TEXAS STOCK EXCHANGE

Exhibit B-1

Rules of TXSE

July 29, 2025

TABLE OF CONTENTS

CHAPTER 1. ADOPTION, INTERPRETATION AND APPLICABILITY OF RULES, AND DEFINITIONS 10
Rule 1.001. Adoption of Exchange Rules 10
Rule 1.002. Interpretations 10
Rule 1.003. Applicability 10
Rule 1.004. Effective Time 10
Rule 1.005. Definitions 10
Rule 1.006. Procedures for Exemptions 15
CHAPTER 2. MEMBERS OF THE EXCHANGE 17
Rule 2.001. Rights, Privileges and Duties of Members 17
Rule 2.002. Obligations of Members and the Exchange 17
Rule 2.003. Member Eligibility 17
Rule 2.004. Mandatory Participation in Testing of Backup Systems 17
Rule 2.005. Restrictions 18
Rule 2.006. Application Procedures for Membership or to become an Associated Person of a Member 28
Rule 2.007. Revocation of Membership or Association with a Member 30
Rule 2.008. Voluntary Termination of Rights as a Member 30
Rule 2.009. Dues, Assessments and Other Charges 31
Rule 2.010. No Affiliation between Exchange and any Member 31
Rule 2.011. Reserved. 31
CHAPTER 3. RULES OF FAIR PRACTICE 32
Rule 3.001. Business Conduct of Members 32
Rule 3.002. Violations Prohibited 32
Rule 3.003. Use of Fraudulent Devices 32
Rule 3.004. False Statements 32
Rule 3.005. Communications with the Public 32
Rule 3.006. Fair Dealing with Customers 32
Rule 3.007. Recommendations to Customers 33
Rule 3.008. The Prompt Receipt and Delivery of Securities 34
Rule 3.009. Charges for Services Performed 34
Rule 3.010. Use of Information 34
Rule 3.011. Publication of Transactions and Quotations 34

Rule 3.012. Offers at Stated Prices 34
Rule 3.013. Payments Involving Publications that Influence the Market Price of a Security 35
Rule 3.014. Disclosure on Confirmations 35
Rule 3.015. Disclosure of Control 35
Rule 3.016. Discretionary Accounts 35
Rule 3.017. Customer's Securities or Funds 36
Rule 3.018. Prohibition Against Guarantees 36
Rule 3.019. Sharing in Accounts; Extent Permissible 36
Rule 3.020. Influencing or Rewarding Employees of Others 36
Rule 3.021. Customer Disclosures 37
Rule 3.022. Telemarketing 38
CHAPTER 4. BOOKS AND RECORDS 49
Rule 4.001. Requirements 49
Rule 4.002. Furnishing of Records 49
Rule 4.003. Record of Written Complaints 50
Rule 4.004. Disclosure of Financial Condition 50
Rule 4.005. Consolidated Audit Trail – Definitions 50
Rule 4.006. Consolidated Audit Trail - Clock Synchronization 57
Rule 4.007. Consolidated Audit Trail – Industry Member Data Reporting 58
Rule 4.008. Consolidated Audit Trail – Customer Information Reporting 67
Rule 4.009. Consolidated Audit Trail – Industry Member Information Reporting 68
Rule 4.010. Consolidated Audit Trail - Time Stamps 68
Rule 4.011. Consolidated Audit Trail – Clock Synchronization Rule Violation 68
Rule 4.012. Consolidated Audit Trail – Connectivity and Data Transmission 69
Rule 4.013. Consolidated Audit Trail – Testing 69
Rule 4.014. Consolidated Audit Trail - Recordkeeping 69
Rule 4.015. Consolidated Audit Trail – Timely, Accurate and Complete Data 70
Rule 4.016. Consolidated Audit Trail – Funding Fees 70
Rule 4.017. Consolidated Audit Trail – Fee Dispute Resolution 70

CHAPTER 5. SUPERVISION 76
Rule 5.001. Written Procedures 76
Rule 5.002. Responsibility of Members 76
Rule 5.003. Records 76
Rule 5.004. Review of Activities 76
Rule 5.005. Prevention of the Misuse of Material Nonpublic Information 76
Rule 5.006. Anti-Money Laundering Compliance Program 78
CHAPTER 6. EXTENSIONS OF CREDIT 79
Rule 6.001. Prohibitions and Exemptions 79
Rule 6.002. Day Trading Margin. 79
CHAPTER 7. SUSPENSION BY CHIEF REGULATORY OFFICER 80
Rule 7.001. Imposition of Suspension 80
Rule 7.002. Investigation Following Suspension 80
Rule 7.003. Reinstatement 80
Rule 7.004. Failure to be Reinstated 81
Rule 7.005. Termination of Rights by Suspension 81
Rule 7.006. Summary Suspension of Exchange Services 81
Rule 7.007. Commission Action 81
CHAPTER 8. DISCIPLINE 82
Rule 8.001. Disciplinary Jurisdiction 82
Rule 8.002. Complaint and Investigation 83
Rule 8.003. Expedited Proceeding 84
Rule 8.004. Charges 85
Rule 8.005. Answer 85
Rule 8.006. Hearings 86
Rule 8.007. Summary Proceedings 88
Rule 8.008. Offers of Settlement 88
Rule 8.009. Decision 89
Rule 8.010. Review 89
Rule 8.011. Effective Date of Judgment 90
Rule 8.012. Miscellaneous Provisions 90
Rule 8.013. Costs of Proceedings 91
Rule 8.014. Agency Review 91

Rule 8.015. Imposition of Fines for Minor Violation(s) of Rules 91
Rule 8.016. *Ex Parte* Communications 93
Rule 8.017. Expedited Client Suspension Proceeding 94
Rule 8.018. Release of Disciplinary Complaints, Decisions and Other Information 97
CHAPTER 9. ARBITRATION 100
Rule 9.001. Code of Arbitration 100
Rule 9.002. Matters Eligible for Submission 100
Rule 9.003. Predispute Arbitration Agreements 100
Rule 9.004. Referrals 100
Rule 9.005. Failure to Act under Provisions of FINRA Code of Arbitration 101
Rule 9.006. Non-Waiver of Exchange's Rights 101
Rule 9.007. Mediation 101
Rule 9.008. Regulatory Services Agreement with FINRA 102
CHAPTER 10. ADVERSE ACTION 103
Rule 10.001. Scope of Chapter 103
Rule 10.002. Submission and Time Limitation on Application to Exchange 103
Rule 10.003. Procedure Following Applications for Hearing 103
Rule 10.004. Hearing and Decision 103
Rule 10.005. Review 104
Rule 10.006. Miscellaneous Provisions 104
Rule 10.007. Agency Review 105
CHAPTER 11. TRADING RULES 106
Rule 11.001. Hours of Trading and Trading Days 106
Rule 11.002. Securities Eligible for Trading 106
Rule 11.003. Access 107
Rule 11.004. Authorized Traders 108
Rule 11.005. Input of Accurate Information 109
Rule 11.006. Definitions 109
Rule 11.007. Order Types and Modifiers 117
Rule 11.008. Priority of Orders 122
Rule 11.009. Order Execution 124
Rule 11.010. Reserved 129

Rule 11.011. Trade Reporting 129
Rule 11.012. Clearance and Settlement; Anonymity 129
Rule 11.013. LIMITATION OF LIABILITY 130
Rule 11.014. Clearly Erroneous Executions 132
Rule 11.015. Registration of Market Makers 140
Rule 11.016. Obligations of Market Maker Authorized Traders 141
Rule 11.017. Registration of Market Makers in a Security 142
Rule 11.018. Obligations of Market Makers 143
Rule 11.019. Retail Orders 146
Rule 11.020. LULD Plan and Trading Pauses in Individual Securities Due to Extraordinary Market Volatility 148
Rule 11.020H. Trading Halts. 151
Rule 11.021. Trading Halts Due to Extraordinary Market Volatility/Market-Wide Circuit Breakers 161
Rule 11.022. Auctions 163
Rule 11.023. Opening Process for Non-TXSE-Listed Securities 177
Rule 11.024. Lead Market Maker Program 179
Rule 11.025. Competitive Liquidity Provider Program 179
Rule 11.026. Supplemental Competitive Liquidity Provider Program for Exchange Traded Products 179
CHAPTER 12. TRADING PRACTICE RULES 180
Rule 12.001. Market Manipulation 180
Rule 12.002. Fictitious Transactions 180
Rule 12.003. Excessive Sales by a Member 180
Rule 12.004. Manipulative Transactions 180
Rule 12.005. Dissemination of False Information 181
Rule 12.006. Prohibition Against Trading Ahead of Customer Orders 181
Rule 12.007. Joint Activity 185
Rule 12.008. Influencing the Consolidated Tape 185
Rule 12.009. Trade Shredding 185
Rule 12.010. Options 186
Rule 12.011. Best Execution 186
Rule 12.012. Publication of Transactions and Changes 186
Rule 12.013. Trading Ahead of Research Reports 186
Rule 12.014. Front Running of Block Transactions 187

Rule 12.015. Disruptive Quoting and Trading Activity Prohibited 187
CHAPTER 13. MISCELLANEOUS PROVISIONS 189
Rule 13.001. Comparison and Settlement Requirements 189
Rule 13.002. Failure to Deliver and Failure to Receive 189
Rule 13.003. Forwarding of Proxy and Other Issuer-Related Materials; Proxy Voting 189
Rule 13.004. Usage of Data Feeds 191
Rule 13.005. Commissions 192
Rule 13.006. Off-Exchange Transactions 192
Rule 13.007. Regulatory Services Agreements 192
Rule 13.008. Data Products 193
CHAPTER 14. TRADING ON AN UNLISTED TRADING PRIVILEGES BASIS 194
Rule 14.001. Unlisted Trading Privileges 194
CHAPTER 15. DUES, FEES, ASSESSMENTS AND OTHER CHARGES, EFFECTIVE DATE 197
Rule 15.001. Authority to Prescribe Dues, Fees, Assessments and Other Charges 197
Rule 15.002. Regulatory Revenues 198
Rule 15.003. Collection of Exchange Fees and Other Claims and Billing Policy 198
CHAPTER 16. TXSE LISTING RULES 200
Rule 16.001. The Qualification, Listing, and Delisting of Companies 200
Rule 16.002. Definitions 200
Rule 16.100. TXSE's Regulatory Authority 204
Rule 16.101. TXSE's Regulatory Authority 204
Rule 16.102. Change of Control, Bankruptcy and Liquidation 208
Rule 16.200. General Procedures and Prerequisites for Initial and Continued Listing on the Exchange. 209
Rule 16.201. Confidential Pre-Application Review of Eligibility 209
Rule 16.202. The Applications and Qualifications Process 209
Rule 16.203. Prerequisites for Applying to List on the Exchange 211
Rule 16.204. American Depositary Receipts 214
Rule 16.205. Dually-Listed Securities 214
Rule 16.206. Listing Requirements for Units 215
Rule 16.207. Obligations for Companies Listed on the Exchange 216
Rule 16.208. Direct Registration Program 229

Rule 16.209. Additional Requirements for Listed Securities Issued by TXSE Group, Inc. or its Affiliates 230
Rule 16.300. Listings Requirements 231
Rule 16.301. General Listing Requirements 231
Rule 16.310. Initial Listing Requirements for Common Stock of Domestic Companies 231
Rule 16.311. Alternative Listing Standards for Companies Operating Primarily to Provide Venture Capital for Small and Medium Sized Business Equity Listings 245
Rule 16.312. Foreign Private Issuers 245
Rule 16.313. Initial Listing Requirements for Acquisition Companies 255
Rule 16.314. Initial Listing Requirements for Preferred Stock 258
Rule 16.315. Initial Listing Requirements for Convertible Bonds 261
Rule 16.320. Continued Listing Requirements and Standards for Common Stock 262
Rule 16.323. Continued Listing Requirements and Standards for Acquisition Companies 264
Rule 16.324. Continued Listing Requirements and Standards for Preferred Stock 267
Rule 16.325. Continued Listing Requirements for Convertible Bonds 267
Rule 16.400. Corporate Governance Requirements 267
Rule 16.401. Background 267
Rule 16.405. Board of Directors and Committees 268
Rule 16.406. Code of Conduct 288
Rule 16.407. Exemptions from Certain Corporate Governance Requirements 290
Rule 16.408. Meetings of Shareholders 303
Rule 16.409. Recovery of Erroneously Awarded Compensation 305
Rule 16.410. Notification of Noncompliance 308
Rule 16.411. Review of Related Party Transactions 309
Rule 16.412. Shareholder Approval 309
Rule 16.413. Voting Rights 323
Rule 16.414. Internal Audit Function 325
Rule 16.500. Failure to Meet Listing Standards 325
Rule 16.501. Notification of Deficiency by TXSE Regulation 327
Rule 16.502. Review of Staff Determinations by the Listings Review Committee 337

Rule 16.503. Finality of Delisting Determination 342
Rule 16.504. Rules Applicable to the Listings Review Committee and Advisors 342
Rule 16.505. Adjudicatory Process: General Information 343
Rule 16.600. Listed Company Fees 347
CHAPTER 17. OTHER SECURITIES 348
Rule 17.101. Preamble to the Listing Requirements for Other Securities 348
Rule 17.102. Debt Securities (Other than Convertible Debt) 349
Rule 17.104. Exchange Traded Fund Shares 350
Rule 17.105. Exchange Traded Funds: Portfolio Depository Receipts and Index Fund Shares 353
Rule 17.110. Securities Linked to the Performance of Indexes and Commodities (Including Currencies) 379
Rule 17.111. Trading of Certain Derivative Securities 391
Rule 17.112. Reserved 423
Rule 17.113. Paired Class Shares 423
Rule 17.115. Selected Equity-linked Debt Securities (“SEEDS”) 427
Rule 17.120. Trust Issued Receipts 432
Rule 17.125. Index Warrants 435
Rule 17.127. Trading in Commodity-Related Securities 438
Rule 17.130. Listing Requirements for Securities Not Otherwise Specified (Other Securities) 439
Rule 17.132. Contingent Value Rights 440
Rule 17.135. Managed Fund Shares 443
Rule 17.150. Proxy Portfolio Shares 453
Rule 17.160. Managed Portfolio Shares 458
Rule 17.170. Trading Halts for Trading Certain Derivative Securities Products on TXSE Pursuant to Unlisted Trading Privileges 465

CHAPTER 1. ADOPTION, INTERPRETATION AND APPLICABILITY OF RULES, AND DEFINITIONS

Rule 1.001. Adoption of Exchange Rules

The following Exchange Rules ("Exchange Rules," "Rules" or "TXSE Rules") are adopted pursuant to Article IX, Section 1 of the Exchange LLC Agreement.

Rule 1.002. Interpretations

Exchange Rules shall be interpreted in such a manner to comply with the rules and requirements of the Act and to effectuate the purposes and business of the Exchange and to require that all practices in connection with the securities business be just, reasonable and not unfairly discriminatory.

Rule 1.003. Applicability

Exchange Rules shall apply to all Members and persons associated with a Member.

Rule 1.004. Effective Time

All Exchange Rules shall be effective when approved by the Commission in accordance with the Act and the rules and regulations thereunder, except for those Exchange Rules that are effective upon filing with the Commission in accordance with the Act and the rules thereunder and except as otherwise specified by the Exchange or provided elsewhere in these Exchange Rules.

Rule 1.005. Definitions

Unless the context otherwise requires, for all purposes of these Exchange Rules, terms used in these Exchange Rules shall have the meaning assigned to them in the Exchange LLC Agreement or as set forth below:

(a) Act

The term "Act" or "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(b) Adverse Action

The term "adverse action" shall mean any action taken by the Exchange which affects adversely the rights of any Member, applicant for membership or any person associated with a Member (including the denial of membership and the barring of any person from becoming associated with a Member) and any prohibition or limitation by the Exchange imposed on any person with respect to access to services offered by the Exchange or a Member thereof. This term does not include disciplinary actions for violations of any provision of the Act or the rules and regulations promulgated

thereunder or any provision of the Exchange LLC Agreement or Exchange Rules or any interpretation thereof or resolution or order of the Board or appropriate Exchange committee which has been filed with the Commission pursuant to Section 19(b) of the Act and has become effective thereunder. Review of disciplinary actions is provided for in Chapter 8 of the Exchange Rules.

(c) Authorized Trader

The term “Authorized Trader” or “AT” shall mean a person who may submit orders (or who supervises a routing engine that may automatically submit orders) to the Exchange’s trading facilities on behalf of his or her Member or Sponsored Participant.

(d) Board of Directors

The terms “Board of Directors” or “Board” shall mean the Board of Directors of the Exchange.

(e) Broker

The term “broker” shall have the same meaning as in Section 3(a)(4) of the Act.

(f) Commission

The term “Commission” shall mean the Securities and Exchange Commission.

(g) “CTA Plan”

The term “CTA Plan” refers to the Second Restatement of the CTA Plan, as amended pursuant to Rule 601 of Regulation NMS.

(h) Dealer

The term “dealer” shall have the same meaning as in Section 3(a)(5) of the Act.

(i) Designated Self-Regulatory Organization

The term “designated self-regulatory organization” shall mean a self-regulatory organization, other than the Exchange, designated by the Commission under Section 17(d) of the Act to enforce compliance by Members with Exchange Rules.

(j) Exchange

The term “Exchange” shall mean Texas Stock Exchange LLC, a registered national securities exchange.

(k) Exchange Hours and Exchange Operating Hours

The term “Exchange Operating Hours” or “Exchange Hours” shall mean the time between 8:00 a.m. and 5:00 p.m. Eastern Time.

(l) Exchange LLC Agreement

The term “Exchange LLC Agreement” shall mean the Limited Liability Company Agreement of Texas Stock Exchange LLC, as amended from time to time.

(m) LULD Plan

The term “LULD Plan” shall mean The National Market System Plan to Address Extraordinary Market Volatility. The terms Price Band, Upper Price Band, Lower Price Band, Limit State and Straddle State, among others used in the LULD Plan, shall have the definitions and meanings ascribed to them under the LULD Plan.

(n) Market Maker

The term “Market Maker” is defined in TXSE Rule 16.002(a)(15).

(o) Market Maker Authorized Trader

The term “Market Maker Authorized Trader” or “MMAT” shall mean an authorized trader who performs market making activities pursuant to Chapter 11 on behalf of a Market Maker.

(p) Market Session

The term “Market Session” shall mean the time between 9:30 a.m. and 4:00 p.m. Eastern Time.

(q) Member

The term “Member” shall mean any registered broker or dealer that has been admitted to membership in the Exchange. A Member will have the status of a “member” of the Exchange as that term is defined in Section 3(a)(3) of the Act. Membership may be granted to a sole proprietor, partnership, corporation, limited liability company or other organization which is a registered broker or dealer pursuant to Section 15 of the Act and which has been approved by the Exchange.

(r) National Best Bid, National Best Offer and NBBO

The terms “National Best Bid” and “NBB” shall mean the national best bid; the terms “National Best Offer” and “NBO” shall mean the national best offer; and the term “NBBO” shall mean the national best bid or offer.

(s) Person

The term “person” shall mean a natural person, partnership, corporation, limited liability company, entity, government or political subdivision, agency or instrumentality of a government.

(t) Person Associated with a Member

The terms “person associated with a Member” or “associated person of a Member” means any partner, officer, director or branch manager of a Member (or person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by or under common control with such Member or any employee of such Member, except that any person associated with a Member whose functions are solely clerical or ministerial shall not be included in the meaning of such term for purposes of these TXSE Rules.

(u) Post-Market Session

The term “Post-Market Session” shall mean the time between 4:00 p.m. and 5:00 p.m. Eastern Time.

(v) Pre-Market Session

The term “Pre-Market Session” shall mean the time between 8:00 a.m. and 9:30 a.m. Eastern Time.

(w) Protected Bid, Protected Offer and Protected Quotation

The term “Protected Bid” or “Protected Offer” shall mean a bid or offer in a stock that is (i) displayed by an automated trading center; (ii) disseminated pursuant to an effective national market system plan; and (iii) an automated quotation that is the best bid or best offer of a national securities exchange or association. The term “Protected Quotation” shall mean a quotation that is a Protected Bid or Protected Offer.

(x) Protected NBB, Protected NBO and Protected NBBO

The term “Protected NBB” shall mean the national best bid that is a Protected Quotation; the term “Protected NBO” shall mean the national best offer that is a Protected Quotation; and the term “Protected NBBO” shall mean the national best bid and offer that is a Protected Quotation.

(y) Registered Broker or Dealer

The term “registered broker or dealer” means any registered broker or dealer, as defined in Section 3(a)(48) of the Act, that is registered with the Commission under the Act.

(z) Regular Trading Hours

The term “Regular Trading Hours” shall mean the time between 9:30 a.m. and 4:00 p.m. Eastern Time.

(aa) Regulation SCI

The term “Regulation SCI” shall mean Regulation Systems Compliance and Integrity (§ § 17 CFR 242.1000 through 242.1007).

(bb) Securities Act

The term “Securities Act” shall mean the Securities Act of 1933, as amended.

(cc) Sponsoring Member

The term “Sponsoring Member” shall mean a Member that is a registered broker or dealer and that has been designated by a Sponsored Participant to execute, clear and settle transactions resulting from the System. The Sponsoring Member shall be either (i) a clearing firm with membership in a clearing agency registered with the Commission that maintains facilities through which transactions may be cleared or (ii) a correspondent firm with a clearing arrangement with any such clearing firm.

(dd) Sponsored Participant

The term “Sponsored Participant” shall mean a person which has entered into a sponsorship arrangement with a Sponsoring Member or Members pursuant to TXSE Rule 11.003.

(ee) Statutory Disqualification

The term “statutory disqualification” shall mean any statutory disqualification as defined in Section 3(a)(39) of the Act.

(ff) System

The term “System” shall mean the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking and execution.

(gg) Top of Book

The term “Top of Book” shall mean the best-ranked order(s) to buy (or sell) in the TXSE Book as ranked pursuant to TXSE Rule 11.008.

(hh) TXSE

The term “TXSE” shall mean Texas Stock Exchange LLC, a registered national securities exchange.

(ii) TXSE Book

The term “TXSE Book” shall mean the System’s electronic file of orders.

(jj) User

The term “User” shall mean any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to TXSE Rule 11.003.

(kk) UTP Derivative Security

The term “UTP Derivative Security” refers to any security that is a “new derivative securities product” as defined in Rule 19b-4(e) under the Act and traded under unlisted trading privileges pursuant to Rule 19b-4(e) under the Act.

(ll) UTP Exchange Traded Products

The term “UTP Exchange Traded Products” refers to derivative securities products that are not listed on the Exchange but that trade on the Exchange pursuant to unlisted trading privileges, including, but not limited to, the following: Equity Linked Notes, Investment Company Units, Index-Linked Exchangeable Notes, Equity Gold Shares, Equity Index-Linked Securities, Commodity-Linked Securities, Currency-Linked Securities, Fixed-Income Index-Linked Securities, Futures-Linked Securities, Multifactor-Index-Linked Securities, Trust Certificates, Currency and Index Warrants, Portfolio Depository Receipts, Trust Issued Receipts, Commodity-Based Trust Shares, Currency Trust Shares, Commodity Index Trust Shares, Commodity Futures Trust Shares, Partnership Units, Paired Trust Shares, Trust Units, Managed Fund Shares, Exchange Traded Fund Shares and Managed Trust Securities.

(mm) UTP Listing Market

The term “UTP Listing Market” means the primary listing market for a UTP security.

(nn) UTP Regulatory Halt

The term “UTP Regulatory Halt” means a Regulatory Halt, as defined in TXSE Rule 11.020H(a)(15), called by the UTP Listing Market in a UTP security.

(oo) UTP security

The term “UTP security” shall mean any security that is not listed on the Exchange but is traded on the Exchange pursuant to unlisted trading privileges.

Rule 1.006. Procedures for Exemptions

(a) Application

(1) Where to File. A Member seeking exemptive relief as specifically permitted under any Exchange Rule shall file a written application with the appropriate Exchange department or staff as specified by the Exchange.

(2) Content. An application filed pursuant to this TXSE Rule shall contain the Member’s name and address, the name of a person associated with the Member who will serve as the primary contact for the application, the TXSE Rule from which the Member is seeking an exemption and a detailed statement of the grounds for granting the exemption. If the Member does not

want the application or the decision on the application to be publicly available in whole or in part, the Member also shall include in its application a detailed statement, including supporting facts, showing good cause for treating the application or decision as confidential in whole or in part.

(b) Decision

After considering an application, Exchange staff shall issue a written decision setting forth its findings and conclusions. The decision shall be served on the applicant either personally or by leaving the same at his place of business or by deposit in the United States post office, postage prepaid, by registered or certified mail addressed to the applicant at his last known place of business. After the decision is served on the applicant, the application and decision shall be publicly available unless Exchange staff determines that the applicant has shown good cause for treating the application or decision as confidential in whole or in part.

