Depository with written authorization to honor instructions issued by the Corporation against such Clearing Member's account at the Depository, and (iv) execute such agreements and other documents as the Corporation may prescribe. A separate designation is required for each Loan Market in which a Clearing Member participates. A Clearing Member must continue to comply with all conditions referred to in (i) – (iv) above until the Clearing Member has terminated all open stock borrow and loan positions resulting from Market Loans.

RULE 303 – Financial, Operations, and Risk Management Personnel

(a) ~~Every applicant or Clearing Member must employ personnel or maintain~~ Every Clearing Member must employ individuals with relevant industry experience in senior management roles, or equivalent positions, including: President or Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, and Chief Compliance Officer. The Clearing Member must maintain a clear division of responsibility between each of the listed roles above. The Clearing Member must maintain a minimum number of total full-time personnel, including a minimum of four full-time risk management personnel. The Clearing Member may, with the agreement of the Corporation, substitute for certain full-time personnel contractual arrangements with third-party service providers acceptable to the Corporation with substantial experience in clearing the kind~~(s)~~ of cleared contracts that the applicant or member proposes to clear. Every Clearing Member must maintain supervisory authority over all internal staff conducting business with the Corporation and over the activities and functions performed by third-party vendors.

(b) Every Clearing Member must employ personnel who are responsible for such Clearing Member's compliance with applicable net capital, recordkeeping, and other financial, operational, and risk management rules or maintain contractual arrangements with third-party service providers to perform such activities or functions. The employed personnel are:

(1) in the case of a fully-registered broker-dealer, a registered "Limited Principal Financial and Operations" with the Financial Industry Regulatory Authority;

(2) in the case of a fully-registered FCM or other registrant registered under Section 4f of the Commodity Exchange Act that is not a fully-registered broker-dealer, a chief financial officer or other person with appropriate qualifications who is responsible for supervising the preparation of the applicant's financial reports;

(3) in the case of a bank, Canadian Investment Dealer or other Non-U.S. Securities Firm, a chief financial officer or other person with appropriate qualifications who is responsible for supervising the preparation of the Clearing Member's financial reports.

(c) Each Clearing Member must ensure that it employs an appropriate number of clearing operations personnel or maintains adequate contractual arrangements with third-party service providers with the requisite capability, experience, and competency such that the Clearing Member can reasonably ensure that it is able to discharge its functions as a Clearing Member in a timely and efficient manner, including the ability to process expected volumes and values of transactions cleared by the Clearing Member within required time frames, including at peak times and on peak days; the ability to fulfill collateral, payment, and delivery obligations as required by the Corporation, and the ability to participate in applicable operational and default management activities, including auctions, as may be required by the Corporation and in accordance with applicable laws and regulations. Each Clearing Member must submit to the Corporation a list of the clearing operations personnel it employs in such form as is acceptable to the Corporation, including, without limitation, the names, titles, primary offices, email addresses, and business phone numbers for all such personnel.

(d) Any contractual arrangements with third-party service providers used to satisfy the requirements of Rule 302 and this Rule 303 must:

(1) clearly set forth the specific services to be performed by the third-party service provider on behalf of a Clearing Member and the respective duties and obligations of the third-party service provider and the Clearing Member.

(2) provide that the agreement will not be terminated until 30 days after written notice of such termination is provided by the Clearing Member to the Corporation; and

(3) provide the Corporation with the authority and ability to perform initial and ongoing due diligence on the third-party service provider.

(e) Should a separation or termination of an agreement with a third-party service provider occur between the only personnel or third-party service provider who meets the requirements of Rule 303 and the Clearing Member, such Clearing Member will have three months from the effective date of the separation to comply with this Rule.

*   *   *   *

RULE 305 – Clearing Member Risk Management

(a) Each Clearing Member must maintain current written risk management policies and procedures that address the risks the Clearing Member may pose to the Corporation. The Corporation will review the risk management policies, procedures, and practices of each Clearing Member on a periodic basis. ~~and~~ Based on its review of the policies, procedures and practices, the Corporation may take appropriate action to address concerns identified in such reviews, including but not limited to the imposition of protective measures pursuant to Rule 307.

(b) Each Clearing Member must provide to the Corporation such information and documentation as may be requested by the Corporation from time to time regarding such Clearing Member's risk management policies, procedures, and practices.

(c) Each Clearing Member must provide to the Commodity Futures Trading Commission such information and documentation as requested by the Commodity Futures Trading Commission regarding such Clearing Member's risk management policies, procedures, and practices.

RULE 306 – Notification and Reporting Requirements

(a) Each Clearing Member shall provide to the Corporation such notices, reports, documentation, or other information required in these Rules and any other requirements the Corporation may promulgate.

(b) Any non-public information furnished by a Clearing Member to the Corporation pursuant to this Chapter will be held in confidence as may be required under the laws, rules and regulations applicable to the Corporation that relate to the confidentiality of records. Nothing in this Rule will prevent the Corporation from releasing such non-public information, in its sole discretion, to (i) any governmental or regulatory authority or (ii) any regulatory organization to which the applicant is a member or participant.