(c) Appeal

Decisions made under this TXSE Rule may be appealed pursuant to Chapter 10 of the Exchange Rules governing adverse action.

CHAPTER 2. MEMBERS OF THE EXCHANGE

Rule 2.001. Rights, Privileges and Duties of Members

Unless otherwise provided in the Exchange Rules or Exchange LLC Agreement, each Member shall have the rights, privileges and duties of any other Member.

Rule 2.002. Obligations of Members and the Exchange

In addition to all other obligations imposed by the Exchange in the Exchange LLC Agreement or the Exchange Rules, all Members, as a condition of effecting approved securities transactions on the Exchange's trading facilities, shall agree to be regulated by the Exchange and shall recognize that the Exchange is obligated to undertake to enforce compliance with the provisions of the Exchange Rules, the Exchange LLC Agreement, its interpretations and policies and with the provisions of the Act and regulations thereunder and that, subject to orders and rules of the Commission, the Exchange is required to discipline Members and persons associated with Members for violations of the provisions of the Exchange Rules, the Exchange LLC Agreement, its interpretations and policies and the Act and regulations thereunder, by expulsion, suspension, limitation of activities, functions and operations, fines, censure, being suspended or barred from being associated with a Member or any other fitting sanction.

Rule 2.003. Member Eligibility

Except as hereinafter provided, any registered broker or dealer that is and remains a member of a national securities association registered under Section 15A(a) of the Act or a member of another national securities exchange registered under Section 6(a) of the Act or any person associated with such a registered broker or dealer shall be eligible to be, and to remain, a Member.

Rule 2.004. Mandatory Participation in Testing of Backup Systems

(a) Pursuant to Regulation SCI and with respect to the Exchange's business continuity and disaster recovery plans, including its backup systems, the Exchange is required to establish standards for the designation of Members that the Exchange reasonably determines are, taken as a whole, the minimum necessary for the maintenance of fair and orderly markets in the event of the activation of such plans. The Exchange has established standards and will designate Members according to those standards as set forth below. All Members are permitted to connect to the Exchange's backup systems and to participate in testing of such systems.

(b) Certain Members are required to connect to the Exchange's backup systems and participate in functional and performance testing as announced by the Exchange, which shall occur at least once every 12 months. Specifically, Members that have been determined by the Exchange to contribute a meaningful percentage of the Exchange's overall volume must participate in mandatory testing of the Exchange's backup systems. The percentage of volume that the Exchange considers to be meaningful will be determined by the Exchange and will be published in a circular

distributed to Members. The Exchange will provide at least three (3) months prior notice to a Member that is designated for mandatory testing.

Rule 2.005. Restrictions

(a) The Exchange may determine not to permit a person to become a Member or person associated with a Member or continue as a Member or person associated with a Member in any capacity on the Exchange where:

(1) such person is other than a natural person and is not a registered broker or dealer;

(2) such person is a natural person who is not either a registered broker or dealer or associated with a registered broker or dealer;

(3) such person is subject to a statutory disqualification;

(4) such person is not a member of another registered national securities exchange or association;

(5) such person fails to meet any of the qualification requirements for becoming a Member or person associated with a Member after approval thereof;

(6) such person fails to meet any condition placed by the Exchange on such Member or association with a Member; or

(7) such person violates any agreement with the Exchange.

(b) If a Member or person associated with a Member that becomes subject to a statutory disqualification under the Exchange Act wants to continue as a Member of the Exchange or in association with a Member, the Member or associated person must, within thirty (30) calendar days of becoming subject to a statutory disqualification, submit a request to the Exchange seeking to continue as a Member or in association with a Member notwithstanding the statutory disqualification. Failure to timely submit such a request is a factor that may be taken into consideration by the Exchange in making determinations pursuant to paragraph (a) of this TXSE Rule.

(c) Subject to TXSE Rule 7.006 (Summary Suspension of Exchange Services), any person whose request to become a Member is denied or conditioned or any person whose association with a Member is denied or conditioned pursuant to paragraph (a) of this TXSE Rule, and any Member or person associated with a Member who is not permitted pursuant to paragraph (a) of this TXSE Rule to continue as a Member or to be associated with a Member or which continuance as a Member or association is conditioned, may seek review under the provisions of the Exchange Rules relating to adverse action.

(d) No natural person or registered broker or dealer shall be admitted as, or be entitled to continue as, a Member or an associated person of a Member, unless such

natural person or broker or dealer meets the standards of training, experience and competence as the Exchange may prescribe. Each Member shall have the responsibility and duty to ascertain by investigation the good character, business repute, qualifications and experience of any person applying for registration with the Exchange as an associated person of such Member.

(e) No registered broker or dealer shall be admitted as, or be entitled to continue as, a Member if such broker or dealer:

(1) fails to comply with either the financial responsibility requirements established by Rule 15c3-1 under the Act or such other financial responsibility and operational capability requirements as may be established by the Exchange Rules;

(2) fails to adhere to the Exchange Rules relating to the maintenance of books and records or those rules of other SROs of which such broker or dealer is or was a Member;

(3) fails to demonstrate to the Exchange adequate systems capability, capacity, integrity and security necessary to conduct business on the Exchange;

(4) does not clear transactions executed on the Exchange through a registered clearing agency using a continuous net settlement system;

(5) is subject to any unsatisfied liens, judgments or unsubordinated creditor claims of a material nature which, in the absence of a reasonable explanation therefor, remain outstanding for more than six months;

(6) has been subject to any bankruptcy proceeding, receivership or arrangement for the benefit of creditors within the past three (3) years; or

(7) has engaged in an established pattern of failure to pay just debts or has defaulted, without a reasonable explanation, on an obligation to an SRO, or any member of an SRO.

(f) No person shall be admitted as a Member or as an associated person of a Member where it appears that such person has engaged, and there is a reasonable likelihood that such person again may engage, in acts or practices inconsistent with just and equitable principles of trade.

(g) No person shall become an associated person of a Member unless such person agrees:

(1) to supply the Exchange with such information with respect to such person’s relationships and dealings with the Member as may be specified by the Exchange; to permit examination of such person’s books and records by the Exchange to verify the accuracy of any information so supplied; and

(2) to be regulated by the Exchange and to recognize that the Exchange is obligated to undertake to enforce compliance with the provisions of the Exchange Rules, the Exchange LLC Agreement, the interpretations and policies of the Exchange and the provisions of the Act and the regulations thereunder.

Interpretations and Policies

.01 Proficiency Examinations:

(a) The Exchange may require the successful completion of a written proficiency examination to enable it to examine and verify that prospective Members and associated persons of Members have adequate training, experience and competence to comply with the Exchange Rules and policies of the Exchange.

(b) If the Exchange requires the completion of such proficiency examinations, the Exchange may, in exceptional cases and where good cause is shown, waive such proficiency examinations as are required by the Exchange upon written request of the applicant and accept other standards as evidence of an applicant's qualifications. Advanced age, physical infirmity or experience in fields ancillary to the securities business will not individually of themselves constitute sufficient grounds to waive a proficiency examination.

(c) The Exchange requires the General Securities Representative Examination ("Series 7") in qualifying persons seeking registration as General Securities Representatives, including as Authorized Traders on behalf of Members. For those persons seeking limited registration as Securities Traders as described in paragraph (f) below, the Exchange requires the Securities Trader Representative Examination ("Series 57"). The Exchange uses the Uniform Application for Securities Industry Registration or Transfer ("Form U4") as part of its procedure for registration and oversight of Member personnel.

(d) The Exchange requires each Member other than a sole proprietorship or a proprietary trading firm with 25 or fewer Authorized Traders ("Limited Size Proprietary Firm") to register at least two (2) Principals with the Exchange. A Limited Size Proprietary Firm is required to register at least one Principal with the Exchange. In addition, the Exchange may waive the two (2) Principal requirement in situations that indicate conclusively that only one Principal associated with the Member should be required. For purposes of this paragraph (d), a "Principal" shall be any individual responsible for supervising the activities of a Member's Authorized Traders and each person designated as a Chief Compliance Officer on Schedule A of Form BD. Each Principal is required to successfully complete the General Securities Principal Examination ("Series 24"). The Exchange uses Form U4 as part of its procedure for registration and oversight of Member personnel. The Exchange will accept the Series 14 Compliance Officer Examination ("Series 14") in lieu of the Series 24 to satisfy the above requirement for any person designated as a Chief Compliance Officer. Individuals that supervise the activities of General Securities Representatives must

successfully complete the Series 7 as a prerequisite to the Series 24 or Series 14 and shall be referred to as General Securities Principals. The Exchange will require the Series 57 as a prerequisite to the Series 24 or Series 14 for those Principals whose supervisory responsibilities are limited to overseeing the activities of Series 57 qualified Securities Traders. These limited representative Principals shall be referred to as Securities Trader Principals. Each Principal with responsibility over securities trading activities on the Exchange shall become qualified and registered as a Securities Trader Principal.

(e) Each Member subject to Exchange Act Rule 15c3-1 shall designate a Financial/Operations Principal. The duties of a Financial/Operations Principal shall include taking appropriate actions to assure that the Member complies with applicable financial and operational requirements under Exchange Rules and the Exchange Act, including but not limited to those requirements relating to the submission of financial reports and the maintenance of books and records. Each Financial/Operations Principal is required to successfully complete the Financial and Operations Principal Examination ("Series 27"). The Exchange uses Form U4 as part of its procedure for registration and oversight of Member personnel. A Financial/Operations Principal of a Member may be a full-time employee of the Member or may be a part-time employee or independent contractor of the Member. The Exchange may waive the requirements of this paragraph (e) if a Member has satisfied the financial and operational requirements of its designated examining authority ("DEA") applicable to registration.

(f) The Exchange recognizes the Series 57 qualification for Authorized Traders that engage solely in trading on the Exchange, on either an agency or principal basis.

(g) For purposes of paragraphs (d) above, a "proprietary trading firm" shall mean a Member that trades its own capital, that does not have customers and that is not a member of the Financial Industry Regulatory Authority ("FINRA"). In addition, to qualify for this definition, the funds used by a proprietary trading firm must be exclusively firm funds, all trading must be in the firm's accounts and traders must be owners of, employees of or contractors to the firm.

(h) Foreign Registrations. Any person who is in good standing as a representative with the Financial Conduct Authority in the United Kingdom or with a Canadian stock exchange or securities regulator shall be exempt from the requirement to pass the Securities Industry Essentials Examination ("SIE").

(i) The following sets forth the qualification requirements for each of the registration categories described above:

CATEGORY OF REGISTRATION	QUALIFICATION EXAMINATION	ALTERNATIVE ACCEPTABLE QUALIFICATIONS
General Securities Representative	Series 7 and SIE	N/A

Securities Trader	Series 57 and SIE	N/A
General Securities Principal	Series 7 and Series 24	Compliance Officer Examination (Series 14)[1]
Securities Trader Principal	Series 57 and Series 24	Compliance Officer Examination (Series 14)[1]
Financial/Operations Principal	Series 27	Other examination acceptable to DEA[2]

[1] The Exchange will only permit the Series 14 for those designated as Chief Compliance Officers on Schedule A of Form BD.

[2] An examination acceptable to the Member's DEA is only acceptable to the Exchange if the Exchange waives the requirements of paragraph (e).

(j) Lapse of Registration and Expiration of SIE.

Any person who was last registered in a representative registration category two (2) or more years immediately preceding the date of receipt by FINRA of a new application for registration in that registration category shall be required to pass a representative qualification examination appropriate to that registration category as specified in this Interpretation and Policy .01, unless the person has maintained his or her qualification status for that registration category in accordance with Interpretation and Policy .02(f) to TXSE Rule 2.005 or as otherwise permitted by the Exchange. Any person who last passed the SIE or who was last registered as a representative, whichever occurred last, four or more years immediately preceding the date of a new application for registration as a representative shall be required to pass the SIE in addition to a representative qualification examination appropriate to his or her category of registration as specified in this Interpretation and Policy .01.

Any person who was last registered in a principal registration category two (2) or more years immediately preceding the date of a new application for registration in that registration category shall be required to pass a principal qualification examination appropriate to that registration category as specified in this Interpretation and Policy .01, unless the person has maintained his or her qualification status for that registration category in accordance with Interpretation and Policy .02(f) and .02(d) to TXSE Rule 2.005 or as otherwise permitted by the Exchange.

Any person whose registration has been revoked pursuant to TXSE Rule 8.001 and any person who has a continuing education deficiency for a period of two (2) years as provided under Interpretation and Policy .02 to TXSE Rule 2.005 shall be required to pass a representative or principal qualification examination appropriate to his or her category of registration as specified in this Interpretation and Policy .01 to be eligible for registration.

For purposes of this paragraph (j), an application shall not be considered as a new application for registration if that application does not result in a registration.

.02 Continuing Education Requirements:

(a) Regulatory Element

(1) Requirements

No Member shall permit any Authorized Trader, Principal or Financial/Operations Principal (each a "Registered Representative") to continue to, and no Registered Representative shall continue to, perform duties as a Registered Representative on behalf of such Member unless such person has complied with the continuing education requirements in this TXSE Rule. Each Registered Representative registered with the Exchange immediately preceding January 1, 2026 shall complete the Regulatory Element as described in paragraph 4(c) below of the continuing education program for the registration category annually by December 31 of 2026 and by December 31 of every year thereafter in which the person remains registered or as otherwise prescribed by the Exchange. Each Registered Representative registering with the Exchange in a representative or principal registration category for the first time on or after January 1, 2026 shall complete the Regulatory Element for the registration category annually by December 31 of the subsequent calendar year following the calendar year in which the person becomes registered and by December 31 of every year thereafter in which the person remains registered or as otherwise prescribed by the Exchange. Nothing in this paragraph shall prohibit a Member from requiring its Registered Representatives to complete their Regulatory Element for their registration categories at any time during the calendar year. The content of the Regulatory Element shall be appropriate to each representative or principal registration category. A Registered Representative shall complete Regulatory Element content for each registration category that he or she holds.

(2) Failure to Complete

Unless otherwise determined by the Exchange, as provided in this paragraph, any Registered Representative who has not completed the Regulatory Element of the program within the prescribed calendar year in which the Regulatory Element is due will have his or her registration(s) deemed inactive until such time as he or she completes all required Regulatory Elements, including any Regulatory Element that becomes due while his or her registration(s) is deemed inactive. Any person whose registration(s) has been deemed inactive under this paragraph shall cease all activities as a Registered Representative and is prohibited from performing any duties and functioning in any capacity requiring registration. Further, such person may not accept or solicit business or receive any compensation for the purchase or sale of securities. However, such person may receive trail or residual commissions resulting from transactions completed before the inactive status unless the Member with which such person is associated has a policy prohibiting such trail or residual commissions. A registration that remains inactive for a period of two (2) consecutive years will be administratively terminated. A person whose registration(s) is so terminated or who otherwise fails to complete required Regulatory Element for two (2) consecutive years may reactivate the registration only by reapplying for registration(s) and satisfying applicable registration

and qualification requirements of the Exchange's Rules. The two-year period under this paragraph is calculated from the date a person's registration(s) is deemed inactive. The Exchange may, upon written application, with supporting documentation and a showing of good cause allow for additional time for a Registered Representative to satisfy the Regulatory Element requirements.

(3) Disciplinary Actions

A Registered Representative may be required to complete assigned continuing education as prescribed by the Exchange in the event such person:

(A) is subject to any statutory disqualification as defined in Section 3(a)(39) of the Exchange Act;

(B) is subject to suspension or to the imposition of a fine of $5,000 or more for violation of any provision of any securities law or regulation, or any agreement with or rule or standard of conduct of any securities governmental agency or securities SRO or as imposed by any such regulatory organization or SRO in connection with a disciplinary proceeding; or

(C) is ordered as a sanction in a disciplinary action to complete continuing education by any securities governmental agency or securities SRO.

Such Registered Representative must complete any continuing education required under this paragraph within 120 calendar days of the Registered Representative becoming subject to the statutory disqualification, in the case of (A) above, or the disciplinary action becoming final, in the case of (B) or (C) above.

(4) Reregistration

Any Registered Representative who reregisters in a representative or principal registration category shall complete the Regulatory Element content for the registration category annually by December 31 of the subsequent calendar year following the calendar year in which the person becomes reregistered and by December 31 of every year thereafter in which the person remains registered or as otherwise prescribed by the Exchange, provided that he or she has already completed Regulatory Element content for that registration category for the calendar year in which he or she is reregistering, he or she is reregistering by having passed an examination for that registration category or he or she is reregistering by having obtained an unconditional examination waiver for that registration category.

Any Registered Representative who is reregistering in a representative or principal registration category without having completed any Regulatory Element content for that registration category for the calendar year in which he or she is reregistering or without having passed an examination for that registration category or without having obtained an unconditional examination waiver for that registration

category shall complete the Regulatory Element content for that registration category annually by December 31 of the calendar year in which he or she reregisters and by December 31 of every year thereafter in which he or she remains registered or as otherwise prescribed by the Exchange.

If a Registered Representative has not completed any Regulatory Element content for a registration category in the calendar year(s) prior to reregistering, the Exchange would not approve a registration request for that category until he or she completes that Regulatory Element content or he or she passes an examination for that registration category or he or she obtains an unconditional examination waiver for that registration category, whichever is applicable.

Nothing in this paragraph shall prohibit a Member from requiring Registered Representatives to complete their Regulatory Element for their registration categories at any time during the calendar year.

(b) Firm Element

(1) Persons Subject to the Firm Element

The requirements of paragraph (b) of this TXSE Rule shall apply to any Registered Representative.

(2) Standards for the Firm Element

(A) A Member must maintain a continuing and current education program for its Registered Representatives to enhance their securities knowledge, skill and professionalism. At a minimum, each Member shall at least annually evaluate and prioritize its training needs and develop a written training plan. The plan must take into consideration the Member's size, organizational structure and scope of business activities, as well as regulatory developments and the performance of Registered Representatives in the Regulatory Element. If a Member's analysis establishes the need for supervisory training for persons with supervisory responsibilities, such training must be included in that Member's training plan.

(B) Minimum Standards for Training Programs — Programs used to implement a Member's training plan must be appropriate for the business of the Member and, at a minimum, must cover training topics related to the role, activities or responsibilities of the Registered Representatives and to professional responsibility.

(C) Administration of Continuing Education Program — A Member must administer its continuing education programs under this paragraph (b) in accordance with its annual evaluation and written plan and must maintain records documenting the content of the programs and completion of the programs by Registered Representatives.

(D) Participation in Other Required Training — A Member may consider a Registered Representative's participation in the Member's anti-money laundering compliance training under TXSE Rule 5.006(b)(5) toward satisfying the Registered Representative's continuing education requirement under this paragraph (b).

(3) Participation in the Firm Element

Registered Representatives of a Member must take all appropriate and reasonable steps to participate in continuing education programs under this paragraph (b) as required by the Member.

(4) Specific Training Requirements

The Exchange may require a Member, individually or as part of a larger group, to provide specific training to its Registered Representatives in such areas as the Exchange deems appropriate. Such a requirement may stipulate the class of Registered Representatives for which it is applicable, the time period in which the requirement must be satisfied and, where appropriate, the actual training content.

(c) The following sets forth the Regulatory Elements appropriate for each registration category:

CATEGORY OF REGISTRATION	REGULATORY ELEMENT
General Securities Representative	S101 General Program
Securities Trader	S101 General Program
General Securities Principal	S201 Supervisor Program
Securities Trader Principal	S201 Supervisor Program
Financial/Operations Principal	S201 Supervisor Program

(d) Continuing Education Program for Persons Maintaining Their Qualification Following the Termination of a Registration Category.

A person who terminates any of his or her representative or principal registration categories may maintain his or her qualification for any of the terminated registration categories for a period of five years following the termination of the registration category, subject to the following conditions:

(1) The person was registered in the registration category for at least one year immediately preceding the termination of the registration category and the person was not subject to a statutory disqualification as defined in Section 3(a)(39) of the Exchange Act during the registration period;

(2) The person elects to participate in the continuing education program under this paragraph at the time of his or her Form U5 submission or at a later date within two (2) years from the termination of his or her registration category, provided that if the person commences participation in the program at

the later date the person completes within two (2) years from the termination of his or her registration category any continuing education that was due under the program between the time of his or her Form U5 submission and the later date he or she commences participating in the program;

(3) The person completes annually by December 31 of the calendar year in a manner specified by the Exchange all prescribed continuing education during his or her participation in the program under this paragraph, provided that the Exchange may, upon written application by the person, with supporting documentation and a showing of good cause allow for additional time for the person to complete the prescribed continuing education;

(4) The person does not have a continuing education deficiency with respect to his or her Regulatory Element for two (2) consecutive years as provided in paragraph (b) of this TXSE Rule;

(5) The person does not become subject to a continuing education deficiency with respect to his or her Regulatory Element for two (2) consecutive years as provided in paragraph (b) of this TXSE Rule while participating in the program under this paragraph; and

(6) The person does not become subject to a statutory disqualification as defined in Section 3(a)(39) of the Exchange Act following the termination of his or her registration category or while participating in the program under this paragraph.

(e) Eligibility of Other Persons to Participate in the Continuing Education Program Specified in paragraph (f) of this TXSE Rule.

A person registered in a representative or principal registration category within two (2) years immediately preceding December 31, 2023 shall be eligible to participate in the continuing education program under paragraph (d) of this TXSE Rule, provided that he or she satisfies the conditions set forth in paragraphs (d)(1) and (d)(3) through (d)(6) of this TXSE Rule. Persons eligible under this paragraph shall make their election to participate in the continuing education program under paragraph (d) of this TXSE Rule by December 31, 2023. If such persons elect to participate in the continuing education program, their participation period will be adjusted by deducting from that period the amount of time that has lapsed between the date that such persons terminated their registration categories and December 31, 2023.

(f) Re-Eligibility to Participate in the Continuing Education Program Specified in paragraph (d) of this TXSE Rule.

A person who previously participated in the continuing education program under paragraph (d) of this TXSE Rule may become re-eligible to participate in the program if he or she reregisters with a member firm and subsequently satisfies the conditions set forth in paragraphs (d)(1) and (d)(4) of this TXSE Rule. In such an event, the person

may elect to again participate in the program subject to satisfying the remaining conditions set forth in paragraph (d) of this TXSE Rule.

.03 Registration Procedures.

Persons associated with a Member registering with the Exchange shall electronically file a Form U4 with the Central Registration Depository ("CRD") System by appropriately checking the Exchange as a requested registration on the electronic Form U4 filing. Any person required to complete Form U4 shall promptly electronically file any required amendments to Form U4 with the CRD System.

.04 Termination of Employment.

(a) The discharge or termination of employment of any person registered with the Exchange, together with the reasons therefor, shall be electronically reported to the CRD System by a Member immediately following the date of termination, but in no event later than thirty (30) calendar days following termination on a Uniform Termination Notice for Securities Industry Registration ("Form U5"). A copy of said termination notice shall be provided concurrently to the person whose association has been terminated.

(b) The Member shall electronically report to the CRD System, by means of an amendment to the Form U5 filed pursuant to paragraph (a) above, in the event that the Member learns of facts or circumstances causing any information set forth in the notice to become inaccurate or incomplete. Such amendment shall be provided concurrently to the person whose association has been terminated no later than thirty (30) calendar days after the Member learns of the facts or circumstances giving rise to the amendment.

05. Statutory Disqualification Proceedings Pending Before Another SRO

The Exchange may waive the provisions of this TXSE Rule when a proceeding is pending before another SRO to determine whether to permit a Member or associated person of a Member to become or continue membership or association notwithstanding a statutory disqualification. In the event the Exchange determines to waive the provisions of this TXSE Rule with respect to a Member or associated person, the Exchange shall determine whether the Exchange will concur in any Exchange Act Rule 19h-1 filing made by another SRO with respect to the Member or associated person.

Rule 2.006. Application Procedures for Membership or to become an Associated Person of a Member

(a) Applications for membership shall be made to the Exchange and shall contain the following:

(1) An agreement to abide by, comply with and adhere to the provisions of the Exchange's Certificate of Formation, the Exchange LLC Agreement, the Exchange Rules, the policies, interpretations and guidelines of the Exchange and all orders and decisions of the Exchange's Board and

penalties imposed by the Board and any duly authorized committee; provided, however, that such agreement shall not be construed as a waiver by the applicant of any right to appeal as provided in the Act.

(2) An agreement to pay such dues, assessments and other charges in the manner and amount as shall from time to time be fixed by the Exchange.

(3) An agreement that the Exchange and its officers, employees and members of its Board and of any committee shall not be liable, except for willful malfeasance, to the applicant or to any other person for any action taken by such director, officer or member in his official capacity, or by any employee of the Exchange while acting within the scope of his employment, in connection with the administration or enforcement of any of the provisions of the Certificate of Formation, the Exchange LLC Agreement, Exchange Rules, policies, interpretations or guidelines of the Exchange or any penalty imposed by the Exchange, its Board or any duly authorized committee.