RULE 306A – Event-Based Reporting

(a) *Early Warning Notices.* A Clearing Member shall notify an officer of the Corporation promptly, and in any event, prior to 3:00 P.M. Central Time (4:00 P.M. Eastern Time) of the next business day in writing, if:

(1) The Clearing Member notifies, is required to notify, or receives notice from, any regulatory organization (as defined in ~~this paragraph~~ Rule 101) of any financial or operational difficulty affecting the Clearing Member or of any failure by the Clearing Member to be in compliance with the financial or operational responsibility rules or capital requirements of any regulatory organization, to the extent that laws applicable to the Clearing Member do not prevent the disclosure of such notice to the Corporation. Any notice, whether written or otherwise, from a regulatory organization informing a Clearing Member that it may fail to be in compliance with the financial or operational responsibility rules or capital requirements of the regulatory organization unless it takes corrective action, or informing it that it has triggered any provision in the nature of an early warning provision contained in any such rule or regulation, constitutes a notice for purposes of the preceding sentence. The Clearing Member must include with any written confirmation to the Corporation a copy of any written notice provided or received by the Clearing Member which is referred to in the confirmation.

(2) The Clearing Member is a fully registered broker-dealer and:

(A) such Clearing Member's net capital is less than the greater of:

(i) $12 million~~;~~ or amount equal to 20% above the applicable Clearing Member's minimum capital requirement;

(ii) in the case of a Clearing Member electing to operate pursuant to the aggregate indebtedness standard, 10 percent of its aggregate indebtedness (i.e., aggregate indebtedness exceeds 1000 percent of net capital); or

(iii)in the case of a Clearing Member electing to operate pursuant to the alternative net capital requirements, 5% of its aggregate debit items.

(B) the aggregate principal amount of such Clearing Member's satisfactory subordination agreements (other than such agreements which qualify as equity capital under paragraph (d) of Securities and Exchange Commission Rule 15c3-1) exceeds 70% of such Clearing Member's debt-equity total; or

(C) such Clearing Member is required to provide notice to any regulatory organization pursuant to SEC Rule 15c3-1(a)(6) or (c)(2)(x) regarding carrying of accounts of market-makers or listed options specialists; or

(D) such Clearing Member is required to provide notice to any regulatory organization (as defined in Rule 101 ~~below~~) under SEC Rule 15c3-1(a)(7); or

(E) such Clearing Member's Examining Authority has granted to such Clearing Member, pursuant to paragraph (c)(2)(v)(C) of said Rule 15c3-1, an extension of any time period provided for resolving short securities differences under paragraph (c)(2)(v)(A) of said Rule; or

(F) such Clearing Member has provided any notice as required by paragraph (e)(1)(iv) of Rule 15c3-1. Such Clearing Member shall also furnish the Corporation with a copy of each notice so provided.

(3) The Clearing Member is a fully-registered futures commission merchant:

(A) such Clearing Member's adjusted net capital shall become less than the greater of $12 million or the early warning adjusted net capital requirements established by CFTC Rule 1.12(b); or

(B) such Clearing Member has provided any notice as required by paragraphs (c), (d), (f)(3), (f)(4), (g) or (m) of CEA Rule 1.12. Such Clearing Member shall also furnish the Corporation with a copy of each notice so provided.

(4) The Clearing Member is a Non-U.S. Securities Firms, including if it is a Canadian Investment Dealer and:

(A) in the case of a Canadian Investment Dealer (i) its risk adjusted capital is less than $12 million or 5% of total margin required; or (ii) it is subject to an early warning designation under the financial and operational rules established by the Investment Industry Regulatory Authority of Canada.

(B) in the case of other Non-U.S. Securities Firms:

(i) its net capital equivalent is less than the greater of: (a) $12 million or (b) 20% above the applicable minimum capital requirement assigned to the firm or (c) the early warning amount required by the firm's applicable regulatory requirements established by the regulatory authority of that country's government or an agency or instrumentality thereof;

(ii) if the Risk Committee has prohibited the use of the non-U.S. jurisdiction's regulatory minimum and early warning requirements or chooses to supplement a non-U.S. jurisdiction's regulatory minimum or early warning requirements, its total equity is less than $30 million.

(C) such Clearing Member receives any violation on its part of the rules or regulations relating to financial responsibility or protection of customer property of its Non-U.S. Regulatory Agency (or any other governmental agency or instrumentality or independent organization or exchange to whose authority it is subject);

(D) such Clearing Member receives any notice (whether written or otherwise) ~~received~~ from its Non-U.S. Regulatory Agency (or any other agency, instrumentality, organization or exchange) (a) alleging a violation of any such rule or regulation, (b) informing it that it may violate any such rule or regulation unless it takes corrective action, or (c) informing it that it has triggered any provision in the nature of an early warning provision contained in any such rule or regulation; or

(E) such other events as the Corporation may specify.