(4) An agreement that, in cases where the applicant fails to prevail in a lawsuit or administrative adjudicative proceeding instituted by the applicant against the Exchange or any of its officers, directors, committee members, employees or agents, to pay the Exchange or any of its officers, directors, committee members, employees or agents, all reasonable expenses, including attorneys' fees, incurred by the Exchange in the defense of such proceeding, but only in the event that such expenses exceed Fifty Thousand Dollars ($50,000.00); provided, however, that such payment obligation shall not apply to internal disciplinary actions by the Exchange or administrative appeals.

(5) An agreement to maintain and make available to the Exchange, its authorized employees and its Board or committee members such books and records as may be required to be maintained by the Commission or the Exchange Rules.

(6) Such other reasonable information with respect to the applicant as the Exchange may require.

(b) Applications for association with a Member shall be made on Form U4 and such other forms as the Exchange may prescribe and shall be delivered to the Exchange in such manner as designated by the Exchange.

(c) If the Exchange is satisfied that the applicant is qualified for membership pursuant to the provisions of this Chapter, the Exchange shall promptly notify, in writing, the applicant of such determination and the applicant shall be a Member.

(d) If the Exchange is not satisfied that the applicant is qualified for membership pursuant to the provisions of this Chapter, the Exchange shall promptly notify the applicant of the grounds for denying the applicant. The Board on its own motion may reverse the determination that the applicant is not qualified for membership. If a majority of the Board specifically determines to reverse the determination to deny

membership, the Board shall promptly notify Exchange staff, who shall promptly notify the applicant of the Board's decision and shall grant membership to the applicant. An applicant who has been denied membership may appeal such decision under Chapter 10 of the Exchange Rules governing adverse action.

(e) In considering applications for membership, the Exchange shall adhere to the following procedures: Where an application is granted, the Exchange shall promptly notify the applicant. The applicant shall be afforded an opportunity to be heard on the denial of membership pursuant to Chapter 10 of the Exchange Rules governing adverse action.

(f) Except where, pursuant to Section 17(d) of the Act, the Exchange has been relieved of its responsibility to review and act upon applications for associated persons of a Member, the procedure set forth in this Chapter shall govern the processing of any such applications.

(g) Each applicant shall file with the Exchange a list and descriptive identification of those persons associated with the applicant who are its executive officers, directors, principal shareholders and general partners. Such persons shall file with the Exchange a Uniform Application for Securities Industry Registration or Transfer (Form U4). Applicants approved as Members of the Exchange must keep such information current with the Exchange.

Rule 2.007. Revocation of Membership or Association with a Member

Members or associated persons of Members may effect approved securities transactions on the Exchange's trading facilities only so long as they possess all the qualifications set forth in the Exchange Rules. Except where, pursuant to Section 17(d) of the Act, the Exchange has been relieved of its responsibility to monitor the continued qualifications of a Member or an associated person of a Member, when the Exchange has reason to believe that a Member or associated person of a Member fails to meet such qualifications, the Exchange may act to revoke such person's membership or association. Such action shall be instituted under, and governed by, Chapters 7 and 8 of the Exchange Rules and may be appealed under Chapter 10 of the Exchange Rules governing adverse action. In connection with any revocation of rights as a Member or voluntary termination of rights as a Member pursuant to TXSE Rule 2.008, the Member's membership in the Exchange shall be cancelled.

Rule 2.008. Voluntary Termination of Rights as a Member

A Member may voluntarily terminate its rights as a Member only by a written resignation addressed to the Exchange's Secretary or another officer designated by the Exchange. Such resignation shall not take effect until 30 calendar days after all of the following conditions have been satisfied: (i) receipt of such written resignation; (ii) all indebtedness of such Member due the Exchange shall have been paid in full; (iii) any Exchange investigation or disciplinary action brought against the Member has reached a final disposition; and (iv) any examination of such Member in process is completed

and all exceptions noted have been reasonably resolved; provided, however, that the Board may declare a resignation effective at any time.

Rule 2.009. Dues, Assessments and Other Charges

The Exchange may prescribe such reasonable assessments, dues or other charges as it may, in its discretion, deem appropriate. Such assessments and charges shall be equitably allocated among Members, issuers and other persons using the Exchange's facilities.

Rule 2.010. No Affiliation between Exchange and any Member

Without the prior approval of the Commission, the Exchange or any entity with which it is affiliated shall not, directly or indirectly, acquire or maintain an ownership interest in a Member. In addition, without the prior approval of the Commission, a Member shall not be or become an affiliate of the Exchange, or an affiliate of any affiliate of the Exchange. The term affiliate shall have the meaning specified in Rule 12b-2 under the Act. Nothing in this TXSE Rule 2.010 shall prohibit a Member or its affiliate from acquiring or holding an equity interest in TXSE Group Inc. that is permitted by the ownership and voting limitations contained in the Certificate of Incorporation and Bylaws of TXSE Group Inc. In addition, nothing in this TXSE Rule 2.010 shall prohibit a Member from being or becoming an affiliate of the Exchange, or an affiliate of any affiliate of the Exchange, solely by reason of such Member or any officer, director, manager, managing member, partner or affiliate of such Member being or becoming either (a) a director pursuant to the Exchange LLC Agreement or (b) a director serving on the board of directors of TXSE Group Inc.

Rule 2.011. Reserved.

CHAPTER 3. RULES OF FAIR PRACTICE

Rule 3.001. Business Conduct of Members

A Member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade.

Rule 3.002. Violations Prohibited

No Member shall engage in conduct in violation of the Act, the rules or regulations thereunder, the Exchange LLC Agreement, Exchange Rules or any policy or written interpretation of the Exchange LLC Agreement or Exchange Rules by the Board or an appropriate Exchange committee. Every Member shall so supervise persons associated with the Member as to assure compliance with those requirements.

Rule 3.003. Use of Fraudulent Devices

No Member shall effect any transaction in, or induce the purchase or sale of, any security by means of any manipulative, deceptive or other fraudulent device or contrivance.

Rule 3.004. False Statements

No Member or applicant for membership, or person associated with a Member or applicant, shall make any false statements or misrepresentations in any application, report or other communication to the Exchange. No Member or person associated with a Member shall make any false statement or misrepresentation to any Exchange committee, officer, the Board or any designated SRO in connection with any matter within the jurisdiction of the Exchange.

Rule 3.005. Communications with the Public

Members and persons associated with a Member shall comply with FINRA Rule 2210 (except FINRA Rule 2210(c)) as if such Rule were part of the Exchange's Rules. The Exchange and FINRA are parties to an agreement pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, Members are complying with TXSE Rule 3.005 by complying with FINRA Rule 2210 as written. In addition, functions performed by FINRA, FINRA departments and FINRA staff under TXSE Rule 3.005 are being performed by FINRA on the Exchange's behalf.

Rule 3.006. Fair Dealing with Customers

All Members have a fundamental responsibility for fair dealing with their customers. Practices which do not represent fair dealing include, but are not limited to, the following:

(a) Recommending speculative securities to customers without knowledge of or an attempt to obtain information concerning the customers' other securities holdings,

their financial situation and other necessary data. This prohibition has particular application to high pressure telephonic sales campaigns;

(b) Excessive activity in customer accounts (churning or overtrading) in relation to the objectives and financial situation of the customer;

(c) Establishment of fictitious accounts in order to execute transactions which otherwise would be prohibited or which are contrary to the Member's policies.

(d) Causing the execution of transactions which are unauthorized by customers or the sending of confirmations in order to cause customers to accept transactions not actually agreed upon;

(e) Unauthorized use or borrowing of customer funds or securities; and

(f) Recommending the purchase of securities or the continuing purchase of securities in amounts which are inconsistent with the reasonable expectation that the customer has the financial ability to meet such a commitment.

Interpretations and Policies

.01 Members who handle customer orders on the Exchange shall establish and enforce objective standards to ensure queuing and executing of customer orders in a fair and equitable manner.

Rule 3.007. Recommendations to Customers

(a) In recommending to a customer the purchase, sale or exchange of any security, a Member shall have reasonable grounds for believing that the recommendation is suitable for such customer upon the basis of the facts disclosed by such customer after reasonable inquiry by the Member as to the customer's other securities holdings and as to the customer's financial situation and needs.

(b) A Member may use material referring to past recommendations if it sets forth all recommendations as to the same type, kind, grade or classification of securities made by the Member within the last year. Longer periods of years may be covered if they are consecutive and include the most recent year. Such material must also name each security recommended and give the date and nature of each recommendation (e.g., whether to buy or sell), the price at the time of the recommendation, the price at which, or the price within which, the recommendation was to be acted upon and the fact that the period was one of generally falling or rising markets, if such was the case.

Interpretations and Policies

.01 Recommendations made in connection with products listed pursuant to Chapters 14, 16 and 17, if applicable, shall comply with the provisions of (a) above. No Member shall recommend to a customer a transaction in any such product unless the Member has a reasonable basis for believing at the time of making the recommendation that the

customer has such knowledge and experience in financial matters that he may reasonably be expected to be capable of evaluating the risks of the recommended transaction and is financially able to bear the risks of the recommended position.

Rule 3.008. The Prompt Receipt and Delivery of Securities

(a) Purchases. No Member may accept a customer's purchase order for any security until it has first ascertained that the customer placing the order or its agent agrees to receive securities against payment in an amount equal to any execution, even though such an execution may represent the purchase of only a part of a larger order.

(b) Sales. No Member shall execute a sale order for any customer or for its own account in any security unless such sale complies with the applicable provisions of the Act, including Regulation SHO.

Rule 3.009. Charges for Services Performed

A Member's charges, if any, for services performed (including miscellaneous services such as collection of moneys due for principal, dividends or interest; exchange or transfer of securities; appraisals, safekeeping or custody of securities; and other services) shall be reasonable and not unfairly discriminatory among customers.

Rule 3.010. Use of Information

A Member who, in the capacity of payment agent, transfer agent or any other similar capacity, or in any fiduciary capacity, has received information as to the ownership of securities shall not make use of such information for soliciting purchases, sales or exchanges except at the request, and on behalf, of the issuer.

Rule 3.011. Publication of Transactions and Quotations

No Member shall report to the Exchange or publish or cause to be published any transaction as a purchase or sale of any security unless such Member believes that such transaction was a bona fide purchase or sale of such security, and no Member shall purport to quote the bid or asked price for any security unless such Member believes that such quotation represents a bona fide bid for, or offer of, such security.

Rule 3.012. Offers at Stated Prices

No Member shall make an offer to buy from or sell to any person any security at a stated price unless such Member is prepared to purchase or sell, as the case may be, at such price and under such conditions as are stated at the time of such offer to buy or sell.

Rule 3.013. Payments Involving Publications that Influence the Market Price of a Security

(a) Except as provided in paragraph (b) below, no Member shall directly or indirectly give, permit to be given, or offer to give anything of value to any person for the purpose of influencing or rewarding the action of such person in connection with the publication or circulation in any electronic or other public media, including any investment service or similar publication, website, newspaper, magazine or other periodical, radio or television program of any matter that has, or is intended to have, an effect upon the market price of any security.

(b) The prohibitions in paragraph (a) shall not apply to compensation paid to a person in connection with the publication or circulation of:

(1) a communication that is clearly distinguishable as paid advertising;

(2) a communication that discloses the receipt of compensation and the amount thereof in accordance with Section 17(b) of the Securities Act; or

(3) a research report, as that term is defined in FINRA Rule 2241.

Rule 3.014. Disclosure on Confirmations

A Member, at or before the completion of each transaction with a customer, shall give or send to such customer such written notification or confirmation of the transaction as is required by Exchange Act Rule 10b-10.

Rule 3.015. Disclosure of Control

A Member controlled by, controlling or under common control with the issuer of any security shall disclose to a customer the existence of such control before entering into any contract with or for such customer for the purchase or sale or such security, and if such disclosure is not made in writing, it shall be supplemented by the giving or sending of a written disclosure to the customer at or before completion of the transaction.

Rule 3.016. Discretionary Accounts

(a) No Member shall effect any purchase or sale transactions with, or for, any customer’s account in respect of which such Member is vested with any discretionary power if such transactions are excessive in size or frequency in view of the financial resources and character of such account.

(b) No Member shall exercise any discretionary power in a customer’s account unless such customer has given prior written authorization and the account has been accepted by the Member, as evidenced in writing by a person duly designated by the Member.

(c) The Member shall approve promptly in writing each discretionary order entered and shall review all discretionary accounts at frequent intervals in order to detect and prevent transactions which are excessive in size or frequency in view of the financial resources and character of the account. The Member shall designate a partner, officer or manager in each office, including the main office, to carry out the approval and review procedures.

(d) This TXSE Rule shall not apply to an order by a customer for the purchase or sale of a definite amount of a specified security which order gives the Member discretion only over the time and price of execution.

Rule 3.017. Customer's Securities or Funds

No Member shall make improper use of a customer's securities or funds.

Rule 3.018. Prohibition Against Guarantees

No Member shall guarantee, directly or indirectly, a customer against loss in any securities account of such customer carried by the Member or in any securities transaction effected by the Member with or for such customer.

Rule 3.019. Sharing in Accounts; Extent Permissible

No Member shall share, directly or indirectly, in the profits or losses in any account of a customer carried by the Member or any other Member unless authorized by the customer or Member carrying the account; and a Member shall share in the profits or losses in any account of such customer only in direct proportion to the financial contributions made to such account by the Member. Accounts of the immediate family of any person employed by or under the control of a Member shall be exempt from this direct proportionate share limitation. For purposes of this TXSE Rule, the term "immediate family" shall include parents, mother-in-law, father-in-law, husband or wife, children or any other relative to whose support the person employed by or under the control of a Member contributes directly or indirectly.

Rule 3.020. Influencing or Rewarding Employees of Others

(a) No Member or person associated with a Member shall, directly or indirectly, give or permit to be given anything of value, including gratuities, in excess of one hundred dollars per individual per year to any person, principal, proprietor, employee, agent or representative of another person where such payment or gratuity is in relation to the business of the employer of the recipient of the payment or gratuity. A gift of any kind is considered a gratuity.

(b) This TXSE Rule shall not apply to contracts of employment with or to compensation for services rendered by persons enumerated in paragraph (a) provided that there is in existence prior to the time of employment or before the services are rendered a written agreement between the Member and the person who is to be employed to perform such services. Such agreement shall include the nature of the

proposed employment, the amount of the proposed compensation and the written consent of such person's employer or principal.

(c) A separate record of all payments or gratuities in any amount known to the Member, the employment agreement referred to in paragraph (b) and any employment compensation paid as a result thereof shall be retained by the Member for the period specified by Exchange Act Rule 17a-4.

Rule 3.021. Customer Disclosures

No Member may accept an order from a customer for execution in the Pre-Market Session or Post-Market Session without disclosing to such customer that extended hours trading involves material trading risks, including the possibility of lower liquidity, high volatility, changing prices, unlinked markets, an exaggerated effect from news announcements, wider spreads and any other relevant risk. The absence of a consolidated NBBO, an updated underlying index value or intraday indicative value is an additional trading risk in extended hours for Derivative Securities Products (as defined in TXSE Rule 17.105(b)(3)(A)(i)(a)). The disclosures required pursuant to this TXSE Rule may take the following form or such other form as provides substantially similar information:

(a) Risk of Lower Liquidity

Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities and, as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular market hours. As a result, your order may only be partially executed, or not at all.

(b) Risk of Higher Volatility

Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular market hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price in extended hours trading than you would during regular market hours.

(c) Risk of Changing Prices

The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular market hours, or upon the opening of the next morning. As a result, you may receive an inferior price in extended hours trading than you would during regular market hours.

(d) Risk of Unlinked Markets

Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, you may receive an inferior price in one extended hours trading system than you would in another extended hours trading system.

(e) Risk of News Announcements

Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. In extended hours trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.

(f) Risk of Wider Spreads

The spread refers to the difference in price between what you can buy a security for and what you can sell it for. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.

(g) Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value

For certain derivative securities products, an updated underlying index value or intraday indicative value may not be calculated or publicly disseminated in extended trading hours. Since the underlying index value and intraday indicative value are not calculated or widely disseminated during extended hours trading sessions, an investor who is unable to calculate implied values for certain derivative securities products in those sessions may be at a disadvantage to market professionals.

Rule 3.022. Telemarketing

(a) Telemarketing Restrictions

No Member or associated person of a Member shall make an outbound telephone call to:

(1) any person’s residence at any time other than between 8 a.m. and 9 p.m. local time at the called person’s location;

(2) any person that previously has stated that he or she does not wish to receive any outbound telephone calls made by or on behalf of the Member; or

(3) any person who has registered his or her telephone number on the Federal Trade Commission’s national do-not-call registry.

(b) Caller Disclosures

No Member or associated person of a Member shall make an outbound telephone call to any person without disclosing truthfully, promptly and in a clear and conspicuous manner to the called person the following information:

(1) the identity of the caller and the Member;

(2) the telephone number or address at which the caller may be contacted; and

(3) that the purpose of the call is to solicit the purchase of securities or related services. The telephone number provided may not be a 900 number or any other number for which charges exceed local or long-distance transmission charges.

(c) Exceptions

The prohibition of paragraph (a)(1) does not apply to outbound telephone calls by a Member or an associated person of a Member if:

(1) the Member has received that person's express prior consent;

(2) the Member has an established business relationship with the person; or

(3) the person called is a broker or dealer.

(d) Member's Firm-Specific Do-Not-Call List

(1) Each Member shall make and maintain a centralized list of persons who have informed the Member or an associated person of a Member that they do not wish to receive outbound telephone calls.

(2) Prior to engaging in telemarketing, a Member must institute procedures to comply with paragraphs (a) and (b). Such procedures must meet the following minimum standards:

(A) Written policy. Members must have a written policy for maintaining the do-not-call list described under paragraph (d)(1).

(B) Training of personnel engaged in telemarketing. Personnel engaged in any aspect of telemarketing must be informed and trained in the existence and use of the do-not-call list.

(C) Recording, disclosure of do-not-call requests. If a Member receives a request from a person not to receive calls from that Member, the Member must record the request and place the person's name, if provided, and telephone number on the Member's firm-specific do-not-call list at the time the request is made. Members must honor a person's do-

not-call request within a reasonable time from the date such request is made. This period may not exceed 30 calendar days from the date of such request. If such requests are recorded or maintained by a party other than the Member on whose behalf the outbound telephone call is made, the Member on whose behalf the outbound telephone call is made will be liable for any failures to honor the do-not-call request.

(D) Identification of telemarketers. A Member or associated person of a Member making an outbound telephone call must make the caller disclosures set forth in paragraph (b).

(E) Affiliated persons or entities. In the absence of a specific request by the person to the contrary, a person's do-not-call request shall apply to the Member making the call and shall not apply to affiliated entities unless the consumer reasonably would expect them to be included given the identification of the caller and the product being advertised.

(F) Maintenance of do-not-call lists. A Member making outbound telephone calls must maintain a record of a person's request not to receive further calls.

(e) Do-Not-Call Safe Harbors

(1) A Member or associated person of a Member making outbound telephone calls will not be liable for violating paragraph (a)(3) if:

(A) the Member has an established business relationship with the called person. A person's request to be placed on the Member's firm-specific do-not-call list terminates the established business relationship exception to the national do-not-call registry provision for that Member even if the person continues to do business with the Member;

(B) the Member has obtained the person's prior express written consent. Such consent must be clearly evidenced by a signed, written agreement (which may be obtained electronically under the E-Sign Act) between the person and the Member, which states that the person agrees to be contacted by the Member and includes the telephone number to which the calls may be placed; or

(C) the Member or associated person of a Member making the call has a personal relationship with the called person.

(2) A Member or associated person of a Member making outbound telephone calls will not be liable for violating paragraph (a)(3) if the Member or associated person of a Member demonstrates that the violation is the result of an error and that as part of the Member's routine business practice:

(A) the Member has established and implemented written procedures to comply with paragraphs (a) and (b);

(B) the Member has trained its personnel, and any entity assisting in its compliance, in the procedures established pursuant to paragraph (e)(2)(A);

(C) the Member has maintained and recorded a list of telephone numbers that it may not contact in compliance with paragraph (d); and

(D) the Member uses a process to prevent outbound telephone calls to any telephone number on the Member's firm-specific do-not-call list or the national do-not-call registry, employing a version of the national do-not-call registry obtained from the Federal Trade Commission no more than 31 calendar days prior to the date any call is made, and maintains records documenting this process.

(f) Wireless Communications

The provisions set forth in this TXSE Rule are applicable to Members and associated persons of Members making outbound telephone calls to wireless telephone numbers.

(g) Outsourcing Telemarketing

If a Member uses another appropriately registered or licensed entity or person to perform telemarketing services on its behalf, the Member remains responsible for ensuring compliance with all provisions contained in this TXSE Rule.

(h) Billing Information

For any telemarketing transaction, no Member or associated person of a Member shall cause billing information to be submitted for payment, directly or indirectly, without the express informed consent of the customer. Each Member or associated person of a Member must obtain the express informed consent of the person to be charged and to be charged using the identified account.

In any telemarketing transaction involving pre-acquired account information, the following requirements must be met to evidence express informed consent:

(1) In any telemarketing transaction involving pre-acquired account information and a free-to-pay conversion feature, the Member or associated person of a Member must:

(A) obtain from the customer, at a minimum, the last four digits of the account number to be charged;

(B) obtain from the customer an express agreement to be charged and to be charged using the account number pursuant to paragraph (h)(1)(A); and

(C) make and maintain an audio recording of the entire telemarketing transaction.

(2) In any other telemarketing transaction involving pre-acquired account information not described in paragraph (h)(1), the Member or associated person of a Member must:

(A) identify the account to be charged with sufficient specificity for the customer to understand what account will be charged; and

(B) obtain from the customer an express agreement to be charged and to be charged using the account number identified pursuant to paragraph (h)(2)(A).

(i) Caller Identification Information

(1) Any Member that engages in telemarketing must transmit or cause to be transmitted the telephone number and, when made available by the Member's telephone carrier, the name of the Member to any caller identification service in use by a recipient of an outbound telephone call.

(2) The telephone number so provided must permit any person to make a do-not-call request during regular business hours.

(3) Any Member that engages in telemarketing is prohibited from blocking the transmission of caller identification information.

(j) Unencrypted Consumer Account Numbers

No Member or associated person of a Member shall disclose or receive, for consideration, unencrypted consumer account numbers for use in telemarketing. The term "unencrypted" means not only complete, visible account numbers, whether provided in lists or singly, but also encrypted information with a key to its decryption. This paragraph will not apply to the disclosure or receipt of a customer's billing information to process pursuant to a telemarketing transaction.

(k) Abandoned Calls

(1) No Member or associated person of a Member shall "abandon" any outbound telephone call. An outbound telephone call is "abandoned" if a called person answers it and the call is not connected to a Member or associated person of a Member within two (2) seconds of the called person's completed greeting.

(2) A Member or associated person of a Member shall not be liable for violating paragraph (k)(1) if:

(A) the Member or associated person of a Member employs technology that ensures abandonment of no more than three (3%) percent of all outbound telephone calls answered by a person, measured over the duration of a single calling campaign, if less than 30 calendar days, or separately over each successive 30 calendar-day period or portion thereof that the campaign continues;

(B) the Member or associated person of a Member, for each outbound telephone call placed, allows the telephone to ring for at least 15 seconds or 4 rings before disconnecting an unanswered call;

(C) whenever a Member or associated person of a Member is not available to speak with the person answering the outbound telephone call within two (2) seconds after the person's completed greeting, the Member or associated person of a Member promptly plays a prerecorded message that states the name and telephone number of the Member or associated person of a Member on whose behalf the call was placed; and

(D) the Member or associated person of a Member retains records establishing compliance with paragraph (k)(2).

(l) Prerecorded Messages

(1) No Member or associated person of a Member shall initiate any outbound telephone call that delivers a prerecorded message, other than a prerecorded message permitted for compliance with the call abandonment safe harbor in paragraph (k)(2)(C), unless:

(A) the Member has obtained from the called person an express agreement, in writing, that:

(i) the Member obtained such express agreement only after a clear and conspicuous disclosure that the purpose of the agreement is to authorize the Member to place prerecorded calls to such person;

(ii) the Member obtained such express agreement without requiring, directly or indirectly, that the agreement be executed as a condition of purchasing any good or service;

(iii) evidences the willingness of the called person to receive calls that deliver prerecorded messages by or on behalf of the Member; and

(iv) includes such person's telephone number and signature (which may be obtained electronically under the E-Sign Act);

(B) the Member allows the telephone to ring for at least 15 seconds or four rings before disconnecting an unanswered call and, within two (2) seconds after the completed greeting of the called person, plays a prerecorded message that promptly provides the disclosures in paragraph (b), followed immediately by a disclosure of one or both of the following:

(i) in the case of a call that could be answered in person, that the called person can use an automated interactive voice and/or keypress-activated opt-out mechanism to assert a firm-specific do-not-call request pursuant to the Member's procedures instituted under paragraph (d)(2)(C) at any time during the message. The mechanism must automatically add the number called to the Member's firm-specific do-not-call list; once invoked, immediately disconnect the call; and be available for use at any time during the message; and

(ii) in the case of a call that could be answered by an answering machine or voicemail service, that the call recipient can use a toll-free telephone number to assert a firm-specific do-not-call request pursuant to the Member's procedures instituted under paragraph (d)(2)(C). The number provided must connect directly to an automated interactive voice or keypress-activated opt-out mechanism that automatically adds the number called to the Member's firm-specific do-not-call list; immediately thereafter disconnects the call; and is accessible at any time throughout the duration of the telemarketing campaign; and

(C) the Member complies with all other requirements of this TXSE Rule and other applicable federal and state laws.

(2) Any call that complies with all applicable requirements of paragraph (l) shall not be deemed to violate paragraph (k).

(m) Credit Card Laundering

Except as expressly permitted by the applicable credit card system, no Member or associated person of a Member shall:

(1) present to or deposit into the credit card system for payment a credit card sales draft generated by a telemarketing transaction that is not the result of a telemarketing credit card transaction between the cardholder and the Member;

(2) employ, solicit or otherwise cause a merchant, or an employee, representative or agent of the merchant, to present to or to deposit into the credit card system for payment a credit card sales draft generated by a telemarketing transaction that is not the result of a telemarketing credit card transaction between the cardholder and the merchant; or

(3) obtain access to the credit card system through the use of a business relationship or an affiliation with a merchant when such access is not authorized by the merchant agreement or the applicable credit card system.

(n) Definitions

For purposes of this TXSE Rule:

(1) The term “account activity” includes, but is not limited to, purchases, sales, interest credits or debits, charges or credits, dividend payments, transfer activity, securities receipts or deliveries and/or journal entries relating to securities or funds in the possession or control of the Member.

(2) The term “acquirer” means a business organization, financial institution or an agent of a business organization or financial institution that has authority from an organization that operates or licenses a credit card system to authorize merchants to accept, transmit or process payment by credit card through the credit card system for money, goods or services or anything else of value.

(3) The term “billing information” means any data that enables any person to access a customer’s or donor’s account, such as a credit or debit card number, a brokerage, checking or savings account number or a mortgage loan account number. A “donor” means any person solicited to make a charitable contribution. A “charitable contribution” means any donation or gift of money or any other thing of value (for example, a transfer to a pooled income fund).

(4) The term “broker-dealer of record” refers to the broker or dealer identified on a customer’s account application for accounts held directly at a mutual fund or variable insurance product issuer.

(5) The term “caller identification service” means a service that allows a telephone subscriber to have the telephone number and, where available, name of the calling party transmitted contemporaneously with the telephone call and displayed on a device in or connected to the subscriber’s telephone.

(6) The term “cardholder” means a person to whom a credit card is issued or who is authorized to use a credit card on behalf of or in addition to the person to whom the credit card is issued.

(7) The term “credit” means the right granted by a creditor to a debtor to defer payment of debt or to incur debt and defer its payment.

(8) The term “credit card” means any card, plate, coupon book or other credit device existing for the purpose of obtaining money, property, labor or services on credit.

(9) The term “credit card sales draft” means any record or evidence of a credit card transaction.

(10) The term “credit card system” means any method or procedure used to process credit card transactions involving credit cards issued or licensed by the operator of that system.

(11) The term “customer” means any person who is or may be required to pay for goods or services through telemarketing.

(12) The term “established business relationship” means a relationship between a Member and a person if:

(A) the person has made a financial transaction or has a security position, a money balance or account activity with the Member or at a clearing firm that provides clearing services to such Member within the 18 months immediately preceding the date of an outbound telephone call;

(B) the Member is the broker-dealer of record for an account of the person within the 18 months immediately preceding the date of an outbound telephone call; or

(C) the person has contacted the Member to inquire about a product or service offered by the Member within the three (3) months immediately preceding the date of an outbound telephone call.

A person’s established business relationship with a Member does not extend to the Member’s affiliated entities unless the person would reasonably expect them to be included. Similarly, a person’s established business relationship with a Member’s affiliate does not extend to the Member unless the person would reasonably expect the Member to be included.

(13) The term “free-to-pay conversion” means, in an offer or agreement to sell or provide any goods or services, a provision under which a customer receives a product or service for free for an initial period and will incur an obligation to pay for the product or service if he or she does not take affirmative action to cancel before the end of that period.

(14) The term “merchant” means a person who is authorized under a written contract with an acquirer to honor or accept credit cards, or to transmit or process for payment credit card payments, for the purchase of goods or services or a charitable contribution.

(15) The term “merchant agreement” means a written contract between a merchant and an acquirer to honor or accept credit cards, or to transmit or process for payment credit card payments, for the purchase of goods or services or a charitable contribution.

(16) The term “outbound telephone call” means a telephone call initiated by a telemarketer to induce the purchase of goods or services or to solicit a charitable contribution from a donor.

(17) The term “person” means any individual, group, unincorporated association, limited or general partnership, corporation or other business entity.

(18) The term “personal relationship” means any family member, friend or acquaintance of the person making an outbound telephone call.

(19) The term “pre-acquired account information” means any information that enables a Member or associated person of a Member to cause a charge to be placed against a customer’s or donor’s account without obtaining the account number directly from the customer or donor during the telemarketing transaction pursuant to which the account will be charged.

(20) The term “telemarketer” means any person who, in connection with telemarketing, initiates or receives telephone calls to or from a customer or donor.

(21) The term “telemarketing” means consisting of or relating to a plan, program or campaign involving at least one outbound telephone call, for example cold-calling. The term does not include the solicitation of sales through the mailing of written marketing materials when the person making the solicitation does not solicit customers by telephone but only receives calls initiated by customers in response to the marketing materials and during those calls takes orders only without further solicitation. For purposes of the previous sentence, the term “further solicitation” does not include providing the customer with information about, or attempting to sell, anything promoted in the same marketing materials that prompted the customer’s call.

Interpretations and Policies

.01 Members and associated persons of Members that engage in telemarketing also are subject to the requirements of relevant state and federal laws and rules, including, but not limited to, the Telemarketing and Consumer Fraud and Abuse Prevention Act, the Telephone Consumer Protection Act and the rules of the Federal Communications Commission relating to telemarketing practices and the rights of telephone consumers.

.02 It is considered conduct inconsistent with just and equitable principles of trade and a violation of TXSE Rule 3.001 for any Member or associated person of a Member to: (1) call a person repeatedly or continuously in a manner likely to annoy or be

offensive; or (2) use threats, intimidation or profane or obscene language in calling any person.

CHAPTER 4. BOOKS AND RECORDS

Rule 4.001. Requirements

Each Member shall make and keep books, accounts, records, memoranda and correspondence in conformity with Section 17 of the Act and the rules thereunder, with all other applicable laws and the rules, regulations and statements of policy promulgated thereunder, and with Exchange Rules.

Rule 4.002. Furnishing of Records

Every Member shall furnish to the Exchange, upon request and in a time and manner required by the Exchange, current copies of any financial information filed with the Commission as well as any records, files or financial information pertaining to transactions executed on or through the Exchange. Further, the Exchange shall be allowed access, at any time, to the books and records of the Member in order to obtain or verify information related to transactions executed on or through the Exchange or activities relating to the Exchange.

Interpretations and Policies

.01 Consistent with the responsibility of the Exchange and the Commission to provide for timely regulatory investigations, the Exchange has adopted the following general time parameters within which Members are required to respond to Exchange requests for trading data:

1st Request	10 business days
2nd Request	5 business days
3rd Request	5 business days

The third request letter will be sent to the Member's compliance officer and/or senior officer. Notwithstanding the parameters listed above, the Exchange reserves the right, in its sole discretion, to require information to be provided more quickly than described above.

.02 Regulatory Data Submission Requirement. Members shall submit to the Exchange such Exchange-related order, market and transaction data as the Exchange by a regulatory circular may specify, in such form and on such schedule as the Exchange may require.

.03 Pursuant to Exchange Act Rule 17a-5(d)(6), with respect to any Members for which the Exchange is not the DEA, the Exchange waives the requirement of Exchange Act Rule 17a-5(d)(6) that such Members must provide the Exchange with copies of their broker-dealer annual reports.

Rule 4.003. Record of Written Complaints

(a) Each Member shall keep and preserve for a period of not less than four years a file of all written complaints of customers and action taken by the Member in respect thereof, if any. Further, for the first two (2) years of the four-year period, the Member shall keep such file in a place readily accessible to examination or spot checks.

(b) A "complaint" shall mean any written statement of a customer or any person acting on behalf of a customer alleging a grievance involving the activities of a Member or persons under the control of the Member in connection with (1) the solicitation or execution of any transaction conducted or contemplated to be conducted through the facilities of the Exchange or (2) the disposition of securities or funds of that customer which activities are related to such a transaction.

Rule 4.004. Disclosure of Financial Condition

(a) A Member shall make available for inspection by a customer, upon request, the information relevant to such Member's financial condition disclosed in its most recent balance sheet prepared either in accordance with such Member's usual practice or as required by any state or federal securities laws or any rule or regulation thereunder. Further, a Member shall send to its customers the statements required by Exchange Act Rule 17a-5(c).

(b) As used in paragraph (a) of this TXSE Rule, the term "customer" has the same meaning as set forth in Exchange Act Rule 17a-5(c)(4).

Rule 4.005. Consolidated Audit Trail – Definitions

For purposes of TXSE Rules 4.005 through 4.015:

(a) "Account Effective Date" means:

(1) with regard to those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution:

(A) when the trading relationship was established prior to commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options), either:

(i) the date the relationship identifier was established within the Industry Member;

(ii) the date when trading began (i.e., the date the first order was received) using the relevant relationship identifier; or

(iii) if both dates are available, the earlier date will be used to the extent that the dates differ; or

(B) when the trading relationship was established on or after commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options), the date the Industry Member established the relationship identifier, which would be no later than the date the first order was received;

(2) where an Industry Member changes back office providers or clearing firms prior to commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options), the date an account was established at the relevant Industry Member, either directly or via transfer;

(3) where an Industry Member acquires another Industry Member prior to commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options), the date an account was established at the relevant Industry Member, either directly or via transfer;

(4) where there are multiple dates associated with an account established prior to commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options), the earliest available date;

(5) with regard to Industry Member proprietary accounts established prior to commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options):

(A) the date established for the account in the Industry Member or in a system of the Industry Member; or

(B) the date when proprietary trading began in the account (i.e., the date on which the first orders were submitted from the account).

With regard to paragraphs (2) – (5), the Account Effective Date will be no later than the date trading occurs at the Industry Member or in the Industry Member's system.

(b) "Active Accounts" means an account that has had activity in Eligible Securities within the last six months.

(c) "Allocation" means (1) the placement of shares/contracts into the same account for which an order was originally placed; or (2) the placement of shares/contracts into an account based on allocation instructions (e.g., subaccount allocations, delivery versus payment ("DVP") allocations).

(d) “Allocation Report” means a report made to the Central Repository by an Industry Member that identifies the Firm Designated ID for any account(s), including subaccount(s), to which executed shares/contracts are allocated and provides (1) the security that has been allocated; (2) the identifier of the firm reporting the allocation; (3) the price per share/contract of shares/contracts allocated; (4) the side of shares/contracts allocated; (5) the number of shares/contracts allocated to each account; (6) the time of the allocation; (7) Allocation ID, which is the internal allocation identifier assigned to the allocation event by the Industry Member; (8) trade date; (9) settlement date; (10) IB/correspondent CRD number (if applicable); (11) Firm Designated ID of new order(s) (if available in the booking system); (12) allocation instruction time (optional); (12) if the account meets the definition of institutional account under FINRA Rule 4512(c); (13) type of allocation (allocation to a custody account, allocation to a DVP account, step out, correspondent flip, allocation to a firm owned or controlled account or other non-reportable transactions (e.g., option exercises, conversions)); (14) for DVP allocations, custody broker-dealer clearing number (prime broker) if the custodian is a U.S. broker-dealer, DTCC number if the custodian is a U.S. bank or a foreign indicator if the custodian is a foreign entity; and (15) if an allocation was cancelled, a cancel flag indicating that the allocation was cancelled and a cancel timestamp, which represents the time at which the allocation was cancelled; provided, for the avoidance of doubt, any such Allocation Report shall not be required to be linked to particular orders or executions.

(e) “ATS” means an alternative trading system, as defined in Rule 300(a)(1) of Regulation ATS under the Exchange Act.

(f) “Business Clock” means a clock used to record the date and time of any Reportable Event required to be reported under TXSE Rules 4.005 through 4.015.

(g) “CAT” means the consolidated audit trail contemplated by Rule 613 of Regulation NMS.

(h) “CAT NMS Plan” means the National Market System Plan Governing the Consolidated Audit Trail, as amended from time to time.

(i) “CAT-Order-ID” means a unique order identifier or series of unique order identifiers that allows the Central Repository to efficiently and accurately link all Reportable Events for an order, and all orders that result from the aggregation or disaggregation of such order.

(j) “CAT Reporting Agent” means a Data Submitter that is a third party that enters into an agreement with an Industry Member pursuant to which the CAT Reporting Agent agrees to fulfill such Industry Member’s reporting obligations under TXSE Rules 4.005 through 4.015.

(k) “Central Repository” means the repository responsible for the receipt, consolidation and retention of all information reported to the CAT pursuant to Rule 613 of Regulation NMS and the CAT NMS Plan.

(l) “Client Account” means, for the purposes of an Allocation and Allocation Report, any account or subaccount that is not owned or controlled by the Industry Member.

(m) “Compliance Threshold” has the meaning set forth in TXSE Rule 4.015(d).

(n) “Customer” means:

(1) the account holder(s) of the account at an Industry Member originating the order; and

(2) any person from whom the Industry Member is authorized to accept trading instructions for such account, if different from the account holder(s).

(o) “Customer Account Information” shall include, but not be limited to, account number, account type, customer type, date account opened and large trader identifier (if applicable); except, however, that:

(1) in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will:

(A) provide the Account Effective Date in lieu of the “date account opened”;

(B) identify the “account type” as a “relationship.”

(2) in those circumstances in which the relevant account was established prior to commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options), and no “date account opened” is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances:

(A) where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system;

(B) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system;

(C) where there are multiple dates associated with an account in an Industry Member’s system, and the parameters of each date are determined by the individual Industry Member; and

(D) where the relevant account is an Industry Member proprietary account.

(p) “Customer Identifying Information” means information of sufficient detail to identify a Customer, including, but not limited to:

(1) with respect to individuals: name, address, year of birth, individual’s role in the account (e.g., primary holder, joint holder, guardian, trustee, person with the power of attorney); and

(2) with respect to legal entities: name, address, Employer Identification Number (“EIN”)/Legal Entity Identifier (“LEI”) or other comparable common entity identifier, if applicable; provided, however, that an Industry Member that has an LEI for a Customer must submit the Customer’s LEI in addition to other information of sufficient detail to identify a Customer.

(q) “Data Submitter” means any person that reports data to the Central Repository, including national securities exchanges, national securities associations, broker-dealers, the Securities Information Processors (“SIPs”) for the Consolidated Quotation System (“CQS”), Consolidated Tape Association (“CTA”), UTP and Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information (“OPRA”) Plans and certain other vendors or third parties that may submit data to the Central Repository on behalf of Industry Members.

(r) “Eligible Security” includes:

(1) all NMS Securities; and

(2) all OTC Equity Securities.

(s) “Error Rate” means the percentage of Reportable Events collected by the Central Repository in which the data reported does not fully and accurately reflect the order event that occurred in the market.

(t) “Firm Designated ID” means (1) a unique and persistent identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, provided, however, such identifier may not be the account number for such trading account if the trading account is not a proprietary account; (2) a unique and persistent relationship identifier when an Industry Member does not have an account number available to its order handling and/or execution system at the time of order receipt, provided, however, such identifier must be masked; or (3) a unique and persistent entity identifier when an employee of an Industry Member is exercising discretion over multiple client accounts and creates an aggregated order for which a trading account number of the Industry Member is not available at the time of order origination, where each such identifier is unique among all identifiers from any given Industry Member.

(u) “Industry Member” means a member of a national securities exchange or a member of a national securities association.

(v) “Industry Member Data” has the meaning set forth in TXSE Rule 4.007(a)(2).

(1) “Phase 2a Industry Member Data” means Industry Member Data required to be reported to the Central Repository commencing in Phase 2a.

(2) “Phase 2b Industry Member Data” means Industry Member Data required to be reported to the Central Repository commencing in Phase 2b.

(3) “Phase 2c Industry Member Data” means Industry Member Data required to be reported to the Central Repository commencing in Phase 2c.

(4) “Phase 2d Industry Member Data” means Industry Member Data required to be reported to the Central Repository commencing in Phase 2d.

(5) “Phase 2e Industry Member Data” means Industry Member Data required to be reported to the Central Repository commencing in Phase 2e. The full scope of Industry Member Data required by the CAT NMS Plan will be required to be reported to the CAT when Phase 2e has been implemented, subject to any applicable exemptive relief or amendments to the CAT NMS Plan.

(w) “Introducing Industry Member” means a broker-dealer that does not qualify as a Small Industry Member solely because such broker-dealer satisfies Rule 0-10(i)(2) under the Exchange Act in that it introduces transactions on a fully disclosed basis to clearing firms that are not small businesses or small organizations.

(x) “Listed Option” or has the meaning set forth in Rule 600(b)(52) of Regulation NMS.

(y) “Manual Order Event” means a non-electronic communication of order-related information for which Industry Members must record and report the time of the event.

(z) “Material Terms of the Order” includes: the NMS Security or OTC Equity Security symbol; security type; price (if applicable); size (displayed and non-displayed); side (buy/sell); order type; if a sell order, whether the order is long, short, short exempt; open/close indicator (except on transactions in equities); time in force (if applicable); if the order is for a Listed Option, option type (put/call), option symbol or root symbol, underlying symbol, strike price, expiration date, and open/close (except on market maker quotations); and any special handling instructions.

(aa) “NMS Security” means any security or class of securities for which transaction reports are collected, processed and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in Listed Options.

(bb) “NMS Stock” means any NMS Security other than an option.

(cc) “Operating Committee” means the governing body of the Consolidated Audit Trail, LLC designated as such and described in Article IV of the CAT NMS Plan.

(dd) “Options Market Maker” means a broker-dealer registered with an exchange for the purpose of making markets in options contracts traded on the exchange.

(ee) “Order” or “order”, with respect to Eligible Securities, shall include:

(1) Any order received by an Industry Member from any person;

(2) Any order originated by an Industry Member; or

(3) Any bid or offer.

(ff) “OTC Equity Security” means any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association’s equity trade reporting facilities.

(gg) “Participant” means each Person identified as such in Exhibit A of the CAT NMS Plan, as amended, in such Person’s capacity as a Participant in Consolidated Audit Trail, LLC.

(hh) “Person” means any individual, partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association and any heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so permits.

(ii) “Plan Processor” means the Plan Processor or any other Person selected by the Operating Committee pursuant to Rule 613 of Regulation NMS and Sections 4.3(b)(i) and 6.1 of the CAT NMS Plan to perform the CAT processing functions required by Rule 613 of Regulation NMS and set forth in the CAT NMS Plan.

(jj) “Received Industry Member Data” has the meaning set forth in TXSE Rule 4.007(a)(2).

(kk) “Recorded Industry Member Data” has the meaning set forth in TXSE Rule 4.007(a)(1).

(ll) “Reportable Event” includes, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order.

(mm) “Reporter Portal” is a web-based tool that allows CAT reporters to monitor and manage submissions to CAT.

(nn) “SRO” means any self-regulatory organization within the meaning of Section 3(a)(26) of the Exchange Act.

(oo) “SRO-Assigned Market Participant Identifier” means an identifier assigned to an Industry Member by an SRO or an identifier used by a Participant.

(pp) “Small Industry Member” means an Industry Member that qualifies as a small broker-dealer as defined in Rule 0-10(c) under the Act.

(qq) “Trading Day” shall have the meaning as is determined by the Operating Committee. For the avoidance of doubt, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in Rule 600(b)(65) of Regulation NMS), Listed Options, OTC Equity Securities and any other securities that are included as Eligible Securities from time to time.

(rr) “Transformed Value for individual tax payer identification number (“ITIN”)/social security number (“SSN”)” means the interim value created by an Industry Member based on a Customer ITIN/SSN.

Rule 4.006. Consolidated Audit Trail - Clock Synchronization

(a) Clock Synchronization

(1) Each Industry Member shall synchronize its Business Clocks, other than such Business Clocks used solely for Manual Order Events or used solely for the time of allocation on Allocation Reports, at a minimum to within a fifty (50) millisecond tolerance of the time maintained by the atomic clock of the National Institute of Standards and Technology (“NIST”), and maintain such synchronization.

(2) Each Industry Member shall synchronize:

(A) its Business Clocks used solely for Manual Order Events; and

(B) its Business Clocks used solely for the time of allocation on Allocation Reports at a minimum to within a one second tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization.

(3) The tolerance for paragraphs (a)(1) and (a)(2) of this TXSE Rule includes all of the following:

(A) The difference between the NIST atomic clock and the Industry Member’s Business Clock;

(B) The transmission delay from the source; and

(C) The amount of drift of the Industry Member’s Business Clock.

(4) Business Clocks must be synchronized every business day before market open to ensure that timestamps for Reportable Events are accurate. To maintain clock synchronization, Business Clocks must be checked against the NIST atomic clock and resynchronized, as necessary, throughout the day.

(b) Documentation

Industry Members must document and maintain their synchronization procedures for Business Clocks. Industry Members must keep a log of the times when they synchronize their Business Clocks and the results of the synchronization process. This log should include notice of any time a Business Clock drifts more than the applicable tolerance specified in paragraph (a) of this TXSE Rule. Such log must include results for a period of not less than five years ending on the then current date, or for the entire period for which the Industry Member has been required to comply with this TXSE Rule if less than five years.

(c) Certification

Each Industry Member shall certify to the Exchange that its Business Clocks satisfy the synchronization requirements set forth in paragraph (a) of this TXSE Rule periodically in accordance with the certification schedule established by the Operating Committee pursuant to the CAT NMS Plan.

(d) Violation Reporting

Each Industry Member with Business Clocks must report to the Plan Processor and the Exchange violations of paragraph (a) of this TXSE Rule pursuant to the thresholds set by the Operating Committee pursuant to the CAT NMS Plan.

Rule 4.007. Consolidated Audit Trail – Industry Member Data Reporting

(a) Recording and Reporting Industry Member Data

(1) Subject to paragraph (a)(3) below, each Industry Member shall record and electronically report to the Central Repository the following details for each order and each Reportable Event, as applicable ("Recorded Industry Member Data") in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

(A) for original receipt or origination of an order:

(i) Firm Designated ID(s) for each Customer;

(ii) CAT-Order-ID;

(iii) SRO-Assigned Market Participant Identifier of the Industry Member receiving or originating the order;

(iv) date of order receipt or origination;

(v) time of order receipt or origination (using timestamps pursuant to TXSE Rule 4.010);

(vi) Material Terms of the Order;

(vii) the unique identification of any appropriate information barriers in place at the department within the Industry Member where the order was received or originated;

(viii) any request by a Customer that a limit order not be displayed or that a block size limit order be displayed pursuant to applicable rules;

(ix) the nature of the department or desk that originated the order or received the order from a Customer;

(x) the type of account holder for which the order is submitted;

(xi) for an Industry Member that operates an ATS:

(1) the ATS's unique identifier for the order type of the order;

(2) the National Best Bid and National Best Offer (or relevant reference price) at the time of order receipt or origination and the date and time at which the ATS recorded such National Best Bid and National Best Offer (or relevant reference price);

(3) the identification of the market data feed used by the ATS to record the National Best Bid and National Best Offer (or relevant reference price) for purposes of subparagraph (xi)(2). If for any reason, the ATS uses an alternative market data feed than what was reported on its ATS data submission, the ATS must provide notice to the Central Repository of the fact that an alternative source was used, identify the alternative source and specify the date(s), time(s) and securities for which the alternative source was used;

(4) the sequence number assigned to the receipt or origination of the order by the ATS's matching engine;

(5) whether the ATS displays subscriber orders outside the ATS (other than to alternative trading system employees). If an ATS does display subscriber orders outside the ATS (other than to alternative trading system employees), indicate whether the order is displayed to subscribers only or through publicly disseminated quotation data.

(B) for the routing of an order:

(i) CAT-Order-ID;

(ii) date on which the order is routed;

(iii) time at which the order is routed (using timestamps pursuant to TXSE Rule 4.010);

(iv) SRO-Assigned Market Participant Identifier of the Industry Member routing the order;

(v) SRO-Assigned Market Participant Identifier of the Industry Member or Participant to which the order is being routed;

(vi) if routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed and the unique identification of any appropriate information barriers in place at the department within the Industry Member to which the order was transmitted;

(vii) Material Terms of the Order; and

(viii) for Industry Members that operate an ATS, the sequence number assigned to the routing of the order by the ATS's matching engine.