(5) The Clearing Member is an eligible bank and:

(A) such Clearing Member's Tier 1 Capital is less than $600 million;

(B) such Clearing Member's Tier 1 Capital Ratio is less than the greater of (i) 7% or (ii) its Tier 1 Capital Ratio regulatory requirement plus 1%, or such Clearing Member is deemed undercapitalized as calculated or defined pursuant to the regulatory capital rules of the applicable banking regulatory authority of its home country;

(C) such Clearing Member receives any violation on its part of the rules or regulations relating to financial responsibility of its regulatory agency (or any other governmental agency or instrumentality or independent organization or exchange to whose authority it is subject);

(D) such Clearing Member receives any notice (whether written or otherwise) ~~received~~ from such agency (or any other agency, instrumentality, organization or exchange) (a) alleging a violation of any such rule or regulation, (b) informing it that it may violate any such rule or regulation unless it takes corrective action, or (c) informing it that it has triggered any provision in the nature of an early warning provision contained in any such rule or regulation, to the extent that laws applicable to the Clearing Member do not prevent the disclosure of such notice to the Corporation; or

(E) such other events as the Corporation may specify.

. . . *Interpretations and Policies:*

.**01** The term "debt-equity total" shall be computed for a Clearing Member in accordance with Securities and Exchange Commission Rule 15c3-1. The term "satisfactory subordination agreement" shall mean a subordination agreement meeting the requirements of Appendix D to Rule 15c3-1 and any additional requirements, not inconsistent therewith, imposed by a Clearing Member's Examining Authority.

(b) Notice of Material Changes and Information Requests. Each Clearing Member must give the Corporation written notice of any material changes specified in this Rule 306A(b).

(1) Each Clearing Member must give the Corporation ~~prompt~~ a minimum of 30 days prior written notice, or prompt written notice where such decision is made less than 30 days prior to taking effect, of any material change in its form of organization or ownership structure, including:

(A) the merger, combination or consolidation between the Clearing Member and another person or entity;

(B) the assumption or guarantee by the Clearing Member of all or substantially all of the liabilities of another person or entity in connection with the direct or indirect acquisition of all or substantially all of the assets of such person or entity;

(C) the sale of a significant part of the Clearing Members' business or assets to another person or entity;

(D) a change in the name, form of business organization, or jurisdiction of organization or incorporation of the Clearing Member; and

(E) a change in the direct or indirect beneficial ownership of 10% or more of the equity of the Clearing Member.

(2) Each Clearing Member must give the Corporation prompt written notice of material operational or financial changes, including:

(A) a change in location of clearing operations;

(B) a change in location of its offices maintained pursuant to Rule 302(b);

(C) a change in any personnel of the Clearing Member responsible for ensuring that the Clearing Member is able to fulfill its obligations as a Clearing Member pursuant to Rule 303(c);

(D) a new or revoked stock settlement relationship with another Clearing Member or CDS;

(E) a change in the Clearing member's independent public accountant;

(F) a change in any non-U.S. Clearing Member's regulatory capital standards;

(G) if Clearing Member is experiencing operational difficulties or is non-compliant with operational capability requirements;

(H) current or hindsight customer reserve or customer segregation deficiencies;

(I) a change in registration status or regulatory authorization;

(J) current or hindsight net capital deficiencies;

(K) a change in date for its fiscal year-end; or

(L) If a Canadian Clearing Member participating in the Stock Loan/Hedge Program knows or reasonably expects that CDS will cease, or if CDS has ceased, to act on behalf of the Canadian Clearing Member with respect to effecting delivery orders for stock loan and stock borrow transactions.

(3) Each Clearing Member must give the Corporation prompt prior written notice of its intention to enter into, terminate, or alter its outsourcing activities.

(4) Each Clearing Member must give the Corporation prompt written notice if separation or termination of an agreement occurs between the only personnel, associated person, or third-party service provider who performs activities necessary to meet the requirements of Chapter III of the Rules or is otherwise critical to ensuring that the Clearing Member is able to clear and settle confirmed trades in account types for which it is approved.

(5) Each Clearing Member shall notify the Corporation within 30 days (i) of its independent auditor issuing a qualified opinion of its financial statements or (ii) of notification by its independent auditor that the independent auditor has identified a material weakness in an internal control over financial reporting.

(6) Each Clearing Member must, within the time period reasonably prescribed by the Corporation, furnish to the Corporation such documents and information as the Corporation may from time to time require pursuant to Chapters II and III of the Corporation's Rules.

(c) *Statutory Disqualifications*. A Clearing Member~~, or any applicant for clearing membership,~~ that is or becomes subject to, or whose Key Person is or becomes subject to, a statutory disqualification must as soon as practicable upon learning of such statutory disqualification and in any event within ~~20~~ two business days thereafter:

(1) notify the Corporation in writing of the statutory disqualification, and

(2) further accompany such notification with information and forms, including amendments thereto, related to the statutory disqualification received from or provided to the SEC, the CFTC or any self-regulatory organization, including, as applicable: (i) a copy of the order, judgment, letter of acceptance, waiver and consent, or other document evidencing the event that gave rise to the statutory disqualification, and (ii) any amended Form BD, Financial Industry Regulatory Authority ("FINRA") Form MC-400A, any written response to a National Futures Association ("NFA") Rule 504

Notice of Intent or other written request for relief addressed to such self-regulatory organization. Clearing Members that are not members of FINRA or NFA must provide the Corporation with, at a minimum, the information contained in FINRA Form MC-400A in addition to any forms filed with any self-regulatory organization or regulatory agency with respect to a statutory disqualification or similar provision of the laws or regulations applicable to such applicant.