(C) for the receipt of an order that has been routed, the following information:

(i) CAT-Order-ID;

(ii) date on which the order is received;

(iii) time at which the order is received (using timestamps pursuant to TXSE Rule 4.010);

(iv) SRO-Assigned Market Participant Identifier of the Industry Member receiving the order;

(v) SRO-Assigned Market Participant Identifier of the Industry Member or Participant routing the order;

(vi) Material Terms of the Order;

(vii) the unique identification of any appropriate information barriers in place at the department within the Industry Member which received the order;

(viii) the nature of the department or desk that received the order;

(ix) any request by a Customer that a limit order not be displayed or that a block size limit order be displayed pursuant to applicable rules; and

(x) for an Industry Member that operates an ATS:

(1) the ATS's unique identifier for the order type of the order;

(2) the National Best Bid and National Best Offer (or relevant reference price) at the time of order receipt and the date and time at which the ATS recorded such National Best Bid and National Best Offer (or relevant reference price);

(3) the identification of the market data feed used by the ATS to record the National Best Bid and National Best Offer (or relevant reference price) for purposes of subparagraph (x)(2). If for any reason, the ATS uses an alternative market data feed than what was reported on its ATS data submission, the ATS must provide notice to the Central Repository of the fact that an alternative source was used, identify the alternative source and specify the date(s), time(s) and securities for which the alternative source was used;

(4) the sequence number assigned to the receipt of the order by the ATS's matching engine;

(5) whether the ATS displays subscriber orders outside the ATS (other than to alternative trading system employees). If an ATS does display subscriber orders outside the ATS (other than to alternative trading system employees), indicate

whether the order is displayed to subscribers only or through publicly disseminated quotation data.

(D) if the order is modified or cancelled:

(i) CAT-Order-ID;

(ii) date the modification or cancellation is received or originated;

(iii) time at which the modification or cancellation is received or originated (using timestamps pursuant to TXSE Rule 4.010);

(iv) price and remaining size of the order, if modified;

(v) other changes in the Material Terms of the Order, if modified;

(vi) whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member;

(vii) the unique identification of any appropriate information barriers at the department within the Industry Member which received or originated the modification;

(viii) any request by a Customer that a limit order not be displayed or that a block size limit order be displayed pursuant to applicable rules;

(ix) for an Industry Member that operates an ATS:

(1) the ATS's unique identifier for the order type of the order;

(2) the National Best Bid and National Best Offer (or relevant reference price) at the time of order modification or cancellation and the date and time at which the ATS recorded such National Best Bid and National Best Offer (or relevant reference price);

(3) the identification of the market data feed used by the ATS to record the National Best Bid and National Best Offer (or relevant reference price) for purposes of subparagraph (ix)(2). If for any reason, the ATS uses an alternative market data feed than what was reported on its ATS data submission, the

ATS must provide notice to the Central Repository of the fact that an alternative source was used, identify the alternative source, and specify the date(s), time(s) and securities for which the alternative source was used;

(4) the sequence number assigned to the modification or cancellation of the order by the ATS's matching engine;

(5) each time the ATS's matching engine re-prices an order or changes the display quantity of an order, the time of such modification and the applicable new price or size.

(E) if the order is executed, in whole or in part:

(i) CAT-Order-ID;

(ii) date of execution;

(iii) time of execution (using timestamps pursuant to TXSE Rule 4.010);

(iv) execution capacity (principal, agency or riskless principal);

(v) execution price and size;

(vi) SRO-Assigned Market Participant Identifier of the Industry Member executing the order;

(vii) whether the execution was reported pursuant to an effective transaction reporting plan or the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information; and

(viii) for Industry Members that operate an ATS:

(1) the National Best Bid and National Best Offer (or relevant reference price) at the time of execution and the date and time at which the ATS recorded such National Best Bid and National Best Offer (or relevant reference price);

(2) the identification of the market data feed used by the ATS to record the National Best Bid and National Best Offer (or relevant reference price) for

purposes of subparagraph (viii)(1). If for any reason, the ATS uses an alternative market data feed than what was reported on its ATS data submission, the ATS must provide notice to the Central Repository of the fact that an alternative source was used, identify the alternative source and specify the date(s), time(s) and securities for which the alternative source was used; and

(3) the sequence number assigned to the execution of the order by the ATS's matching engine.

(F) other information or additional events as may be prescribed pursuant to the CAT NMS Plan.

(2) Subject to paragraph (a)(3) below, each Industry Member shall record and report to the Central Repository the following, as applicable ("Received Industry Member Data" and collectively with the information referred to in TXSE Rule 4.007(a)(1), "Industry Member Data") in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

(A) if the order is executed, in whole or in part:

(i) SRO-Assigned Market Participant Identifier of the clearing broker, if applicable; and

(ii) CAT-Order-ID of any contra-side order(s);

(B) if the trade is cancelled, a cancelled trade indicator;

(C) for original receipt or origination of an order, the Firm Designated ID for the relevant Customer, Transformed Value for individual tax payer identification number ("ITIN")/social security number ("SSN"), and in accordance with TXSE Rule 4.008, Customer Account Information and Customer Identifying Information for the relevant Customer;

(D) An Industry Member that operates an ATS must provide to the Central Repository:

(1) a list of all of its order types twenty (20) calendar days before such order types become effective; and

(2) any changes to its order types twenty (20) calendar days before such changes become effective.

An identifier shall not be required for market and limit orders that have no other special handling instructions.

(E) if an Industry Member is required to submit and submits a trade report for a trade and, if the trade is cancelled, a cancellation, to one of FINRA's Trade Reporting Facilities, OTC Reporting Facility or Alternative Display Facility pursuant to applicable SRO rules, and the Industry Member is required to report the corresponding execution and/or cancellation to the Central Repository:

(1) the Industry Member is required to report to the Central Repository the unique trade identifier reported by the Industry Member to such FINRA facility for the trade when the Industry Member reports the execution of an order pursuant to TXSE Rule 4.007(a)(1)(E) or cancellation of an order pursuant to TXSE Rule 4.007(a)(1)(D);

(2) if the order is executed in whole or in part, and the Industry Member submits the trade report to one of FINRA's Trade Reporting Facilities, OTC Reporting Facility or Alternative Display Facility pursuant to applicable SRO rules, the Industry Member is not required to submit the SRO-Assigned Market Participant Identifier of the clearing broker pursuant to TXSE Rule 4.007(a)(2)(A)(i); provided, however, if the Industry Member does not report the clearing number of the clearing broker to such FINRA facility for a trade, or does not report the unique trade identifier to the Central Repository as required by TXSE Rule 4.007(a)(2)(E)(1), then the Industry Member would be required to record and report to the Central Repository the clearing number of the clearing broker as well as information about the contra party to the trade; and

(3) if the trade is cancelled and the Industry Member submits the cancellation to one of FINRA's Trade Reporting Facilities, OTC Reporting Facility or Alternative Display Facility pursuant to applicable SRO rules, the Industry Member is not required to submit the cancelled trade indicator pursuant to TXSE Rule 4.007(a)(2)(B); provided, however, if the Industry Member does not report a cancellation for a canceled trade to such FINRA facility, or does not report the unique trade identifier as required by TXSE Rule 4.007(a)(2)(E)(1), then the Industry Member would be required to record and report to the Central Repository a cancelled trade indicator as well as a cancelled trade timestamp.

(F) an Allocation Report any time the Industry Member performs an Allocation to a Client Account, whether or not the Industry Member was the executing broker for the trade.

(b) Timing of Recording and Reporting

(1) Each Industry Member shall record Recorded Industry Member Data contemporaneously with the applicable Reportable Event.

(2) Each Industry Member shall report:

(A) Recorded Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member records such Recorded Industry Member Data; and

(B) Received Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member receives such Received Industry Member Data.

(3) Industry Members may, but are not required to, voluntarily report Industry Member Data prior to the applicable 8:00 a.m. Eastern Time deadline.

(c) Applicable Securities

(1) Each Industry Member shall record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of this TXSE Rule for each NMS Security registered or listed for trading on such exchange or admitted to unlisted trading privileges on such exchange.

(2) Each Industry Member shall record and report to the Central Repository the Industry Member Data as set forth in this paragraph (a) of this TXSE Rule for each Eligible Security for which transaction reports are required to be submitted to FINRA.

(d) Security Symbology

(1) For each exchange-listed Eligible Security, each Industry Member shall report Industry Member Data to the Central Repository using the symbology format of the exchange listing the security.

(2) For each Eligible Security that is not exchange-listed, each Industry Member shall report Industry Member Data to the Central Repository using such symbology format as approved by the Operating Committee pursuant to the CAT NMS Plan.

(e) Error Correction

For each Industry Member for which errors in Industry Member Data submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Industry Member shall submit corrected Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on T+3.

(f) Each Industry Member that operates an ATS that trades OTC Equity Securities shall provide to the Central Repository;

(1) the best bid and best offer for each OTC Equity Security traded on such ATS;

(2) an indication of whether each bid and offer for OTC Equity Securities was solicited or unsolicited; and

(3) the unpriced bids and offers for each OTC Equity Security traded on such ATS.

Rule 4.008. Consolidated Audit Trail – Customer Information Reporting

(a) Initial Set of Customer Information

Each Industry Member shall submit to the Central Repository the Firm Designated ID, the Transformed Value for individual tax payer identification number ("ITIN")/social security number ("SSN"), Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account prior to such Industry Member's commencement of reporting to the Central Repository.

(b) Daily Updates to Customer Information

Each Industry Member shall submit to the Central Repository any updates, additions or other changes to the Firm Designated ID, the Transformed Value for individual tax payer identification number ("ITIN")/social security number ("SSN"), Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account on a daily basis.

(c) Periodic Updates to Complete Set of Customer Information

On a periodic basis as designated by the Plan Processor and approved by the Operating Committee, each Industry Member shall submit to the Central Repository a complete set of Firm Designated IDs, the Transformed Value for individual tax payer identification number ("ITIN")/social security number ("SSN"), Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account.

(d) Error Correction

For each Industry Member for which errors in Firm Designated ID, the Transformed Value for individual tax payer identification number ("ITIN")/social security number ("SSN"), Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Industry Member shall submit corrected data to the Central Repository by 5:00 p.m. Eastern Time on T+3.

Rule 4.009. Consolidated Audit Trail – Industry Member Information Reporting

Each Industry Member shall submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, prior to such Industry Member's commencement of reporting to the Central Repository and keep such information up to date as necessary.

Rule 4.010. Consolidated Audit Trail - Time Stamps

(a) Millisecond Time Stamps

(1) Subject to paragraphs (a)(2) and (b), each Industry Member shall record and report Industry Member Data to the Central Repository with time stamps in milliseconds.

(2) Subject to paragraph (b), to the extent that any Industry Member's order handling or execution systems utilize time stamps in increments finer than milliseconds, such Industry Member shall record and report Industry Member Data to the Central Repository with time stamps in such finer increment up to nanoseconds; provided, that Industry Members that capture timestamps in increments more granular than nanoseconds must truncate the timestamps after the nanosecond level for submission to CAT, rather than rounding such timestamps up or down, until April 8, 2025.

(b) One Second Time Stamps/Electronic Order Capture

(1) Each Industry Member may record and report Manual Order Events to the Central Repository in increments up to and including one second, provided that each Industry Member shall record and report the time when a Manual Order Event has been captured electronically in an order handling and execution system of such Industry Member in milliseconds; and

(2) Each Industry Member may record and report the time of Allocation Reports in increments up to and including one second.

Rule 4.011. Consolidated Audit Trail – Clock Synchronization Rule Violation

An Industry Member that engages in a pattern or practice of reporting Reportable Events outside of the required clock synchronization time period as set forth in TXSE Rules 4.005 through 4.015 without reasonable justification or exceptional circumstances may be considered in violation of this TXSE Rule.

Rule 4.012. Consolidated Audit Trail – Connectivity and Data Transmission

(a) Data Transmission

Each Industry Member shall transmit data as required under the CAT NMS Plan to the Central Repository utilizing such format(s) as may be provided by the Plan Processor and approved by the Operating Committee.

(b) Connectivity

Each Industry Member shall connect to the Central Repository using a secure method(s), including but not limited to private line(s) and virtual private network connection(s).

(c) CAT Reporting Agents

(1) Any Industry Member may enter into an agreement with a CAT Reporting Agent pursuant to which the CAT Reporting Agent agrees to fulfill the obligations of such Industry Member under TXSE Rules 4.005 through 4.015. Any such agreement shall be evidenced in writing, which shall specify the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of TXSE Rules 4.005 through 4.015.

(2) All written documents evidencing an agreement described in subparagraph (c)(1) shall be maintained by each party to the agreement.

(3) Each Industry Member remains primarily responsible for compliance with the requirements of TXSE Rules 4.005 through 4.015, notwithstanding the existence of an agreement described in this paragraph.

Rule 4.013. Consolidated Audit Trail – Testing

(a) Testing

Each Industry Member shall participate in testing related to the Central Repository, including any industry-wide disaster recovery testing, pursuant to the schedule established pursuant to the CAT NMS Plan.

Rule 4.014. Consolidated Audit Trail - Recordkeeping

Each Industry Member shall maintain and preserve records of the information required to be recorded under TXSE Rules 4.005 through 4.015 for the period of time and accessibility specified in Exchange Act Rule 17a-4(b). The records required to be maintained and preserved under this rule may be immediately produced or reproduced on “micrographic media” as defined in Exchange Act Rule 17a-4(f)(1)(i) or by means of an “electronic recordkeeping system” as defined in Exchange Act Rule 17a-4(f)(1)(ii)

that meet the conditions set forth in Exchange Act Rule 17a-4(f) and be maintained and preserved for the required time in that form.

Rule 4.015. Consolidated Audit Trail – Timely, Accurate and Complete Data

(a) General

Industry Members are required to record and report data to the Central Repository as required by TXSE Rules 4.005 through 4.015 in a manner that ensures the timeliness, accuracy, integrity and completeness of such data.

(b) LEIs

Without limiting the requirement set forth in paragraph (a), Industry Members are required to accurately provide the LEIs in their records as required by TXSE Rules 4.005 through 4.015 and may not knowingly submit inaccurate LEIs to the Central Repository; provided, however, that this requirement does not impose any additional due diligence obligations on Industry Members with regard to LEIs for CAT purposes.

(c) Compliance with Error Rate

If an Industry Member reports data to the Central Repository with errors such that the error percentage exceeds the maximum Error Rate established by the Operating Committee pursuant to the CAT NMS Plan, then such Industry Member would not be in compliance with TXSE Rules 4.005 through 4.015.

(d) Compliance Thresholds

Each Industry Member shall be required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT (the "Compliance Thresholds"). Compliance Thresholds will compare an Industry Member's error rate to the aggregate Error Rate over a period of time to be defined by the Operating Committee. An Industry Member's performance with respect to its Compliance Threshold will not signify, as a matter of law, that such Industry Member has violated TXSE Rules 4.005 through 4.015.

Rule 4.016. Consolidated Audit Trail – Funding Fees

(a) Reserved.

Rule 4.017. Consolidated Audit Trail – Fee Dispute Resolution

(a) Definitions.

(1) For purposes of this TXSE Rule, the terms "CAT NMS Plan", "Industry Member", "Operating Committee" and "Participant" are defined as set forth in the TXSE Rule 4.005 (Consolidated Audit Trail – Definitions).

(2) “Subcommittee” means a subcommittee designated by the Operating Committee pursuant to the CAT NMS Plan.

(3) “CAT Fee” means any fees contemplated by the CAT NMS Plan and imposed on Industry Members pursuant to Exchange Rules.

(4) “Prime Rate” means the prime rate published in The Wall Street Journal (or any successor publication) on the last day of each month (or, if not a publication day, the prime rate last published prior to such last day).

(b) Fee Dispute Resolution.

Disputes initiated by an Industry Member with respect to CAT Fees charged to such Industry Member shall be resolved by the Operating Committee or a Subcommittee designated by the Operating Committee of the CAT NMS Plan pursuant to the Fee Dispute Resolution Procedures adopted pursuant to the CAT NMS Plan and set forth in paragraph (c) of this TXSE Rule. Decisions on such matters shall be binding on Industry Members, without prejudice to the rights of any such Industry Member to seek redress from the Commission or in any other appropriate forum.

(c) Fee Dispute Resolution Procedures under the CAT NMS Plan.

(1) Scope of Procedures

These Fee Dispute Resolution Procedures provide the procedure for Industry Members that dispute CAT Fees charged to such Industry Member to apply for an opportunity to be heard and to have the CAT Fees charged to such Industry Member reviewed.

(2) Submission and Time Limitation on Application to Consolidated Audit Trail, LLC (for purposes of this TXSE Rule 4.017(c), “Company”)

An Industry Member that disputes CAT Fees charged to such Industry Member and that desires to have an opportunity to be heard with respect to such disputed CAT Fees shall file a written application with the Company within 15 business days after being notified of such disputed CAT Fees. The application shall identify the disputed CAT Fees, state the specific reasons why the applicant takes exception to such CAT Fees and set forth the relief sought. In addition, if the applicant intends to submit any additional documents, statements, arguments or other material in support of the application, the same should be so stated and identified.

(3) Procedure Following Applications for Hearing

(A) Fee Review Subcommittee

The Company will refer applications for hearing and review promptly to the Subcommittee designated by the Operating Committee

pursuant to Section 4.12 of the CAT NMS Plan with responsibility for conducting the reviews of CAT Fee disputes pursuant to these Fee Dispute Resolution Procedures. This Subcommittee will be referred to as the Fee Review Subcommittee. The members of the Fee Review Subcommittee will be subject to the provisions of Section 4.3(d) of the CAT NMS Plan regarding recusal and Conflicts of Interest (as defined therein).

(B) Record

The Fee Review Subcommittee will keep a record of the proceedings.

(C) Hearings and Documents

The Fee Review Subcommittee will hold hearings promptly. The Fee Review Subcommittee will set a hearing date. The parties to the hearing (as described in paragraph (c)(4)(A) below) shall furnish the Fee Review Subcommittee with all materials relevant to the proceedings at least 72 hours prior to the date of the hearing. Each party shall have the right to inspect and copy the other party's materials prior to the hearing.

(4) Hearing and Decision

(A) Parties

The parties to the hearing shall consist of the applicant and a representative of the Company who shall present the reasons for the action taken by the Company that allegedly aggrieved the applicant.

(B) Counsel

The applicant is entitled to be accompanied, represented and advised by counsel at all stages of the proceedings.

(C) Conduct of Hearing

The Fee Review Subcommittee shall determine all questions concerning the admissibility of evidence and shall otherwise regulate the conduct of the hearing. Each of the parties shall be permitted to make an opening statement, present witnesses and documentary evidence, cross examine opposing witnesses and present closing arguments orally or in writing as determined by the Fee Review Subcommittee. The Fee Review Subcommittee also shall have the right to question all parties and witnesses to the proceeding. The Fee Review Subcommittee shall keep a record of the hearing. The formal rules of evidence shall not apply.

(D) Decision

The Fee Review Subcommittee shall set forth its decision in writing and send the written decision to the parties to the proceeding. Such decisions shall contain the reasons supporting the conclusions of the Fee Review Subcommittee.

(5) Review

(A) Petition

The decision of the Fee Review Subcommittee shall be subject to review by the Operating Committee either on its own motion within 20 business days after issuance of the decision or upon written request submitted by the applicant within 15 business days after issuance of the decision. The applicant's petition shall be in writing and specify the findings and conclusions to which the applicant objects together with the reasons for such objections. Any objection to a decision not specified in writing shall be considered to have been abandoned and may be disregarded. Parties may petition to submit a written argument to the Operating Committee and may request an opportunity to make an oral argument before the Operating Committee. The Operating Committee shall have sole discretion to grant or deny either request.

(B) Conduct of Review

The Operating Committee shall conduct the review. The review shall be made upon the record and shall be made after such further proceedings, if any, as the Operating Committee may order. Based upon such record, the Operating Committee may affirm, reverse or modify, in whole or in part, the decision of the Fee Review Subcommittee. The decision of the Operating Committee shall be in writing, shall be sent to the parties to the proceeding and shall be final.

(6) Time Limit for Review

A final decision regarding the disputed CAT Fees by the Operating Committee, or the Fee Review Subcommittee (if there is no review by the Operating Committee), must be provided within 90 calendar days of the date on which the Industry Member filed a written application regarding disputed CAT Fees with the Company pursuant to paragraph (2) of these Fee Dispute Resolution Procedures. The Operating Committee may extend the 90 calendar day time limit under this paragraph (6) at its discretion.

(7) Miscellaneous Provisions

(A) Service of Notice

Any notices or other documents may be served upon the applicant either personally or by leaving the same at its, his or her place of business or by deposit in the United States post office, postage prepaid, by registered or certified mail, addressed to the applicant at its, his or her last known business or residence address.

(B) Extension of Certain Time Limits

Any time limits imposed under these Fee Dispute Resolution Procedures for the submission of answers, petitions or other materials may be extended by permission of the Operating Committee. All papers and documents relating to review by the Fee Review Subcommittee or the Operating Committee must be submitted to the Fee Review Subcommittee or Operating Committee, as applicable.

(8) Agency Review

Decisions on such CAT Fee disputes made pursuant to these Fee Dispute Resolution Procedures shall be binding on Industry Members, without prejudice to the rights of any such Industry Member to seek redress from the Commission or in any other appropriate forum.

(9) Payment of Disputed CAT Fees

(A) Timing of Fee Payment

An Industry Member that files a written application with the Company regarding disputed CAT Fees in accordance with these Fee Dispute Resolution Procedures is not required to pay such disputed CAT Fees until the dispute is resolved in accordance with these Fee Dispute Resolution Procedures, including any review pursuant to paragraph (8). For the purposes of this paragraph (9), the disputed CAT Fees means the amount of the invoiced CAT Fees that the Industry Member has asserted pursuant to these Fee Dispute Resolution Procedures that such Industry Member does not owe to the Company. The Industry Member must pay any invoiced CAT Fees that are not disputed CAT Fees when due as set forth in the original invoice.

(B) Interest on Unpaid CAT Fees

Once the dispute regarding CAT Fees is resolved pursuant to these Fee Dispute Resolution Procedures, if it is determined that the Industry Member owes any of the disputed CAT Fees, then the Industry Member must pay such disputed CAT Fees that are owed as well as interest on such disputed CAT Fees from the original due date (that is, 30 calendar days after receipt of the original invoice of such CAT Fees) until such disputed CAT Fees are paid at a per annum rate equal to the lesser of

(i) the Prime Rate plus 300 basis points or (ii) the maximum rate permitted by applicable law.

CHAPTER 5. SUPERVISION

Rule 5.001. Written Procedures

Each Member shall establish, maintain and enforce written procedures which will enable it to supervise properly the activities of associated persons of the Member and to assure their compliance with applicable securities laws, rules, regulations and statements of policy promulgated thereunder, with the rules of the designated self-regulatory organization, where appropriate, and with Exchange Rules.

Rule 5.002. Responsibility of Members

Final responsibility for proper supervision shall rest with the Member. The Member shall designate a partner, officer or manager in each office of supervisory jurisdiction, including the main office, to carry out the written supervisory procedures. A copy of such procedures shall be kept in each such office.

Rule 5.003. Records

Each Member shall be responsible for making and keeping appropriate records for carrying out the Member's supervisory procedures.

Rule 5.004. Review of Activities

Each Member shall review the activities of each office, which shall include the periodic examination of customer accounts to detect and prevent irregularities or abuses.

Rule 5.005. Prevention of the Misuse of Material Nonpublic Information

(a) Each Member must establish, maintain and enforce written policies and procedures reasonably designed, taking into consideration the nature of such Member's business, to prevent the misuse of material nonpublic information by the Member or persons associated with the Member. Members for whom the Exchange is the DEA that are required to file SEC Form X-17A-5 with the Exchange on an annual or more frequent basis must file, contemporaneously with the submission of the calendar year end Insider Trading and Securities Fraud Enforcement Act certifications, compliance acknowledgements stating that the procedures mandated by this TXSE Rule have been established, enforced and maintained. Any Member or associated person who becomes aware of a possible misuse of material, nonpublic information must promptly notify the Exchange's Surveillance Department. For purposes of this TXSE Rule, "associated person" and "person associated with a Member" means anyone who directly is engaged in the Member's trading-related activities, including general partners, officers, directors, managers (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by or under common control with a Member or any employee of the Member. For the purposes of this TXSE Rule, the term "employee" includes every person who is compensated directly or indirectly by the Member for the solicitation or handling of business in securities, including individuals

trading securities for the account of the Member, whether such securities are dealt on an exchange or are dealt over-the-counter.