RULE 306B – Periodic Reporting

(a) *Financial Reports*. Each Clearing Member shall submit statements of its financial condition at such times and in such manner as shall be prescribed by the Corporation from time to time.

(1) *Broker-Dealers*. Every Clearing Member that is a fully-registered broker-dealer must file with the Corporation a true and complete copy of Part II, IIA, or any other variation of SEC Form X-17A-5 within 20 business days after the end of each month (regardless of whether or not such Clearing Member is required to prepare or file such report on a monthly basis with another regulatory or self-regulatory organization).

(2) *Futures Commission Merchants*. Every Clearing Member that is a fully-registered FCM must file with the Corporation a true and complete copy of CFTC Form 1-FR-FCM within 20 business days after the end of each month (regardless of whether or not such Clearing Member is required to prepare or file such report on a monthly basis with another regulatory or self-regulatory organization).

(3) *Canadian Investment Dealers*. Every Clearing Member that is a Canadian Investment Dealer must file with the Corporation a true and complete copy of its Form 1 of the International Financial Reporting Standards (“Form 1”) within the later of (i) 20 business days of the end of each month or (ii) monthly deadlines established by IIROC.

(4) *Other Non-U.S. Securities Firms*. Every Clearing Member that is a Non-U.S. Securities Firm (excluding Canadian Investment Dealers) must file with the Corporation true and complete copies of such financial reports specified by the Corporation at the same time such report is filed with its primary regulatory authority. The financial reports must be prepared in accordance with its non-U.S. regulatory requirement.

(5) *U.S. Banks*. Every Clearing Member that is a U.S. national bank or state-chartered bank must file with the Corporation a copy of its Consolidated Report of Condition and Income (“Call Report”) and (to the extent not contained within such Call Reports) information containing each of its capital levels and ratios due at same time it is filed with primary regulatory authority. If the Clearing Member is not required to file a Call Report, then it must file with the Corporation a copy of its unaudited quarterly financial statements as provided to the state regulatory authority having jurisdiction over the participant, containing each of its capital levels and ratios.

(6) *Non-U.S. Banks*. Every Clearing Member that is a non-U.S. bank must file with the Corporation true and complete copies of such financial reports specified by the Corporation at the same time such report is filed with a primary regulatory authority. The financial reports must be prepared in accordance with its non-U.S. regulatory requirement.

(7) The Corporation will deliver to the CFTC upon request any financial report provided to the Corporation pursuant to Rule 306B(a) by a Clearing Member that is not a futures commission merchant.

(b) *Annual Audited Financial Statements*. Every Clearing Member must provide to the Corporation a complete copy of its annual audited financial statements, including reports on material inadequacies and internal control, prepared in accordance with its regulatory requirements and with generally accepted auditing standards of the country in which such Clearing Member has its principal place of business within 60 calendar days of the end of its fiscal year. Upon the Corporation’s request, the Clearing Member must provide to the Corporation the annual audited financial statements of a parent or affiliate for the applicable fiscal year, certified by an independent certified public accountant and prepared in accordance with generally accepted accounting principles applicable to the parent or affiliate. If the annual audited financial statements of the Clearing Member's parent or affiliate are not available, the Clearing Member must provide, upon the Corporation's request, unaudited financial statements, audited consolidated financial statements, or other financial information of the Clearing Member's parent or affiliate, as applicable.

(c) *Early or More Frequent Reporting*. If a Clearing Member is required to file a financial report on an earlier date or on a more frequent basis than is required under this Rule 306B, then such Clearing Member must file with the Corporation a true and complete copy of each such report at the same time it is filed with its relevant regulatory authority. In addition, the Corporation may, in its discretion, require more frequent financial reporting in such form as the Corporation may specify or other financial statements in such form or detail as may be prescribed by the Corporation, including for purposes of assessing whether the Clearing Member is meeting the financial requirements for clearing membership on an ongoing basis.

(d) *Extensions*. The Corporation may, in its discretion, recognize an extension or later deadline granted by the Clearing Member's relevant regulatory authority for financial reports required under this Rule 306B, provided that such extension is not issued on a permanent basis and a copy of such extension is filed with the Corporation in a timely manner.

(e) *Large Trader Reports*. Except to the extent that large trader reports required by the CFTC are filed on behalf of a Clearing Member by a contract market or other CFTC registrant, such reports must be filed by the Clearing Member effecting the transaction(s) subject to such reporting requirements.

(f) *Accurate, Complete and Timely Responses*. The Clearing Member must provide accurate, complete and timely responses to the Corporation's annual and periodic due diligence information requests, including any supplemental or follow-up requests thereto.