(b) For purposes of this TXSE Rule 5.005, conduct constituting the misuse of material nonpublic information includes, but is not limited to, the following:

(1) Trading in any securities issued by a corporation, or in any related securities or related options or other derivative securities, while in possession of material, nonpublic information concerning that issuer; or

(2) Trading in a security or related options or other derivative securities, while in possession of material nonpublic information concerning imminent transactions in the security or related securities; or

(3) Disclosing to another person or entity any material, nonpublic information involving a corporation whose shares are publicly traded or an imminent transaction in an underlying security or related securities for the purpose of facilitating the possible misuse of such material, nonpublic information.

(c) This TXSE Rule 5.005 requires that, at a minimum, each Member establish, maintain and enforce the following policies and procedures:

(1) All associated persons must be advised in writing of the prohibition against the misuse of material, nonpublic information;

(2) All associated persons must sign attestations affirming their awareness of and agreement to abide by the aforementioned prohibitions. These signed attestations must be maintained for at least three (3) years, the first two (2) years in an easily accessible place;

(3) Each Member must receive and retain copies of trade confirmations and monthly account statements for each brokerage account in which an associated person has a direct or indirect financial interest or makes investment decisions. The activity in such accounts should be reviewed at least quarterly by the Member for the purpose of detecting the possible misuse of material, nonpublic information; and

(4) All associated persons must disclose to the Member whether they, or any person in whose account they have a direct or indirect financial interest, or make investment decisions, are an officer, director or 10% shareholder in a company whose shares are publicly traded. Any transaction in the stock (or option thereon) of such company shall be reviewed to determine whether the transaction may have involved a misuse of material nonpublic information.

Maintenance of the foregoing policies and procedures will not, in all cases, satisfy the requirements and intent of this TXSE Rule 5.005; the adequacy of each

Member's policies and procedures will depend upon the nature of such Member's business.

Rule 5.006. Anti-Money Laundering Compliance Program

(a) Each Member shall develop and implement an anti-money laundering program reasonably designed to achieve and monitor compliance with the requirements of the Bank Secrecy Act (31 U.S.C. 5311, et seq.), and the implementing regulations promulgated thereunder by the Department of the Treasury. Each Member's anti-money laundering program must be approved, in writing, by a member of its senior management.

(b) The anti-money laundering programs required by the TXSE Rule shall, at a minimum:

(1) establish and implement policies and procedures that can be reasonably expected to detect and cause the reporting of transactions required under 31 U.S.C. 5318(g) and the implementing regulations thereunder;

(2) establish and implement policies and internal controls reasonably designed to achieve compliance with the Bank Secrecy Act and the implementing regulations thereunder;

(3) provide for independent testing for compliance to be conducted by the Member's personnel or by a qualified outside party;

(4) designate, and identify to the Exchange (by name, title, mailing address, email address, telephone number and facsimile number), a person or persons responsible for implementing and monitoring the day-to-day operations and internal controls of the program and provide prompt notification to the Exchange regarding any change in such designation(s); and

(5) provide ongoing training for appropriate persons.

In the event that any of the provisions of this TXSE Rule 5.006 conflict with any of the provisions of another applicable SRO's rule requiring the development and implementation of an anti-money laundering compliance program, the provisions of the rule of the Member's DEA shall apply.

CHAPTER 6. EXTENSIONS OF CREDIT

Rule 6.001. Prohibitions and Exemptions

(a) A Member shall not effect a securities transaction through Exchange facilities in a manner contrary to the regulations of the Board of Governors of the Federal Reserve System.

(b) The margin which must be maintained in margin accounts of customers shall be as follows:

(1) 25% of the current market value of all securities “long” in the account; plus

(2) $2.50 per share or 100% of the current market value, whichever amount is greater, of each stock “short” in the account selling at less than $5.00 per share; plus

(3) $5.00 per share or 30% of the current market value, whichever amount is greater, of each stock “short” in the account selling at $5.00 per share or above; plus

(4) 5% of the principal amount or 30% of the current market value, whichever amount is greater, of each bond “short” in the account.

Rule 6.002. Day Trading Margin.

(a) The term “day trading” means the purchasing and selling of the same security on the same day. A “day trader” is any customer whose trading shows a pattern of day trading.

(b) Whenever day trading occurs in a customer’s margin account the margin to be maintained shall be the margin on the “long” or “short” transaction, whichever occurred first, as required pursuant to TXSE Rule 6.001(b). When day trading occurs in the account of a day trader, the margin to be maintained shall be the margin on the “long” or “short” transaction, whichever occurred first, as required for initial margin by Regulation T of the Board of Governors of the Federal Reserve System, or as required pursuant to TXSE Rule 6.001(b), whichever amount is greater.

(c) No Member shall permit a public customer to make a practice, directly or indirectly, of effecting transactions in a cash account where the cost of securities purchased is met by the sale of the same securities. No Member shall permit a public customer to make a practice of selling securities with them in a cash account which are to be received against payment from another registered broker or dealer where such securities were purchased and are not yet paid for.

CHAPTER 7. SUSPENSION BY CHIEF REGULATORY OFFICER

Rule 7.001. Imposition of Suspension

(a) A Member which fails or is unable to perform any of its contracts, or is insolvent or is unable to meet the financial responsibility requirements of the Exchange, shall immediately inform the Secretary in writing of such fact. Upon receipt of said notice, or whenever it shall appear to the Chief Regulatory Officer ("CRO") (after such verification and with such opportunity for comment by the Member as the circumstances reasonably permit) that a Member has failed to perform its contracts or is insolvent or is in such financial or operational condition or is otherwise conducting its business in such financial or operational condition or is otherwise conducting its business in such a manner that it cannot be permitted to continue in business with safety to its customers, creditors and other Members of the Exchange, the CRO may summarily suspend the Member or may impose such conditions and restrictions upon the Member as are reasonably necessary for the protection of investors, the Exchange, the creditors and the customers of such Member.

(b) A Member that does not pay any dues, fees, assessments, charges or other amounts due to the Exchange within 90 calendar days after the same has become payable shall be reported to the CRO, who may, after giving reasonable notice to the Member of such arrearages, suspend the Member until payment is made. Should payment not be made within six months after payment is due, the Member's membership may be cancelled by the Exchange.

(c) In the event of suspension of a Member, the Exchange shall give prompt notice of such suspension to the Members of the Exchange. Unless the CRO shall determine that lifting the suspension without further proceedings is appropriate, such suspension shall continue until the Member is reinstated as provided in TXSE Rule 7.003 of this Chapter.

Rule 7.002. Investigation Following Suspension

Every Member suspended under the provisions of this Chapter shall immediately make available every facility requested by the Exchange for the investigation of its affairs and shall forthwith file with the Secretary a written statement covering all information requested, including a complete list of creditors and the amount owing to each and a complete list of each open long and short security position maintained by the Member and each of its customers. The foregoing includes, without limitation, the furnishing of such of the Member's books and records and the giving of such sworn testimony as may be requested by the Exchange.

Rule 7.003. Reinstatement

A Member suspended under the provisions of this Chapter may apply for reinstatement by a petition in accordance with and in the time provided for by the provisions of Chapter 10 of these Exchange Rules relating to adverse action.

Rule 7.004. Failure to be Reinstated

A Member suspended under the provisions of this Chapter who fails to seek or obtain reinstatement in accordance with TXSE Rule 7.003 shall have its membership cancelled by the Exchange in accordance with the Exchange's LLC Agreement.

Rule 7.005. Termination of Rights by Suspension

A Member suspended under the provisions of this Chapter shall be deprived during the term of its suspension of all rights and privileges conferred to it by virtue of its membership in the Exchange.

Rule 7.006. Summary Suspension of Exchange Services

The CRO (after such verification with such opportunity for comment as the circumstances reasonably permit) may summarily limit or prohibit (i) any person from access to services offered by the Exchange, if such person has been and is expelled or suspended from any SRO or barred or suspended from being associated with a Member of any SRO or is in such financial or operating difficulty that the Exchange determines that such person cannot be permitted to do business with safety to investors, creditors, Exchange Members or the Exchange; or (ii) a person who is not a Member from access to services offered by the Exchange if such person does not meet the qualification requirements or other pre-requisites for such access and if such person cannot be permitted to continue to have access with safety to investors, creditors, Members and the Exchange. Any person aggrieved by any such summary action may seek review under the provisions of the Exchange Rules relating to adverse action.

Rule 7.007. Commission Action

The Commission may stay any summary action taken pursuant to this Chapter on its own motion or upon application by any person aggrieved thereby made pursuant to Section 19(d) of the Act and the rules thereunder.

CHAPTER 8. DISCIPLINE

Rule 8.001. Disciplinary Jurisdiction

(a) A Member or a person associated with a Member (the "Respondent") who is alleged to have violated or aided and abetted a violation of any provision of the Act or the rules and regulations promulgated thereunder, or any provision of the Certificate of Formation, the Exchange LLC Agreement or Rules of the Exchange or any interpretation thereof or any resolution or order of the Board or appropriate Exchange committee shall be subject to the disciplinary jurisdiction of the Exchange under this Chapter and after notice and opportunity for a hearing may be appropriately disciplined by: expulsion; suspension; limitation of activities, functions and operation; fine; censure; suspension or bar from association with a Member or any other fitting sanction, in accordance with the provisions of this Chapter.

An individual Member, responsible party or other person associated with a Member may be charged with any violation committed by employees under his/her/its supervision or by the Member with which he/she/it is associated, as though such violation were his/her/its own. A Member organization may be charged with any violation committed by its employees or by any other person who is associated with such Member organization, as though such violation were its own.

(b) Any Member or person associated with a Member shall continue to be subject to the disciplinary jurisdiction of the Exchange following the termination of such person's membership or association with a Member with respect to matters that occurred prior to such termination; provided that written notice of the commencement of an inquiry into such matters is given by the Exchange to such former Member or former associated person within one year of receipt by the Exchange of the latest written notice of the termination of such person's status as a Member or person associated with a Member. The foregoing notice requirement does not apply to a person who at any time after a termination again subjects himself or herself to the disciplinary jurisdiction of the Exchange by becoming a Member or a person associated with a Member.

(c) A summary suspension or other action taken pursuant to Chapter 7 of the Rules of the Exchange shall not be deemed to be disciplinary action under this Chapter, and the provisions of this Chapter shall not be applicable to such action.

(d) Pursuant to TXSE Rule 13.007, the Exchange and FINRA are parties to a regulatory services agreement pursuant to which FINRA has agreed to perform certain functions described in this Chapter on behalf of the Exchange. In addition, FINRA's Office of Disciplinary Affairs may review the Exchange's disciplinary matters. Therefore, some or all of the adjudication functions described in the Exchange's rules may be provided by FINRA pursuant to the terms of the regulatory services agreement with FINRA. Notwithstanding the fact that the Exchange may contract with another SRO to perform some or all of the Exchange's disciplinary functions, the Exchange shall retain ultimate legal responsibility for and control of such functions.

Rule 8.002. Complaint and Investigation

(a) Initiation of Investigation

The Exchange, or the designated self-regulatory organization, when appropriate, shall investigate possible violations within the disciplinary jurisdiction of the Exchange which are brought to its attention in any manner, or upon order of the Board, the CRO or other Exchange officials designated by the CRO, or upon receipt of a complaint alleging such violation.

(b) Report

In every instance where an investigation has been instituted as a result of a complaint, and in every other instance in which an investigation results in a finding that there are reasonable grounds to believe that a violation has been committed, a written report of the investigation shall be submitted to the CRO by the Exchange's staff or, when appropriate, by the designated self-regulatory organization.

(c) Requirement to Furnish Information and Right to Counsel

Each Member and person associated with a Member shall be obligated upon request by the Exchange to appear and testify, and to respond in writing to interrogatories and furnish documentary materials and other information requested by the Exchange in connection with (i) an investigation initiated pursuant to paragraph (a) of this TXSE Rule or (ii) a hearing or appeal conducted pursuant to this Chapter or preparation by the Exchange in anticipation of such a hearing or appeal. No Member or person associated with a Member shall impede or delay an Exchange investigation or proceeding conducted pursuant to this Chapter nor refuse to comply with a request made by the Exchange pursuant to this paragraph. A Member or person associated with a Member is entitled to be represented by counsel during any such Exchange investigation, proceeding or inquiry.

(d) Notice, Statement and Access

Prior to submitting its report, the staff shall notify the person(s) who is the subject of the report (hereinafter "Subject") of the general nature of the allegations and of the specific provisions of the Act, rules and regulations promulgated thereunder, or provisions of the Certificate of Formation, the Exchange LLC Agreement or Rules of the Exchange or any interpretation thereof or any resolution of the Board, that appear to have been violated. Except when the CRO determines that expeditious action is required, a Subject shall have 15 calendar days from the date of the notification described above to submit a written statement to the CRO concerning why no disciplinary action should be taken. To assist a Subject in preparing such a written statement, he or she shall have access to any documents and other materials in the investigative file of the Exchange that were furnished by him or her or his or her agents.

(e) Failure to Furnish Information

Failure to furnish testimony, documentary evidence or other information requested by the Exchange in the course of an Exchange inquiry, investigation, hearing or appeal conducted pursuant to this Chapter or in the course of preparation by the Exchange in anticipation of such a hearing or appeal on the date or within the time period the Exchange specifies shall be deemed to be a violation of this TXSE Rule 8.002.

(f) Regulatory Cooperation

No Member or person associated with a Member or other person or entity subject to the jurisdiction of the Exchange shall refuse to appear and testify before another exchange or other SRO in connection with a regulatory investigation, examination or disciplinary proceeding or refuse to furnish testimony, documentary materials or other information or otherwise impede or delay such investigation, examination or disciplinary proceeding if the Exchange requests such testimony, documentary materials or other information in connection with an inquiry resulting from an agreement entered into by the Exchange pursuant to subsection (g) of this TXSE Rule. The requirements of this TXSE Rule 8.002(f) shall apply when the Exchange has been notified by another SRO of the request for testimony, documentary materials or other information and the Exchange then requests in writing that a Member, person associated with a Member or other person or entity provide such testimony, documentary materials or other information. Any person or entity required to furnish testimony, documentary materials or other information pursuant to this TXSE Rule 8.002(f) shall be afforded the same rights and procedural protections as that person or entity would have if the Exchange had initiated the request.

(g) Cooperative Agreements

The Exchange may enter into agreements with domestic and foreign SROs providing for the exchange of information and other forms of mutual assistance or for market surveillance, investigative, enforcement or other regulatory purposes.

(h) Videotaped Responses

In lieu of, or in addition to, submitting a written statement concerning why no disciplinary action should be taken as permitted by paragraph (d) of this TXSE Rule, the Subject may submit a statement in the form of a videotaped response. Except when the CRO determines that expeditious action is required, the Subject shall have 15 calendar days from the date of the notification described in paragraph (d) to submit the videotaped response. The Exchange will establish standards concerning the length and format of such videotaped responses.

Rule 8.003. Expedited Proceeding

Upon receipt of the notification required by TXSE Rule 8.002(d), a Subject may seek to dispose of the matter through a letter of consent signed by the Subject. If a Subject desires to attempt to dispose of the matter through a letter of consent, the Subject must submit to the staff within 15 calendar days from the date of the notification

required by TXSE Rule 8.002(d) a written notice electing to proceed in an expedited manner pursuant to this TXSE Rule 8.003. The Subject must then endeavor to reach agreement with the Exchange's staff upon a letter of consent which is acceptable to the staff and which sets forth a stipulation of facts and findings concerning the Subject's conduct, the violation(s) committed by the Subject and the sanction(s) therefor. The matter can only be disposed of through a letter of consent if the staff and the Subject are able to agree upon terms of a letter of consent which are acceptable to the staff and the letter is signed by the Subject. At any point in the negotiations regarding a letter of consent, either the staff may deliver to the Subject or the Subject may deliver to the staff a written declaration of an end to the negotiations. On delivery of such a declaration the Subject will then have 15 calendar days to submit a written statement pursuant to TXSE Rule 8.002(d) and thereafter the staff may bring the matter to the CRO. If the letter of consent is accepted by the CRO, the Exchange may adopt the letter as its decision and shall take no further action against the Subject respecting the matters that are the subject of the letter. If the letter of consent is rejected by the CRO, the matter shall proceed as though the letter had not been submitted. Upon rejection, the Subject will then have 15 calendar days to submit a written statement pursuant to TXSE Rule 8.002(d). The CRO's decision to accept or reject a letter of consent shall be final, and a Subject may not seek review thereof.

Rule 8.004. Charges

(a) Determination Not to Initiate Charges

Whenever it shall appear to the CRO from the investigation report that no probable cause exists for finding a violation within the disciplinary jurisdiction of the Exchange, or whenever the CRO otherwise determines that no further proceedings are warranted, he or she shall issue a written statement to that effect setting forth the reasons for such finding.

(b) Initiation of Charges

Whenever it shall appear to the CRO that there is probable cause for finding a violation within the disciplinary jurisdiction of the Exchange and that further proceedings are warranted, the CRO shall direct the issuance of a statement of charges against the Respondent specifying the acts in which the Respondent is charged to have engaged and setting forth the specific provisions of the Act, rules and regulations promulgated thereunder, the Exchange LLC Agreement, Exchange Rules, interpretations or resolutions of which such acts are in violation. A copy of the charges shall be served upon the Respondent in accordance with TXSE Rule 8.012.

Rule 8.005. Answer

The Respondent shall have 15 business days after service of the charges to file a written answer thereto. The answer shall specifically admit or deny each allegation contained in the charges, and the Respondent shall be deemed to have admitted any allegation not specifically denied. The answer may also contain any defense which the

Respondent wishes to submit and may be accompanied by documents in support of his answer or defense. In the event the Respondent fails to file an answer within the time provided, the charges shall be considered to be admitted.

Rule 8.006. Hearings

(a) Selection of Hearing Panel

(1) Definitions. For purposes of this paragraph (a), the terms set forth below shall have the following meanings:

(A) The term “Industry Member” means a member of any hearing panel who (i) is or has served in the prior three (3) years as an officer, director or employee of a broker or dealer, excluding an outside director or a director not engaged in the day-to-day management of a broker or dealer; (ii) is an officer, director (excluding an outside director) or employee of an entity that owns more than ten percent of the equity of a broker or dealer, and the broker or dealer accounts for more than five percent of the gross revenues received by the consolidated entity; (iii) owns more than five percent of the equity securities of any broker or dealer, whose investments in brokers or dealers exceed ten percent of his or her net worth or whose ownership interest otherwise permits him or her to be engaged in the day-to-day management of a broker or dealer; (iv) provides professional services to brokers or dealers, and such services constitute 20 percent or more of the professional revenues received by the member or 20 percent or more of the gross revenues received by the member’s firm or partnership; (v) provides professional services to a director, officer or employee of a broker, dealer or corporation that owns 50 percent or more of the voting stock of a broker or dealer, and such services relate to the director’s, officer’s or employee’s professional capacity and constitute 20 percent or more of the professional revenues received by the member or 20 percent or more of the gross revenues received by the member’s firm or partnership; or (vi) has a consulting or employment relationship with or provides professional services to the Exchange or any affiliate thereof or has had any such relationship or provided any such services at any time within the prior three (3) years.

(B) The term “Member Representative member” means a member of any hearing panel who is an officer, director, employee or agent of an Exchange Member.

(2) Subject to TXSE Rule 8.007 concerning summary proceedings, a hearing on the charges shall be held before a panel of three (3) hearing officers (the “Hearing Panel”) appointed by the Chief Executive Officer of the Exchange. Each Hearing Panel shall be comprised as follows: (i) a professional hearing officer, who shall serve as Chairman of the Hearing Panel, (ii) a hearing officer

who is an Industry Member, as such term is defined in TXSE Rule 8.006 and (iii) a hearing officer who is a Member Representative member, as such term is defined in TXSE Rule 8.006 (each a "Hearing Officer"). Prospective Hearing Officers shall be required to disclose to the Exchange their employment history for the past 10 years, any past or current material business or other financial relationships with the Exchange or any members of the Exchange and any other information deemed relevant by the Exchange. Such disclosures relating to the particular Hearing Officers selected by the Chief Executive Officer shall be provided to the Respondent upon request after the selection of the Hearing Panel. In selecting Hearing Officers for a particular matter, the Chief Executive Officer should give reasonable consideration to the prospective Hearing Officers' professional competence and reputation, experience in the securities industry, familiarity with the subject matter involved, the absence of bias and any actual or perceived conflict of interest and any other relevant factors.

(b) Impartiality of Hearing Officers

When any Hearing Officer considers a disciplinary matter he or she is expected to function impartially and independently of the staff members who prepared and prosecuted the charges. Exchange counsel may assist the Hearing Panel in preparing its written recommendations or judgments. Within 15 calendar days of the appointment of the Hearing Panel, the Respondent may move for disqualification of any Hearing Officer sitting on such Panel based upon bias or conflict of interest. Such motions shall be made in writing and state with specificity the facts and circumstances giving rise to the alleged bias or conflict of interest. The motion papers shall be filed with the Hearing Panel and the Secretary of the Exchange. The Exchange may file a brief in opposition to the Respondent's motion within 15 calendar days of service thereof. The Hearing Panel shall rule upon such motion no later than 30 calendar days from filing by the Respondent. Prior adverse rulings against the Respondent or Respondent's attorney in other matters shall not, in and of themselves, constitute grounds for disqualification. If the Hearing Panel believes the Respondent has provided satisfactory evidence in support of the motion to disqualify, the applicable Hearing Officer shall remove himself or herself and request the Chief Executive Officer to reassign the hearing to another Hearing Officer such that the Hearing Panel still meets the compositional requirements described in TXSE Rule 8.006(a). If the Hearing Panel determines that the Respondent's grounds for disqualification are insufficient, it shall deny the Respondent's motion for disqualification by setting forth the reasons for the denial in writing and the Hearing Panel will proceed with the hearing. The ruling by the Hearing Panel on such motions shall not be subject to interlocutory review.

(c) Notice and List of Documents

Participants shall be given at least 15 business days' notice of the time and place of the hearing and a statement of the matters to be considered therein. All documentary evidence intended to be presented in the hearing by the Respondent, the Exchange or the designated self-regulatory authority must be received by the Hearing Panel at least eight (8) calendar days in advance of the hearing or it may not be presented in the

hearing. The parties shall furnish each other with a list of all documents submitted for the record not less than four (4) business days in advance of the hearing, and the documents themselves shall be made available to the parties for inspection and copying.

(d) Conduct of Hearing

The Hearing Panel shall determine all questions concerning the admissibility of evidence and shall otherwise regulate the conduct of the hearing. Formal rules of evidence shall not apply. The charges shall be presented by a representative of the Exchange or the designated self-regulatory authority who, along with the Respondent, may present evidence and produce witnesses who shall testify under oath and are subject to being questioned by the Hearing Panel and opposing parties. The Respondent is entitled to be represented by counsel who may participate fully in the hearing. A transcript of the hearing shall be made and shall become part of the record.

Rule 8.007. Summary Proceedings

Notwithstanding the provisions of TXSE Rule 8.006 of this Chapter, the CRO may make a determination without a hearing and may impose a penalty as to violations which the Respondent has admitted or charges which the Respondent has failed to answer or which otherwise are not in dispute. Notice of such summary determination, specifying the violations and penalty, shall be served upon the Respondent, who shall have ten (10) business days from the date of service to notify the CRO that he desires a hearing upon all or a portion of any charges not previously admitted or upon the penalty. Failure to so notify the CRO shall constitute an admission of the violations and acceptance of the penalty as determined by the CRO and a waiver of all rights of review. If the Respondent requests a hearing, the matters which are the subject of the hearing shall be handled in accordance with the hearing and review procedures of this Chapter.

Rule 8.008. Offers of Settlement

(a) Submission of Offer

At any time during the course of any proceeding under this Chapter, the Respondent may submit to the CRO a written offer of settlement which shall contain a proposed stipulation of facts and shall consent to a specified penalty. Where the CRO accepts an offer of settlement, he or she shall issue a decision, including findings and conclusions and imposing a penalty, consistent with the terms of such offer. Where the CRO rejects an offer of settlement, he or she shall notify the Respondent and the matter shall proceed as if such offer had not been made, and the offer and all documents relating thereto shall not become part of the record. A decision of the CRO issued upon acceptance of an offer of settlement as well as the determination of the CRO whether to accept or reject such an offer shall become final 20 business days after such decision is issued, and the Respondent may not seek review thereof.

(b) Submission of Statement

A Respondent may submit with an offer of settlement a written statement in support of the offer. In addition, if the staff will not recommend acceptance of an offer of settlement before the CRO, a Respondent shall be notified and may appear before the CRO to make an oral statement in support of his/her offer. Finally, if the CRO rejects an offer that the staff supports, a Respondent may appear before the CRO to make an oral statement concerning why he/she believes the CRO should change his or her decision and accept Respondent's offer, and if Respondent makes such appearance, the staff may also appear before the CRO to make an oral statement in support of its position. A Respondent must make a request for such an appearance within 5 days of being notified that the offer was rejected or that the staff will not recommend acceptance.

(c) Repeated Offers

Unless the CRO shall otherwise order, a Respondent shall be entitled to submit to the CRO a maximum of two (2) written offers of settlement in connection with the statement of charges issued to that Respondent pursuant to TXSE Rule 8.004(b).

Rule 8.009. Decision

Following a hearing conducted pursuant to TXSE Rule 8.006 of this Chapter, the Hearing Panel shall prepare a decision in writing, based solely on the record, determining whether the Respondent has committed a violation and imposing the penalty, if any, therefor. The decision shall include a statement of findings and conclusions, with the reasons therefor, upon all material issues presented on the record. Where a penalty is imposed, the decision shall include a statement specifying the acts or practices in which the Respondent has been found to have engaged and setting forth the specific provisions of the Act, rules and regulations promulgated thereunder, the Exchange LLC Agreement, Exchange Rules, interpretations or resolutions of which the acts are deemed to be in violation. The Respondent shall promptly be sent a copy of the decision.

Rule 8.010. Review

(a) Petition

The Respondent shall have ten (10) calendar days after service of notice of a decision made pursuant to TXSE Rule 8.009 of this Chapter to petition for review thereof. Such petition shall be in writing and shall specify the findings and conclusions to which exceptions are taken together with reasons for such exceptions. Any objections to a decision not specified by written exception shall be considered to have been abandoned.

(b) Conduct of Review

The review shall be conducted by the Appeals Committee of the Board. Unless the Appeals Committee shall decide to open the record for introduction of evidence or to hear argument, such review shall be based solely upon the record and the written

exceptions filed by the parties. The Appeals Committee's decision shall be in writing and shall be final.

(c) Review on Motion of Board

The Board may on its own initiative order review of a decision made pursuant to TXSE Rule 8.007, 8.008 or 8.009 of this Chapter within 20 business days after issuance of the decision. Such review shall be conducted in accordance with the procedure set forth in paragraph (b) of this TXSE Rule.

(d) Review of Decision Not to Initiate Charges

Upon application made by the Chief Executive Officer within 30 calendar days of a decision made pursuant to TXSE Rule 8.004(a) of this Chapter, the Board may order review of such decision. Such review shall be conducted in accordance with the procedures set forth in paragraph (b), as applicable.

Rule 8.011. Effective Date of Judgment

Penalties imposed under this Chapter shall not become effective until the review process is completed or the decision otherwise becomes final. Pending effectiveness of a decision imposing a penalty on the Respondent, the CRO, Hearing Panel or committee of the Board, as applicable, may impose such conditions and restrictions on the activities of the Respondent as he, she or it considers reasonably necessary for the protection of investors, creditors and the Exchange.

Interpretations and Policies

.01 Exchange staff shall make all necessary filings concerning formal and informal disciplinary actions required under the Act and the rules and regulations promulgated thereunder and shall take all other actions necessary to comply with any other applicable law or regulation.

Rule 8.012. Miscellaneous Provisions

(a) Service of Notice

Any charges, notices or other documents may be served upon the Respondent either personally or by leaving the same at his place of business or by deposit in the United States post office, postage prepaid, by registered or certified mail addressed to the Respondent at his last known place of business.

(b) Extension of Time Limits

Any time limits imposed under this Chapter for the submission of answers, petitions or other materials may be extended by permission of the authority at the Exchange to whom such materials are to be submitted.

(c) Reports and Inspection of Books for Purpose of Investigating Complaints

For the purpose of any investigation or determination as to the filing of a complaint, or any hearing of any complaint against any Member of the Exchange or any person associated with a Member, the Exchange's staff, CRO, Board or designated self-regulatory organization shall have the right (1) to require any Member of the Exchange to report orally or in writing with regard to any matter involved in any such investigation or hearing and (2) to investigate the books, records and accounts of any such Member with relation to any matter involved in any such investigation or hearing. No Member shall refuse to make any report as required in this TXSE Rule or refuse to permit any inspection of books, records and accounts as may be validly called for under this TXSE Rule.

Rule 8.013. Costs of Proceedings

Any Member disciplined pursuant to this Chapter shall bear such part of the costs of the proceedings as the CRO or the Board deems fair and appropriate in the circumstances.

Rule 8.014. Agency Review

Actions taken by the Exchange under this Chapter shall be subject to the review and action of any appropriate regulatory agency under the Act.

Rule 8.015. Imposition of Fines for Minor Violation(s) of Rules

(a) In lieu of commencing a disciplinary proceeding as described in TXSE Rules 8.001 through 8.013, the Exchange may, subject to the requirements set forth in this TXSE Rule, impose a fine on any Member, associated person of a Member or registered or non-registered employee of a Member for any violation of a TXSE Rule of the Exchange, which violation the Exchange shall have determined is minor in nature. The Exchange may aggregate similar violations generally if the conduct was unintentional, there was no injury to public investors or the violations resulted from a single systemic problem or cause that has been corrected. Any fine imposed pursuant to this TXSE Rule that does not exceed $2,500 and is not contested shall not be publicly reported, except as may be required by Rule 19d-1 under the Act or as may be required by any other regulatory authority.

(b) In any action taken by the Exchange pursuant to this TXSE Rule, the person against whom a fine is imposed shall be served (as provided in TXSE Rule 8.012) with a written statement, signed by an authorized officer of the Exchange, setting forth (i) the TXSE Rule or TXSE Rules alleged to have been violated; (ii) the act or omission constituting each such violation; (iii) the fine imposed for each such violation; and (iv) the date by which such determination becomes final and such fine becomes due and payable to the Exchange, or such determination must be contested as provided in paragraph (d) below, such date to be not less than 15 business days after the date of service of the written statement.

(c) If the person against whom a fine is imposed pursuant to this TXSE Rule pays the fine, such payment shall be deemed to be a waiver by such person of such person's right to a disciplinary proceeding under TXSE Rules 8.001 through 8.013 and any review of the matter by the Appeals Committee or by the Board.

(d) Any person against whom a fine is imposed pursuant to this TXSE Rule may contest the Exchange's determination by filing with the Exchange not later than the date by which such determination must be contested a written response meeting the requirements of an Answer as provided in TXSE Rule 8.005 at which point the matter shall become a disciplinary proceeding subject to the provisions of TXSE Rules 8.001 through 8.013. In any such disciplinary proceeding, if the Hearing Panel determines that the person charged is guilty of the rule violation(s) charged, the Hearing Panel shall (i) be free to impose any one or more disciplinary sanctions and (ii) determine whether the rule violation(s) is minor in nature. The person charged and the Board of the Exchange may require a review by the Board of any determination by the Hearing Panel by proceeding in the manner described in TXSE Rule 8.010.

(e) The Exchange shall prepare and announce to its Members from time to time a listing of the Exchange Rules as to which the Exchange may impose fines as provided in this TXSE Rule. Such listing shall also indicate the specific dollar amount that may be imposed as a fine hereunder with respect to any violation of any such TXSE Rule or may indicate the minimum and maximum dollar amounts that may be imposed by the Exchange with respect to any such violation. Nothing in this TXSE Rule shall require the Exchange to impose a fine pursuant to this TXSE Rule with respect to the violation of any TXSE Rule included in any such listing.

Interpretations and Policies

.01 List of Exchange Rule Violations and Recommended Fine Schedule Pursuant to TXSE Rule 8.015:

Recommended Fine Schedule – 8.015.01(a)-(e)

Occurrence*	Individual	Member firm
First time fined	$100	$500
Second time fined	$300	$1,000
Third time fined	$500	$2,500

*Within a "rolling" 12-month period.

(a) TXSE Rule 4.002 and Interpretations and Policies thereunder requiring the submission of responses to Exchange requests for trading data within specified time periods.

(b) TXSE Rule 11.009(a)(5) requirement to identify short sale orders as such.

(c) TXSE Rule 11.009(f) requirement to comply with locked and crossed market rules.

(d) TXSE Rule 3.005 relating to communications with the public.

(e) TXSE Rule 12.011 Interpretation and Policy .01 and Exchange Act Rule 604 – Failure to properly display limit orders.

Recommended Fine Amount for 8.015.01(f)-(g): $100 per violation

(f) TXSE Rule 4.002 and Interpretations and Policies thereunder related to the requirement to furnish Exchange-related order, market and transaction data, as well as financial or regulatory records and information.

(g) TXSE Rule 11.018(a)(1) requirement for Market Makers to maintain continuous two-sided quotations.

Recommended Fine Amount for 8.015.01(h); see paragraph (h) below.

(h) For failures to comply with the CAT Rule requirements of TXSE Rules 4.005 through 4.015, the Exchange may impose a minor rule violation fine of up to $2,500.

Rule 8.016. *Ex Parte* Communications

(a) Unless on notice and opportunity for all parties to participate:

(1) No Respondent or Exchange staff member shall make or knowingly cause to be made an ex parte communication relevant to the merits of a proceeding to any Hearing Officer, any member of the Board of Directors or a member of a committee of the Board who is participating in a decision with respect to that proceeding (an “Adjudicator”); and

(2) No Adjudicator shall make or knowingly cause to be made to a Respondent or Exchange staff member an ex parte communication relevant to the merits of that proceeding.

(b) An Adjudicator who receives, makes or knowingly causes to be made a communication prohibited by this TXSE Rule shall place in the record of the proceeding:

(1) all such written communications;

(2) memoranda stating the substance of all such oral communications; and

(3) all written responses and memoranda stating the substance of all oral responses to all such communications.

(c) If a prohibited ex parte communication has occurred, the Board of Directors or a committee thereof may take whatever action it deems appropriate in the interests of justice, the policies underlying the Act and the Exchange LLC Agreement and TXSE Rules, including dismissal or denial of the offending party's interest or claim. All participants to a proceeding may respond to any allegations or contentions contained in a prohibited ex parte communication placed in the record. Such responses shall be placed in the record.

(d) The prohibitions of this TXSE Rule shall apply beginning with the initiation of an investigation as provided in TXSE Rule 8.002(a), unless the person responsible for the communication has knowledge that the investigation shall be initiated, in which case the prohibitions shall apply beginning at the time of his or her acquisition of such knowledge.

Rule 8.017. Expedited Client Suspension Proceeding

(a) Initiation of Proceeding

(1) Scope of Authority. With the prior written authorization of the CRO or such other senior officers as the CRO may designate, the Office of General Counsel or TXSE Regulation (as defined in TXSE Rule 16.500(b)(4)) (such departments generally referred to as the "Exchange" for purposes of this TXSE Rule 8.017) may initiate an expedited suspension proceeding with respect to alleged violations of TXSE Rule 12.015 (Disruptive Quoting and Trading Activity Prohibited).

(2) Service of Notice. The Exchange shall initiate the proceeding by serving a notice on a Member or associated person of a Member (hereinafter "Respondent"). The Exchange shall serve the notice by personal service or overnight commercial courier. The notice shall be effective upon service.

(3) Content of Notice. The notice shall state whether the Exchange is requesting the Respondent to be required to take action or to refrain from taking action. The notice shall be accompanied by: a declaration of facts, signed by a person with knowledge of the facts contained therein, that specifies the acts that constitute the alleged violation; and a proposed order that contains the required elements of a suspension order (except the date and hour of the order's issuance), which are set forth in subparagraph (d)(2) of this TXSE Rule.

(b) Appointment of Hearing Officers and Hearing Panel

(1) As soon as practicable after the Exchange initiates a suspension proceeding, a Hearing Panel shall be assigned in accordance with paragraph (a) of TXSE Rule 8.006.

(2) If at any time a Hearing Officer determines that he or she has a conflict of interest or bias or circumstances otherwise exist where his or her fairness might reasonably be questioned, or if a Party files a motion to disqualify a Hearing Officer, the recusal and disqualification proceeding shall be conducted in accordance with paragraph (b) of TXSE Rule 8.006, except that:

(A) a motion seeking disqualification of a Hearing Officer must be filed no later than 5 calendar days after the announcement of the Hearing Panel; and

(B) the Exchange may file a brief in opposition to the Respondent's motion no later than 5 calendar days after service thereof.

(c) Hearing

(1) When Held. The hearing shall be held not later than 15 calendar days after service of the notice initiating the suspension proceeding, unless otherwise extended by the Chairman of the Hearing Panel with the consent of the parties for good cause shown. If a Hearing Officer is recused or disqualified, the hearing shall be held not later than five (5) calendar days after a replacement Hearing Officer is appointed.

(2) Service of Notice of Hearing. A notice of date, time and place of the hearing shall be served on the parties not later than seven (7) calendar days before the hearing, unless otherwise ordered by the Chairman of the Hearing Panel. Service shall be made by personal service or overnight commercial courier. The notice shall be effective upon service.

(3) Authority of Hearing Officers. A Hearing Officer shall have authority to do all things necessary and appropriate to discharge his or her duties as set forth under paragraph (d) of TXSE Rule 8.006.

(4) Witnesses. A person who is subject to the jurisdiction of the Exchange shall testify under oath or affirmation. The oath or affirmation shall be administered by a court reporter or a notary public.

(5) Additional Information. At any time during its consideration, the Hearing Panel may direct a party to submit additional information. Any additional information submitted shall be provided to all parties at least one (1) calendar day before the Hearing Panel renders its decision.

(6) Transcript. The hearing shall be recorded by a court reporter and a written transcript thereof shall be prepared. A transcript of the hearing shall be available to the parties for purchase from the court reporter at prescribed rates. A

witness may purchase a copy of the transcript of his or her own testimony from the court reporter at prescribed rates. Proposed corrections to the transcript may be submitted by affidavit to the Hearing Panel within a reasonable time determined by the Hearing Panel. Upon notice to all the parties to the proceeding, the Hearing Panel may order corrections to the transcript as requested or sua sponte.

(7) Record and Evidence Not Admitted. The record shall consist of the notice initiating the proceeding, the declaration and the proposed order described in subparagraph (a)(3) above; the transcript of the hearing; all evidence considered by the Hearing Panel; and any other document or item accepted into the record by the Hearing Panel. The Office of General Counsel shall be the custodian of the record. Proffered evidence that is not accepted into the record by the Hearing Panel shall be retained by the custodian of the record until the date when the Exchange's decision becomes final or, if applicable, upon the conclusion of any review by the Commission or the federal courts.

(8) Failure to Appear at Hearing. If a Respondent fails to appear at a hearing for which it has notice, the allegations in the notice and accompanying declaration may be deemed admitted, and the Hearing Panel may issue a suspension order without further proceedings. If the Exchange fails to appear at a hearing for which it has notice, the Hearing Panel may order that the suspension proceeding be dismissed.

(d) Issuance of Suspension Order by Hearing Panel

(1) Basis for Issuance. The Hearing Panel shall issue a written decision stating whether a suspension order shall be imposed. The Hearing Panel shall issue the decision not later than ten (10) calendar days after receipt of the hearing transcript, unless otherwise extended by the Chairman of the Hearing Panel with the consent of the parties for good cause shown. A suspension order shall be imposed if the Hearing Panel finds:

(A) by a preponderance of the evidence that the alleged violation specified in the notice has occurred; and

(B) that the violative conduct or continuation thereof is likely to result in significant market disruption or other significant harm to investors.

(2) Content, Scope, and Form of Order. A suspension order shall:

(A) be limited to: (i) ordering a Respondent to cease and desist from violating TXSE Rule 12.015 and/or (ii) ordering a Respondent to cease and desist from providing access to the Exchange to a client of Respondent that is causing violations of TXSE Rule 12.015;

(B) set forth the alleged violation and the significant market disruption or other significant harm to investors that is likely to result without the issuance of an order;

(C) describe in reasonable detail the act or acts the Respondent is to take or refrain from taking and to suspend the Respondent unless and until such action is taken or refrained from; and

(D) include the date and hour of its issuance.

(3) Duration of Order. A suspension order shall remain effective and enforceable unless modified, set aside, limited or revoked pursuant to paragraph (e) below.

(4) Service. The Hearing Panel's decision and any suspension order shall be served by personal service or overnight commercial courier. The suspension order shall be effective upon service.

(e) Review by Hearing Panel

At any time after the Respondent is served with a suspension order, a Party may apply to the Hearing Panel to have the order modified, set aside, limited or revoked. The application shall set forth with specificity the facts that support the request. The Hearing Panel shall respond to the request in writing within ten (10) calendar days after receipt of the request, unless otherwise extended by the Chairman of the Hearing Panel with the consent of the Parties for good cause shown. The Hearing Panel's response shall be served on the Respondent via personal service or overnight commercial courier. The filing of an application under this TXSE Rule shall not stay the effectiveness of the suspension order.

(f) Application to the Commission for Review

Sanctions imposed pursuant to this TXSE Rule constitute final and immediately effective disciplinary sanctions imposed by the Exchange. The right to have any action under this TXSE Rule reviewed by the Commission is governed by Section 19 of the Exchange Act. The filing of an application for review shall not stay the effectiveness of a suspension order unless the Commission otherwise orders.

Rule 8.018. Release of Disciplinary Complaints, Decisions and Other Information

(a) General Standards

(1) The Exchange shall release to the public a copy of, and at the Exchange's discretion information with respect to, any disciplinary complaint or disciplinary decision issued by the Exchange, as defined in paragraph (e) of this TXSE Rule. The Exchange shall, in response to a request, release to the requesting party a copy of any identified disciplinary complaint or disciplinary decision issued by the Exchange, as defined in paragraph (e) of this TXSE Rule.

(2) The Exchange shall release to the public a copy of, and at the Exchange's discretion information with respect to, any client suspension order issued by the Exchange pursuant to TXSE Rule 8.017.

(b) Release Specifications

(1) Copies of, and information with respect to, any disciplinary complaint released to the public pursuant to paragraph (a) of this TXSE Rule shall indicate that a disciplinary complaint represents the initiation of a formal proceeding by the Exchange in which findings as to the allegations in the complaint have not been made and does not represent a decision as to any of the allegations contained in the complaint.

(2) Copies of, and information with respect to, any disciplinary decision released to the public pursuant to paragraph (a) of this TXSE Rule prior to the expiration of the time period provided for an appeal or call for review as permitted under Exchange Rules or the Act, or while such an appeal or call for review is pending, shall indicate that the findings and sanctions imposed therein are subject to review and modification by the Exchange or the Commission.

(c) Discretion to Redact Certain Information or Waive Publication

(1) Notwithstanding paragraph (a) of this TXSE Rule, the Exchange reserves the right to redact, on a case-by-case basis, information that contains confidential customer information, including customer identities, or information that raises significant identity theft, personal safety or privacy concerns that are not outweighed by investor protection concerns.

(2) Notwithstanding paragraph (a) of this TXSE Rule, the Exchange may determine, in its discretion, to waive the requirement to release a copy of, or information with respect to, any disciplinary complaint or disciplinary decision under those extraordinary circumstances where the release of such information would violate fundamental notions of fairness or work an injustice.

(d) Notice of Appeals of Exchange Decisions to the Commission

The Exchange shall provide notice to the public if a disciplinary decision of the Exchange is appealed to the Commission and the notice shall state whether the effectiveness of the decision has been stayed pending the outcome of proceedings before the Commission.

(e) Definitions

(1) For the purpose of this TXSE Rule, the term "disciplinary complaint" shall mean any statement of charges issued pursuant to TXSE Rule 8.004 or any notice served pursuant to TXSE Rule 8.017.

(2) For the purpose of this TXSE Rule, the term “disciplinary decision” shall mean any decision issued pursuant to this Chapter, including decisions issued by a Hearing Panel or the Appeals Committee, accepted offers of settlement and suspension orders pursuant to TXSE Rule 8.017; provided, however, minor rule violation plan letters issued pursuant to TXSE Rules 8.015 are not subject to this TXSE Rule.

CHAPTER 9. ARBITRATION

Rule 9.001. Code of Arbitration

Every Member or associated person of a Member shall be subject to the 12000 and 13000 Series of FINRA's Manual, the Code of Arbitration Procedure for Customer and Industry Disputes, respectively ("FINRA Code of Arbitration"), as the same may be in effect from time to time, except as may be specified in this Chapter 9, for every claim, dispute or controversy arising out of or in connection with matters eligible for submission under TXSE Rule 9.002 ("Exchange arbitrations"). For purposes of Exchange arbitrations, defined terms used in this Chapter 9 and not otherwise defined herein shall have the same meaning as those prescribed in the FINRA Code of Arbitration and procedures contained in the FINRA Code of Arbitration shall have the same application as toward Exchange arbitrations. Members shall comply with any FINRA rules and interpretations thereof incorporated by reference as if such rules and interpretations were part of the Exchange's Rules.

Rule 9.002. Matters Eligible for Submission

The FINRA Code of Arbitration is prescribed and adopted for the arbitration of any dispute, claim or controversy arising out of or in connection with the business of any Member or arising out of the employment or termination of employment of associated person(s) with any Member:

(a) between or among Members;

(b) between or among Members and associated persons; and

(c) between or among Members or associated persons and public customers or others; except any type of dispute, claim or controversy that is not permitted to be arbitrated under the FINRA Code of Procedure.

Rule 9.003. Predispute Arbitration Agreements

The requirements of FINRA Rule 2268 shall apply to predispute arbitration agreements between Members and their customers as if such rule were part of the Exchange's Rules.

Rule 9.004. Referrals

If any matter comes to the attention of an arbitrator during and in connection with the arbitrator's participation in a proceeding, either from the record of the proceeding or from material or communications related to the proceeding, that the arbitrator has reason to believe may constitute a violation of the Exchange's Rules or the federal securities laws, the arbitrator may initiate a referral of the matter to the Exchange for disciplinary investigation; provided, however, that any such referral should only be initiated by an arbitrator after the matter before him has been settled or otherwise

disposed of, or after an award finally disposing of the matter has been rendered pursuant to Rule 12904 or 13904, as applicable, of the FINRA Code of Arbitration.

Rule 9.005. Failure to Act under Provisions of FINRA Code of Arbitration

(a) It may be deemed conduct inconsistent with just and equitable principles of trade and a violation of TXSE Rule 3.001 for a Member or a person associated with a Member to

(1) fail to submit a dispute for arbitration under the FINRA Code of Arbitration as required by the Code;

(2) fail to comply with any injunctive order issued pursuant to the FINRA Code of Arbitration;

(3) fail to appear or to produce any document in his or her or its possession or control as directed pursuant to provisions of the FINRA Code of Arbitration;

(4) fail to honor an award, or comply with a written and executed settlement agreement, obtained in connection with an arbitration submitted for disposition under the FINRA Code of Arbitration where timely motion has not been made to vacate or modify such award pursuant to applicable law; or

(5) fail to comply with a written and executed agreement obtained in connection with a mediation submitted for disposition pursuant to the FINRA Code of Mediation Procedure (“FINRA Code of Mediation”).

(b) Action by Members requiring associated persons to waive the arbitration of disputes contrary to the provisions of the FINRA Code of Arbitration shall constitute conduct that is inconsistent with just and equitable principles of trade and a violation of TXSE Rule 3.001.

Rule 9.006. Non-Waiver of Exchange’s Rights

The submission of any matter to arbitration or mediation under this Chapter shall in no way limit or preclude any right, action or determination by the Exchange which it would otherwise be authorized to adopt, administer or enforce.

Rule 9.007. Mediation

Members and associated persons of a Member may voluntarily agree to submit matters for mediation in accordance with the requirements of the 14000 Series of FINRA’s Manual, the FINRA Code of Mediation, as the same may be in effect from time to time (“Exchange mediations”). For purposes of Exchange mediations, defined terms used in this Chapter and not otherwise defined herein shall have the same meaning as those prescribed in the FINRA Code of Mediation, and procedures contained in the FINRA Code of Mediation shall have the same application as toward Exchange

mediations. Members shall comply with any FINRA rules and interpretations thereof incorporated by reference as if such rules and interpretations were part of the Exchange's Rules.

Rule 9.008. Regulatory Services Agreement with FINRA

Pursuant to TXSE Rule 13.007, the Exchange and FINRA are parties to a regulatory services agreement pursuant to which FINRA has agreed to perform certain functions described in this Chapter on behalf of the Exchange. Therefore, FINRA staff will perform the functions described in the FINRA Code of Arbitration and the FINRA Code of Mediation with regard to Exchange arbitrations and Exchange mediations, respectively, in the same manner as if they were FINRA arbitrations and FINRA mediations, respectively.

CHAPTER 10. ADVERSE ACTION

Rule 10.001. Scope of Chapter

This Chapter provides the procedure for persons who are or are about to be aggrieved by adverse action, including, but not limited to, those persons who have been denied membership in the Exchange, barred from becoming associated with a Member, or prohibited or limited with respect to Exchange services pursuant to the Exchange LLC Agreement or the Rules of the Exchange (other than disciplinary action for which review is provided in Chapter 8 and other than an arbitration award, from which there is no Exchange review), to apply for an opportunity to be heard and to have the complained of action reviewed.