RULE 307 – Protective Measures

(a) The Corporation may impose protective measures on any Clearing Member or applicant for clearing membership that: (i) is approaching or does not meet the Corporation's minimum membership standards or fails to provide information required under Chapters II and III of the Rules such that the Corporation is unable to determine whether it meets the minimum membership standards, (ii) presents increased credit, market or liquidity risk to the Corporation, (iii) is or will be, in the case of a new Clearing Member, subject to enhanced monitoring and surveillance under the Corporation's watch level reporting process, or (iv) whose financial condition, operational capability, ~~or~~ risk management capability, regulatory or compliance risk profile otherwise makes it necessary or advisable, for the protection of the Corporation, other Clearing Members, or the general public.

(b) The Corporation may impose protective measures on any Clearing Member or applicant regardless of whether the Clearing Member or applicant is subject to enhanced monitoring and surveillance under the Corporation's watch level reporting process.

(c) The Corporation determines protective measures on a case-by-case basis depending on factors such as the Clearing Member's or applicant's financial and operational risk profile or the current or anticipated nature or level of the Clearing Member's or applicant's activity.

RULE 307A – Restrictions on Distributions

(a) No Clearing Member shall withdraw qualified regulatory capital (by dividend, distribution, or otherwise) without the prior written authorization of the Corporation if, after giving effect to such withdrawal, a condition specified in Rule 306A(a)(2) through (6) would exist with respect to such Clearing Member, or such withdrawal would be inconsistent with a Clearing Member's regulatory requirements. (b) The Corporation may prohibit Clearing Members from withdrawing qualified regulatory capital (by dividend or distribution or otherwise) if such Clearing Member is subject to enhanced monitoring and surveillance under the Corporation's watch level reporting process and the distribution in question could result in increased credit or liquidity risk to the Corporation.

RULE 307B – Restrictions on Certain Transactions, Positions and Activities

(a) The Chief Executive Officer or Chief Operating Officer, or, if it is not feasible for the Chief Executive Officer or Chief Operating Officer to take such action, then a Designated Officer of the Corporation may impose the following restrictions on a Clearing Member's positions in any circumstances that warrant the imposition of protective measures under Rule 307.

(1) Prohibit or impose limitations on the clearance of any transactions that increase credit or liquidity risk;

(2) Require such Clearing Member to reduce, eliminate, or hedge existing positions presenting increased credit, liquidity or operational risk to the Corporation;

(3) Require such Clearing Member to transfer any existing positions or accounts maintained or carried by such Clearing Member to another Clearing Member; and/or

(4) Restrict such Clearing Member's outsourced activities or activities as an Appointed Clearing Member or prohibit such Clearing Member from engaging in such activities or to impose such limitations on such activities as such officer deems necessary or appropriate in the circumstances.

(b) Any action taken pursuant to paragraph (a) will be subject to review by the Risk Committee of the Corporation upon submission by the Clearing Member of a written request for review to the Secretary of the Corporation within five (5) business days of the date such action is taken. ~~The Risk Committee will schedule an early hearing. The Clearing Member will be given not less than one day's notice of the place and time of such hearing.~~

(1) Within seven (7) business days after the Clearing Member files such written request with the Corporation, the Clearing Member must submit to the Secretary of the Corporation a clear and concise statement setting forth with particularity the basis for its objection to the action, whether the Clearing Member or applicant intends to attend the hearing, and whether the Clearing Member or applicant chooses to be represented by counsel at the hearing. The Corporation may extend a Clearing Member's time for submitting a written request for review or a written statement for good cause shown.

(2) The Risk Committee will schedule an early hearing. The Clearing Member will be given not less than one (1) business day's notice of the place and time of such hearing. The hearing before the Risk Committee will proceed pursuant to the procedures set forth in Rule 203(b)(6). ~~At the hearing, the Clearing Member will be afforded an opportunity to be heard and to present evidence in its behalf and may be represented by counsel. A verbatim record of the hearing will be prepared and the cost of the transcript may, in the discretion of the Risk Committee, be charged in whole or in part to the Clearing Member if the Risk Committee does not modify the action of the Chief Executive Officer or Chief Operating Officer, or Designated Officer. The Clearing Member will be notified in writing of the outcome of the Risk Committee's review.~~

(3) The Corporation will provide the Clearing Member a notice of decision setting forth the specific grounds upon which the decision is based. Any decision made under this Rule will be final (i) when

the Clearing Member stipulates to the taking of such action by the Corporation, at which time the Corporation will furnish the Clearing Member with its notice of decision, or (ii) upon the expiration of the applicable time period provided in these Rules for the filing of a written request for a hearing or a written statement, at which time the Corporation will furnish the Clearing Member with its notice of decision, or (iii) if a hearing is held, the date the Secretary of the Corporation provides a copy of the written notice of the decision to the Clearing Member.

(c) The filing of a request for review pursuant to paragraph (b) of this Rule will not impair the validity or stay the effect of the action which the Clearing Member seeks to have reviewed, and the Clearing Member will be obligated to comply with such action without delay notwithstanding the pendency of such request for review. Any modification or reversal by the Risk Committee of any action taken pursuant to paragraph (a) hereof will not invalidate any acts taken by the Corporation prior to such modification or affect any rights of any person arising out of any such acts.

RULE 307C – Additional Operational, Personnel, Financial Resource and Risk Management Requirements

The Corporation may also impose protective measures in the form of additional operational, personnel, financial resource, or risk management requirements, including, but not limited to:

(a) Requiring Clearing Members to maintain higher minimum capital amounts than those required by Rule 301;

(b) Requiring a financial guaranty from a Clearing Member's parent company or affiliate;

(c) Imposing limitations on a Clearing Member's financial leverage (e.g. gross or adjusted leverage caps);

~~(b)~~ (d) Requiring Clearing Members to adjust the amount or composition of margin or Clearing Fund deposits, including but not limited to requiring the deposit of additional margin or requiring Clearing Members to satisfy a specified portion of their margin or Clearing Fund requirements in cash or other assets with comparatively less risk;

~~(c)~~ (e) Requiring Clearing Members to add new personnel or provide additional training to existing personnel to enhance the capability, experience, and competence of operational, financial reporting, or risk management personnel;

(f) Requiring Clearing Members to fill a key risk management or operational role created by the loss of a Key Person, as defined in Rule 101;

~~(d)~~ (g) Requiring Clearing Members to execute an agreement with a third-party service provider determined to be acceptable to the Corporation that will be in effect until such time that the Clearing Member is able to comply with the Corporation's operational, personnel, or risk management standards;

~~(e)~~ (h) Requiring Clearing Members to enhance its risk management policies, procedures, and practices;

(i) Requiring Clearing Members to implement or enhance certain internal controls, procedures or systems;

~~(f)~~ (j) Requiring alternate methods of electronic connection (e.g., lease line) due to operational risk concerns; ~~or~~

~~(g)~~ (k) Requiring additional reporting of its financial or operational condition at such intervals and in such detail as the Corporation may determine~~.~~; or

(l) Requiring Clearing Members provide the Corporation with an independent assessment of the Clearing Member's financial projections, operational capabilities, AML controls or compliance with OFAC.

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RULE 309 – Reapplication for Membership

(a) In connection with above events specified in Rule 306A(b)(1), the Corporation may: (i) require an existing Clearing Member to reapply for membership if the Corporation determines, in its sole discretion, that any such event has or is expected to have a material impact on the financial or operational condition or materially change the business strategy of such Clearing Member or (ii) apply protective measures necessary to address any new risks arising from any material change defined in sections A through E of Rule 306A(b)(1).

(b) If the Corporation determines that a Clearing Member must reapply for membership, the Clearing Member's access to the Corporation's services will remain active during the reapplication period; provided, however, that this Rule does not limit the Corporation's authority to impose protective measures under Rule 307 through 307C or to suspend a Clearing Member pursuant to Rule 1102.

(c) Any decision to deny clearing membership following reapplication will be made pursuant to Rule 203.

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CHAPTER XI – SUSPENSION OF A CLEARING MEMBER

RULE 1101 – Notice to Corporation

(a) A Clearing Member that is unable to meet its obligations, is insolvent, or becomes the subject of a bankruptcy petition, receivership proceeding, or the equivalent shall immediately notify the Corporation by telephone of such event. Such notice shall be confirmed in writing promptly by said Clearing Member.

(b) Any Non-U.S. Clearing Member which has been expelled or suspended by its Non-U.S. Regulatory Agency or any securities exchange of which it is a member shall immediately so notify the Corporation.

RULE 1102 – Suspension

(a) *Grounds for Suspension.* The Board of Directors or a Designated Officer of the Corporation may summarily suspend any Clearing Member which:

(~~i~~1) has been and is expelled or suspended from any self-regulatory organization (as defined in Section 3(a) of the Securities Exchange Act, but not including the Municipal Securities Rulemaking Board, or as defined in the rules of the CFTC);

(~~ii~~2) fails to make any delivery of cash, securities or other property to the Corporation in a timely manner as required by the By-Laws or Rules;

(~~iii~~3) fails to make any delivery of funds or securities to another Clearing Member required pursuant to the By-Laws or Rules;

(~~iv~~4) fails to make any delivery of funds or securities to the correspondent clearing corporation in a timely manner, has appointed an Appointed Clearing Member to act on its behalf and such Appointed Clearing Member fails to make any delivery of funds or securities to the correspondent clearing corporation in a timely manner or effects settlement at the correspondent clearing corporation through an identifiable subaccount in an account of CDS at the correspondent clearing corporation and CDS fails to make any delivery of funds or securities to the correspondent clearing corporation in a timely manner;

(~~v~~5) is in such financial or operating difficulty that the Board of Directors or a Designated Officer of the Corporation determines and so notifies the appropriate regulatory agency for such Clearing Member (or, in the case of a Non-U.S. Clearing Member, the appropriate Non-U.S. Regulatory Agency) and the ~~Securities and Exchange Commission~~ SEC or the ~~Commodity Futures Trading Commission~~ CFTC that suspension is necessary for the protection of the Corporation, other Clearing Members, or the general public, including, but not limited to, if the Corporation determines that the Clearing Member lacks:

(A) access to sufficient financial resources to meet obligations arising from clearing membership in extreme but plausible market conditions, as determined by the Corporation for purposes of this Rule; or

(B) the ability to process expected volumes and values of transactions cleared by the Clearing Member within required time frames, including at peak times and on peak days; the ability to fulfill collateral, payment, and delivery obligations as required by the Corporation; and

(C) the ability to participate in applicable default management activities, including auctions, as may be required by the Corporation and in accordance with applicable laws and regulations.

(~~vi~~6) in the case of a Non-U.S. Clearing Member, has been and is expelled or suspended by its Non-U.S. Regulatory Agency or any securities exchange or clearing organization of which it is a member~~.~~; or

(7) ~~In addition, the Board of Directors or a Designated Officer of the Corporation may summarily suspend any Clearing Member in accordance with Rule 707 or Article VI, Section 25 of the By-Laws.~~ is in default, or its affiliated CCO Clearing Member is in default, in the payment of funds or any other obligation in respect of sets of X-M accounts under Rule 707 or in respect of an internal non-proprietary cross-margining account under Article VI, Section 25 of the By-Laws;

(8) does not meet the Corporation's membership standards following reapplication under Rule 309, as determined by the Corporation.

(b) *Event of Default; Cease to Act.*

(1) Each event described in Rule 1102(a) constitutes an event of "default" with respect to a Clearing Member.

(2) ~~In the event any Clearing Member is suspended, the~~ The Corporation shall cease to act for ~~it~~ a suspended Clearing Member except as ~~hereinafter~~ specified in this Chapter.

~~(b) Any Non-U.S. Clearing Member which has been expelled or suspended by its Non-U.S. Regulatory Agency or any securities exchange of which it is a member shall immediately so notify the Corporation.~~

(c) *Notice to the Board of Directors*. If the determination to summarily suspend a Clearing Member is made other than by the Board of Directors, then notice of the suspension must be given to the Board of Directors as soon as practicable.

~~***. . . Interpretations and Policies:***~~

~~**.01** The occurrence of any of the events described in Rule 1102 shall constitute an event of "default" with respect to a Clearing Member.~~

~~**.02** The circumstances in which the Board of Directors or a Designated Officer may make a determination pursuant to Rule 1102(a)(v) may include a determination that the Clearing Member lacks (a) access to sufficient financial resources to meet obligations arising from clearing membership in extreme but plausible market conditions, as determined by the Corporation for purposes of this Rule, or (b) the ability to process expected volumes and values of transactions cleared by the Clearing Member within required time frames, including at peak times and on peak days; the ability to fulfill collateral, payment, and delivery obligations as required by the Corporation, and the ability to participate in applicable default management activities, including auctions, as may be required by the Corporation and in accordance with applicable laws and regulations.~~

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CHAPTER XII – DISCIPLINARY PROCEEDINGS

RULE 1201 – Sanctions

(a) The Corporation may censure, suspend, expel, fine, or limit the activities, functions or operations of any Clearing Member for any violation of the By-Laws and Rules or other statutory rules of the Corporation or its agreements with the Corporation or the correspondent clearing corporation, ~~. The Corporation may, in addition to or in lieu of such sanctions, impose a fine on any Clearing Member for any violation of the By-Laws or Rules or procedures of or its agreements with the Corporation or the correspondent clearing corporation,~~ or for any neglect or refusal by such person to comply with any applicable order or direction of the Corporation or the correspondent clearing corporation, or for any error, delay or other conduct embarrassing the operations of the Corporation, including but not limited to:

(1) ~~or for not~~ the Clearing Member's failure to provide~~ing~~ adequate personnel or facilities for its transactions with the Corporation or the correspondent clearing corporation;

(2) the Clearing Member's failure to comply with a protective measure and failure to cure such failure to the Corporation's satisfaction within the cure period specified by the Corporation;

(3) the Clearing Member exhibits a pattern of providing late financial information or other information requested by the Corporation;

(4) the Clearing Member exhibits a pattern of providing the Corporation with false or misleading financial information such that, in the sole opinion of the Corporation, the

Corporation can no longer fully assess or monitor the risk presented by the Clearing Member; or

(5) the Clearing Member or Key Person of the Clearing Member exhibits a pattern of regulatory or legal infractions such that, in the sole opinion of the Corporation, it creates a significant reputational risk for the Corporation.

~~***. . . Interpretations and Policies:***~~

~~.01~~ (b) A decision to suspend or expel a Clearing Member pursuant to this Chapter XII will constitute a suspension or expulsion from a self-regulatory organization and therefore be grounds for summary suspension under Rule 1102.

RULE 1202 – RULE 1204 [No Change]

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CHAPTER XXII – STOCK LOAN/HEDGE PROGRAM

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RULE 2212 – Suspension of ~~Hedge~~ Clearing Members – Re-Matching in Suspension

(a) In the event that a suspended ~~Hedge~~ Clearing Member has Matched-Book Positions ~~within the Stock Loan/Hedge Program~~, the Corporation will, upon notice to affected ~~Hedge~~ Clearing Members, close out the suspended ~~Hedge~~ Clearing Member's Matched-Book Positions to the greatest extent possible by (i) the termination by offset of stock loan and stock borrow positions that are Matched-Book Positions in the suspended ~~Hedge~~ Clearing Member's account(s) and (ii) the Corporation's re-matching of stock borrow positions for the same number of shares in the same Eligible Stock maintained in a designated account of a Matched-Book Borrowing Clearing Member against a stock loan position for the same number of shares in the same Eligible Stock maintained in a designated account of a Matched-Book Lending Clearing Member.

(b) The Matched-Book Borrowing Clearing Member and Matched-Book Lending Clearing Member are not required to issue instructions to the Depository in accordance with Rules 2202(a) and 2208(a) to terminate such stock loan and stock borrow positions maintained in the Stock Loan/Hedge Program or to initiate new stock loan transactions for inclusion in the Stock Loan/Hedge Program.

(c) The Corporation shall make reasonable efforts to re-match Matched-Book Borrowing Clearing Members with Matched-Book Lending Clearing Members that maintain between them current executed Master Securities Loan Agreements based on information provided by ~~Hedge~~ Clearing Members to the Corporation on an ongoing basis. All Clearing Members that are participants of the Stock Loan/Hedge program must register their existing Master Securities Loan Agreement relationship within OCC's clearing system. The Corporation shall be entitled to rely on, and shall have no responsibility to verify in any manner, the Master Securities Loan Agreement records provided by ~~Hedge~~ Clearing Members and on record as of the time of re-matching.

(d) The termination by offset and re-matching of positions pursuant to this Rule 2212 shall be done by the Corporation using a matching algorithm in which the Matched-Book Positions of the suspended ~~Hedge~~ Clearing Member are first terminated by offset and affected Matched-Book Borrowing Clearing Members and Matched-Book Lending Clearing Members are re-matched in the following order of priority:

(1) The Corporation will first select the largest stock loan or stock borrow position in a given Eligible Stock from the suspended ~~Hedge~~ Clearing Member's Matched-Book Positions.

(2) The stock loan or stock borrow positions selected in paragraph (d)(1) above are then re-matched with the largest available stock borrow or stock loan positions, as applicable, for the selected Eligible Stock for which a Master Securities Loan Agreement exists between a Matched-Book Borrowing Clearing Member and a Matched-Book Lending Clearing Member.

(3) The Corporation will repeat the re-matching process as described in paragraphs (d)(1) – (2) above until all potential re-matching between Matched-Book Borrowing Clearing Members and Matched-Book Lending Clearing Members with Master Securities Loan Agreements is completed.

(4) After re-matching among lenders and borrowers with existing Master Securities Loan Agreements, the re-matching process will be repeated for all remaining Matched-Book Positions for which Master Securities Loan Agreements do not exist between the Matched-Book Borrowing Clearing Members and Matched-Book Lending Clearing Members. Positions will be selected for re-matching in order of priority based on largest outstanding position size.

(e) In the event a Borrowing Clearing Member and Lending Clearing Member are re-matched pursuant to this Rule 2212, the re-matched positions will be governed by the pre-defined terms and instructions established by the Lending Clearing Member pursuant to Rule 2201. Any change in Collateral requirements arising from the re-matching of stock loan or stock borrow positions pursuant to this Rule 2212 shall be included in the calculation of the mark-to-market payment obligations as provided in Rule 2204 on the stock loan business day following the completion of the positions adjustments as set forth in Rule 2212(f).

(f) The termination by offset and re-matching of positions pursuant to this Rule 2212 shall be complete upon the Corporation completing all position adjustments in the accounts of the suspended ~~Hedge~~ Clearing Member and the Borrowing Clearing Members and Lending Clearing Members with re-matched positions and the applicable systems reports are produced and provided to the Clearing Members reflecting the completion of the transaction.

(g) From and after the time the Corporation has completed the position adjustments to terminate by offset and re-match Matched-Book Positions maintained in the suspended ~~Hedge~~ Clearing Member's account as set forth in 2212(f), the suspended ~~Hedge~~ Clearing Member shall have no further obligation under the By-Laws and Rules with respect to such positions.

(h) From and after the time the Corporation has completed the termination by off-set and re-matching as set forth in Rule 2212(f) a Borrowing Clearing Member with re-matched stock borrow positions remains obligated as a Borrowing Clearing Member and a Lending Clearing Member with re-matched stock loan positions remains obligated as a Lending Clearing Member as specified in the By-Laws and Rules applicable to the Stock Loan/Hedge Program.

(i) Upon notification that the Corporation has completed the termination by offset and re-matching of stock loan and borrow positions as set forth in Rule 2212(f), the suspended ~~Hedge~~ Clearing Member and Borrowing Clearing Members and Lending Clearing Members with re-matched stock loan and borrow positions shall promptly make any necessary bookkeeping entries at the Depository necessitated by the re-matching.

(j) Borrowing Clearing Members and Lending Clearing Members that have been re-matched shall work in good faith to reestablish any terms, representations, warranties and covenants not governed by the By-Laws and Rules or to terminate the re-matched stock loan or borrow positions in the ordinary course pursuant to Rule 2208 as soon as reasonably practicable.

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