Rule 10.002. Submission and Time Limitation on Application to Exchange

A person who is or will be aggrieved by any action of the Exchange within the scope of this Chapter and who desires to have an opportunity to be heard with respect to such action shall file a written application with the Exchange within 15 business days after being notified of such action. The application shall state the action complained of and the specific reasons why the applicant takes exception to such action and the relief sought. In addition, if the applicant intends to submit any additional documents, statements, arguments or other material in support of the application, the same should be so stated and identified.

Rule 10.003. Procedure Following Applications for Hearing

(a) Appeals Committee

Applications for hearing and reviewing shall be referred promptly by the Exchange to the Appeals Committee. A record of the proceedings shall be kept.

(b) Documents

The Appeals Committee will set a hearing date and shall be furnished with all materials relevant to the proceedings at least 72 hours prior to the date of the hearing. Each party shall have the right to inspect and copy the other party’s materials prior to the hearing. Hearings shall be held promptly, particularly in the case of a summary suspension pursuant to Chapter 7 of these TXSE Rules.

Rule 10.004. Hearing and Decision

(a) Participants

The parties to the hearing shall consist of the applicant and a representative of the Exchange who shall present the reasons for the action taken by the Exchange which allegedly aggrieved the applicant.

(b) Counsel

The applicant is entitled to be accompanied, represented and advised by counsel at all stages of the proceedings.

(c) Conduct of Hearing

The Appeals Committee shall determine all questions concerning the admissibility of evidence and shall otherwise regulate the conduct of the hearing. Each of the parties shall be permitted to make an opening statement, present witnesses and documentary evidence, cross-examine opposing witnesses and present closing arguments orally or in writing as determined by the panel. The Appeals Committee also shall have the right to question all parties and witnesses to the proceeding and a record shall be kept. The formal rules of evidence shall not apply.

(d) Decision

The decision of the Appeals Committee shall be made in writing and shall be sent to the parties to the proceeding. Such decisions shall contain the reasons supporting the conclusions of the panel.

Rule 10.005. Review

(a) Petition

The decision of the Appeals Committee shall be subject to review by the Board either on its own motion within 20 business days after issuance of the decision or upon written request submitted by the applicant below, or by the CRO of the Exchange, within 15 business days after issuance of the decision. Such petition shall be in writing and shall specify the findings and conclusions to which exceptions are taken together with the reasons for such exceptions. Any objection to a decision not specified by written exception shall be considered to have been abandoned and may be disregarded. Parties may petition to submit a written argument to the Board and may request an opportunity to make an oral argument before the Board. The Board shall have sole discretion to grant or deny either request.

(b) Conduct of Review

The review shall be conducted by the Board. The review shall be made upon the record and shall be made after such further proceedings, if any, as the Board may order. Based upon such record, the Board may affirm, reverse or modify, in whole or in part, the decision below. The decision of the Board shall be in writing, shall be sent to the parties to the proceeding and shall be final.

Rule 10.006. Miscellaneous Provisions

(a) Service of Notice

Any notices or other documents may be served upon the applicant either personally or by leaving the same at his place of business or by deposit in the United

States post office, postage prepaid, by registered or certified mail, addressed to the applicant at his last known business or residence address.

(b) Extension of Time Limits

Any time limits imposed under this Chapter for the submission of answers, petitions or other materials may be extended by permission of the Exchange. All papers and documents relating to review by the Appeals Committee or the Board must be submitted to the Exchange.

Rule 10.007. Agency Review

Actions taken by the Exchange under this Chapter shall be subject to the review and action of any appropriate regulatory agency under the Act.

CHAPTER 11. TRADING RULES

Rule 11.001. Hours of Trading and Trading Days

(a) Orders may be entered, canceled, modified or executed on the Exchange during the Pre-Market Session, the Market Session and the Post-Market Session. All orders are eligible for execution during the Market Session. Orders may be entered into the System during Exchange Operating Hours (from 8:00 a.m. until 5:00 p.m. Eastern Time).

(b) The Exchange will be open for the transaction of business on business days. The Exchange will not be open for business on the following holidays: New Year's Day, Dr. Martin Luther King Jr. Day, Presidents Day, Good Friday, Memorial Day, Juneteenth National Independence Day, Independence Day, Labor Day, Thanksgiving Day or Christmas. When any holiday observed by the Exchange falls on a Saturday, the Exchange will not be open for business on the preceding Friday. When any holiday observed by the Exchange falls on a Sunday, the Exchange will not be open for business on the following Monday, unless otherwise indicated by the Exchange.

(c) The Chief Executive Officer of the Exchange shall have the power to halt or suspend trading in any and all securities traded on the Exchange, to close some or all Exchange facilities and to determine the duration of any such halt, suspension or closing, when he deems such action necessary for the maintenance of fair and orderly markets, the protection of investors or otherwise in the public interest, including special circumstances such as (1) actual or threatened physical danger, severe climatic conditions, civil unrest, terrorism, acts of war or loss or interruption of facilities utilized by the Exchange, (2) a request by a governmental agency or official or (3) a period of mourning or recognition for a person or event. No such action shall continue longer than a period of two (2) calendar days, or as soon thereafter as a quorum of directors can be assembled, unless the Board approves the continuation of such suspension.

Rule 11.002. Securities Eligible for Trading

(a) The Exchange shall designate securities for trading. Any class of securities listed or admitted to unlisted trading privileges on the Exchange pursuant to Chapter 14 or Chapters 16 and 17 (relating to listed securities) of these TXSE Rules shall be eligible to become designated for trading on the Exchange. All securities designated for trading are eligible for odd-lot, round-lot and mixed-lot executions, unless otherwise indicated by the Exchange or limited pursuant to these TXSE Rules.

(b) Notwithstanding paragraph (a) above, the Exchange may determine not to designate for trading any security admitted to unlisted trading privileges on the Exchange pursuant to Chapter 14 of these TXSE Rules when that security's consolidated average daily trading volume is equal to or less than 2,500 shares during the preceding 90 calendar days.

(c) Any security not designated for trading by the Exchange pursuant to paragraph (b) of this TXSE Rule may be designated for trading by the Exchange if its

consolidated average daily trading volume exceeds 5,000 shares over any 90 calendar day period since the security was not designated for trading pursuant to paragraph (b) of this TXSE Rule. Nothing in this paragraph (c) shall limit the Exchange's ability to designate a security for trading pursuant to paragraph (a) of this TXSE Rule.

(d) The Exchange shall provide notice to Members at least one trading day in advance of any securities it is making unavailable for trading pursuant to paragraph (b) of this TXSE Rule, and any securities it is making available for trading under paragraph (c) of this TXSE Rule.

Rule 11.003. Access

(a) General. The System shall be available for entry and execution of orders by Users with authorized access. To obtain authorized access to the System, each User must enter into a user agreement with the Exchange in such form as the Exchange may provide ("User Agreement").

(b) Sponsored Participants. A Sponsored Participant may obtain authorized access to the System only if such access is authorized in advance by one or more Sponsoring Members as follows:

(1) Sponsored Participants must enter into and maintain customer agreements with one or more Sponsoring Members establishing proper relationship(s) and account(s) through which the Sponsored Participant may trade on the System. Such customer agreement(s) must incorporate the Sponsorship Provisions set forth in paragraph (2) below.

(2) For a Sponsored Participant to obtain and maintain authorized access to the System, a Sponsored Participant and its Sponsoring Member must agree in writing to the following Sponsorship Provisions:

(A) Sponsored Participant and its Sponsoring Member must have entered into and maintained a User Agreement with the Exchange.

(B) Sponsoring Member acknowledges and agrees that:

(i) All orders entered by the Sponsored Participants and any person acting on behalf of or in the name of such Sponsored Participant and any executions occurring as a result of such orders are binding in all respects on the Sponsoring Member and

(ii) Sponsoring Member is responsible for any and all actions taken by such Sponsored Participant and any person acting on behalf of or in the name of such Sponsored Participant.

(C) Sponsoring Member shall comply with the Exchange's Certificate of Formation, Exchange LLC Agreement, TXSE Rules and procedures and Sponsored Participant shall comply with the Exchange's

Certificate of Formation, Exchange LLC Agreement, TXSE Rules and procedures, as if Sponsored Participant were a Member.

(D) Sponsored Participant shall maintain, keep current and provide to the Sponsoring Member, and to the Exchange upon request, a list of Authorized Traders who may obtain access to the System on behalf of the Sponsored Participant. Sponsored Participant shall be subject to the obligations of TXSE Rule 11.004 with respect to such Authorized Traders.

(E) Sponsored Participant shall familiarize its Authorized Traders with all of the Sponsored Participant's obligations under this TXSE Rule and will assure that they receive appropriate training prior to any use or access to the System.

(F) Sponsored Participant may not permit anyone other than Authorized Traders to use or obtain access to the System.

(G) Sponsored Participant shall take reasonable security precautions to prevent unauthorized use or access to the System, including unauthorized entry of information into the System or the information and data made available therein. Sponsored Participant understands and agrees that Sponsored Participant is responsible for any and all orders, trades and other messages and instructions entered, transmitted or received under identifiers, passwords and security codes of Authorized Traders, and for the trading and other consequences thereof.

(H) Sponsored Participant acknowledges its responsibility to establish adequate procedures and controls that permit it to effectively monitor its employees', agents' and customers' use and access to the System for compliance with the terms of this agreement.

(I) Sponsored Participant shall pay when due all amounts, if any, payable to Sponsoring Member, the Exchange or any other third parties that arise from the Sponsored Participant's access to and use of the System. Such amounts include but are not limited to applicable exchange and regulatory fees.

(3) The Sponsoring Member must provide the Exchange with a written statement in form and substance acceptable to the Exchange identifying each Sponsored Participant by name and acknowledging the Sponsoring Member's responsibility for the orders, executions and actions of such Sponsored Participant.

Rule 11.004. Authorized Traders

(a) A Member shall maintain a list of ATs who may obtain access to the System on behalf of the Member or the Member's Sponsored Participants. The Member

shall update the list of ATs as necessary. Members must provide the list of ATs to the Exchange upon request.

(b) A Member must have reasonable procedures to ensure that all ATs comply with all Exchange Rules and all other procedures related to the System.

(c) A Member must suspend or withdraw a person's status as an AT if the Exchange has determined that the person has caused the Member to fail to comply with the Rules of the Exchange and the Exchange has directed the Member to suspend or withdraw the person's status as an AT.

(d) A Member must have reasonable procedures to ensure that the ATs maintain the physical security of the equipment for accessing the facilities of the Exchange to prevent the improper use or access to the systems, including unauthorized entry of information into the systems.

(e) To be eligible for registration as an AT of a Member a person must successfully complete the General Securities Representative Examination (Series 7), the Securities Trader Qualification Examination (Series 57) and any other training and/or certification programs as may be required by the Exchange. An individual required to register as either a General Securities Representative or a Securities Trader must also take and pass the SIE.

Rule 11.005. Input of Accurate Information

Members of the Exchange shall input accurate information into the System, including, but not limited to, whether the Member is acting in a principal, agent or riskless principal capacity for each order it enters. If such capacity is not inputted by the Member for each order it enters, the Member's order will be rejected back by the Exchange.

Rule 11.006. Definitions

For purposes of this Chapter, the following definitions shall apply:

(a) Cancel Back. An instruction the User may attach to an order instructing the System to immediately cancel the order when, if displayed by the System on the TXSE Book at the time of entry, it would create a violation of Rule 610(e) of Regulation NMS or Rule 201 of Regulation SHO, or the order cannot otherwise be executed or posted by the System to the TXSE Book at its limit price.

(b) Crossing Quotation. The display of a bid (offer) for an NMS stock at a price that is higher (lower) than the price of an offer (bid) for such NMS stock previously disseminated pursuant to an effective national market system plan in violation of Rule 610(e) of Regulation NMS. Pursuant to TXSE Rule 13.004(a), the Exchange will use certain data feeds for the handling and execution of orders.

(c) Display Options

(1) Displayed. An instruction the User may attach to an order stating that the order is to be displayed by the System on the TXSE Book.

(2) Non-Displayed. An instruction the User may attach to an order stating that the order is not to be displayed by the System on the TXSE Book.

(d) Locking Price. The price at which an order to buy (sell), that if displayed by the System on the TXSE Book, upon entry into the System would be a Locking Quotation. Pursuant to TXSE Rule 13.004(a), the Exchange will use certain data feeds for the handling and execution of orders.

(e) Locking Quotation. The display of a bid for an NMS stock at a price that equals the price of an offer for such NMS stock previously disseminated pursuant to an effective national market system plan, or the display of an offer for an NMS stock at a price that equals the price of a bid for such NMS stock previously disseminated pursuant to an effective national market system plan in violation of Rule 610(e) of Regulation NMS.

(f) Minimum Execution Quantity. An instruction a User may attach to an order with a Time-in-Force instruction of Immediate-or-Cancel requiring the System to execute the order only to the extent that a minimum quantity can be satisfied. An order with the Minimum Execution Quantity instruction will execute upon entry against all orders (up to the applicable limit price) resting on the TXSE Book, which may be multiple orders at multiple price levels that aggregate to the minimum execution condition. If, upon entry, orders on the TXSE Book do not satisfy the minimum quantity condition, the order with the Minimum Execution Quantity instruction will be cancelled in accordance with the terms of the order. An order with a Minimum Execution Quantity instruction may be partially executed so long as the execution size of the individual order or aggregate size of multiple orders, as applicable, is equal to or exceeds the quantity provided in the instruction. Any shares remaining after a partial execution will continue to be executed at a size that is equal to or exceeds the quantity provided in the instruction.

(g) Minimum Price Variation. Displayed bids, offers or orders in securities traded on the Exchange shall not be made in an increment smaller than: (i) $0.01 if those bids, offers or orders are priced equal to or greater than $1.00 per share; or (ii) $0.0001 if those bids, offers or orders are priced less than $1.00 per share; or (iii) any other increment established by the Commission for any security which has been granted an exemption from the minimum price increments requirements of Rule 612(a) or 612(b) of Regulation NMS.[1]

(h) Pegged Order. An order that automatically re-prices in response to changes in the NBBO, as further described in TXSE Rule 11.007(c). A User entering a

[1] This Rule will be updated to conform to the SEC's Regulation NMS: Minimum Pricing Increments, Access Fees, and Transparency of Better Priced Orders rulemaking (SEC Release No. 34-101070) if and when those amendments go into effect, currently scheduled for November 3, 2025.

Pegged Order can specify that the order's price will peg to the NBB or NBO, the midpoint of the NBBO or to the opposing bid or offer, as described below.

(1) Primary Peg. An order with instructions to peg to the NBB, for a buy order, or the NBO, for a sell order. A User submitting a Pegged Order with a Primary Peg instruction may, but is not required to, include a limit price on such order.

(2) Midpoint Peg. A Pegged Order with an instruction to peg to the midpoint of the NBBO. A User submitting a Pegged Order with a Midpoint Peg instruction may, but is not required to, include a limit price on such order. A Pegged Order with a Midpoint Peg instruction and a limit price that is more aggressive than the midpoint of the NBBO will execute at the midpoint of the NBBO or better subject to its limit price. A Pegged Order with a Midpoint Peg instruction may execute at its limit price or better when its limit price is less aggressive than the midpoint of the NBBO. A Pegged Order with a Midpoint Peg instruction will be ranked at the midpoint of the NBBO where its limit price is equal to or more aggressive than the midpoint of the NBBO. In such case, pursuant to TXSE Rule 11.008, all Pegged Orders that are ranked at the midpoint of the NBBO will retain their priority as compared to each other based upon the time such orders were initially received by the System. A Pegged Order with a Midpoint Peg instruction will be ranked at its limit price where its limit price is less aggressive than the midpoint of the NBBO.

(3) Market Peg. An order with instructions to peg to the NBO, for a buy order, or the NBB, for a sell order. A User submitting a Pegged Order with a Market Peg instruction may, but is not required to, include a limit price on such order.

(i) Permitted Price. The price at which a sell order will be displayed at one Minimum Price Variation above the NBB.

(j) Re-Pricing.

(1) Re-Pricing Instructions to Comply with Rule 610(e) of Regulation NMS

(A) Display-Price Sliding.

(i) An order instruction requiring that where an order would be a Locking Quotation or Crossing Quotation of an external market if displayed by the System on the TXSE Book at the time of entry, will be ranked at the Locking Price in the TXSE Book and displayed by the System at one Minimum Price Variation lower (higher) than the Locking Price for orders to buy (sell). A User may elect to have the System only apply the Display-Price Sliding instruction to the extent a display-eligible order at the time of entry would be a Locking Quotation. For Users that select this portion of

the Display-Price Sliding instruction, any order will be cancelled if, upon entry, such order would be a Crossing Quotation of an external market.

(ii) An order subject to the Display-Price Sliding instruction will retain its original limit price irrespective of the prices at which such order is ranked and displayed. In the event the NBBO changes such that an order subject to the Display-Price Sliding instruction would not be a Locking Quotation or Crossing Quotation, the order will receive a new timestamp, and will be displayed at the most aggressive permissible price. All orders that are re-ranked and re-displayed pursuant to the Display-Price Sliding instruction will retain their priority as compared to other orders subject to the Display-Price Sliding instruction based upon the time such orders were initially received by the Exchange. Following the initial ranking and display of an order subject to the Display-Price Sliding instruction, an order will only be re-ranked and re-displayed to the extent it achieves a more aggressive price, provided, however, that (x) the Exchange will re-rank an order at the same price as the displayed price in the event such order's displayed price would be a Locking Quotation or Crossing Quotation, which event will not result in a change in priority for the order at its displayed price and (y) when an away Trading Center publishes a Protected Quotation that locks or crosses the displayed price of a resting Limit Order of Odd Lot size with a multiple price sliding instruction (as described in sub-paragraph (iii) below) and the Exchange does not have a Protected Quotation displayed at such price, the resting Limit Order will be ranked at the Locking Price in the TXSE Book and displayed by the System at one Minimum Price Variation lower (higher) than the Locking Price for orders to buy (sell).

(iii) The ranked and displayed prices of an order subject to the Display-Price Sliding instruction may be adjusted once or multiple times depending upon the instructions of a User and changes to the prevailing NBBO. A User that submits an order with a Display-Price Sliding instruction must select either single or multiple price sliding. The Exchange's single price sliding process will only adjust the ranked and displayed prices of an order upon entry and then the displayed price one time following a change to the prevailing NBBO, provided, however, that if such an order's displayed price becomes a Locking Quotation or Crossing Quotation then the Exchange will adjust the ranked price of such order and it will not be further re-ranked or redisplayed at any other price. Orders subject to the Exchange's multiple price sliding process will be further re-ranked and re-displayed as permissible based on changes to the prevailing NBBO.

(iv) Any display-eligible order with a Post Only instruction that would be a Locking Quotation or Crossing Quotation of the Exchange upon entry will be executed as set forth in TXSE Rule 11.006(l)(2) or cancelled. In the event the NBBO changes such that an order with a Post Only instruction subject to Display-Price Sliding instruction would be ranked at a price at which it could remove displayed liquidity from the TXSE Book, the order will be executed as set forth in TXSE Rule 11.006(l)(2) or cancelled.

(v) An order with a Post Only instruction will be permitted to post and be displayed opposite the ranked price of orders subject to Display-Price Sliding instruction. In the event an order subject to the Display-Price Sliding instruction is ranked on the TXSE Book with a price equal to an opposite side order displayed by the Exchange, it will be subject to processing as set forth in TXSE Rule 11.009(a)(4).

(2) Re-Pricing Instructions to Comply with Rule 201 of Regulation SHO.

(A) An order to sell with a Short Sale instruction that, at the time of entry, could not be executed or displayed in compliance with Rule 201 of Regulation SHO will be re-priced by the System at the Permitted Price. A User that submits an order with a short sale re-pricing instruction must select either single or multiple price sliding. The Exchange's single price sliding process will only re-price an order upon entry. To reflect declines in the NBB, the Exchange's multiple price sliding process will continue to re-price and re-display a short sale order at the Permitted Price down to the order's limit price. In the event the NBB changes such that the price of an order of Odd Lot size or with a Non-Displayed instruction subject to Rule 201 of Regulation SHO would be a Locking Quotation or Crossing Quotation, the order will be cancelled.

(B) When a Short Sale Circuit Breaker (as described in Rule 201 of Regulation SHO) is in effect, the System may execute a sell order with a Displayed and Short Sale instruction at the price of the NBB if, at the time of initial display of the sell order with a Short Sale instruction, the order was at a price above the then current NBB.

(C) Orders with a Short Exempt instruction will not be subject to repricing under this section.

(D) If an order is subject to a Display-Price Sliding instruction and also contains a Short Sale instruction when a Short Sale Circuit Breaker is in effect, the re-pricing instructions to comply with Rule 201 of Regulation SHO under this TXSE Rule will apply.

(k) Reserve Quantity. The portion of an order that includes a Non-Displayed instruction in which a portion of that order is also displayed on the TXSE Book. Both the portion of the order with a Displayed instruction and the Reserve Quantity are available for execution against incoming orders.

(1) Replenishment Amounts. If the portion of the order with a Displayed instruction is reduced to less than a Round Lot (as defined below), the System will, in accordance with the User's instruction, replenish the displayed quantity from the Reserve Quantity using one of the below replenishment instructions. Under either instruction below, any order with a Reserve Quantity will be handled as a new order by the System and a new order identification number will be created each time a displayed quantity is replenished. The Exchange will obfuscate the unique order identification number on its data feeds for replenishment of an order with Reserve Quantity. If the remainder of an order is less than the replenishment amount, the Exchange will replenish and display the entire remainder of the order. A User must instruct the Exchange as to the quantity of the order to be initially displayed by the System ("Max Floor") when entering an order with a Reserve Quantity, which is also used to determine the replenishment amount, as set forth below.

(A) Random Replenishment. An instruction a User may attach to the Reserve Quantity of an order where replenishment quantities for the order are randomly determined by the System in Round Lot increments only within a replenishment range established by the User. In particular, the User entering an order into the System subject to the Random Replenishment instruction must select a replenishment value and Max Floor. The actual quantity that will be initially displayed will be the Max Floor. The displayed replenishment quantities will then be determined by the System by randomly selecting a number of shares within a replenishment range that is between: (i) the Max Floor minus the replenishment value; and (ii) the Max Floor plus the replenishment value. A User entering an order into the System subject to the Random Replenishment instruction must either select immediate replenishment or to have the time interval of such replenishment randomly set by the Exchange. If a User has selected a random time interval, the System will randomly replenish the User's displayed replenishment quantity at different time intervals ranging up to one (1) millisecond following each execution that triggers replenishment. The non-displayed portion of an order subject to Random Replenishment will remain fully executable prior to the replenishment of a User's displayed quantity.

(B) Fixed Replenishment. For an order for which the Random Replenishment instruction has not been selected, the System will replenish the displayed quantity of the order to the Max Floor designated by the User.

(l) Posting Instructions

(1) Book Only. An order instruction stating that an order will be matched against an order on the TXSE Book or posted to the TXSE Book.

(2) Post Only. An instruction that may be attached to an order that is to be ranked and executed on the Exchange pursuant to TXSE Rule 11.008 and TXSE Rule 11.009(a)(4) or cancelled, as appropriate, without routing away to another trading center except that the order will not remove liquidity from the TXSE Book, except as described below. An order with a Post Only instruction and a Display-Price Sliding instruction will remove contra-side liquidity from the TXSE Book if the order is an order to buy or sell a security priced below $1.00 or if the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the TXSE Book and subsequently provided liquidity, including the applicable fees charged or rebates provided. To determine at the time of a potential execution whether the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the TXSE Book and subsequently provided liquidity, the Exchange will use the highest possible rebate paid and highest possible fee charged for such executions on the Exchange.[2]

(m) Short Sale. An instruction on an order which shall have the same meaning as defined in Rule 200(a) of Regulation SHO.

(n) Short Exempt. An instruction on an order with a Short Sale instruction that satisfies the requirements set forth in Rule 201 of Regulation SHO.

(o) Time-in-Force ("TIF").

(1) Immediate-or-Cancel ("IOC"). An instruction the User may attach to an order stating the order is to be executed in whole or in part as soon as such order is received. The portion not executed immediately on the Exchange is treated as cancelled and is not posted to the TXSE Book.

(2) Day. An instruction the User may attach to an order stating that an order to buy or sell is designated for execution starting with the Pre-Market Session and, if not executed, expires at the end of Regular Trading Hours. Any Day order entered into the System before the opening for business on the Exchange as determined pursuant to TXSE Rule 11.001 or after the closing of Regular Trading Hours will be rejected.

(3) Reserved.

(4) Good-'til Time ("GTT"). An instruction the User may attach to an order specifying the time of day at which the order expires, which is designated

[2] This Rule will be updated to conform to the SEC's Regulation NMS: Minimum Pricing Increments, Access Fees, and Transparency of Better Priced Orders rulemaking (SEC Release No. 34-101070) if and when those amendments go into effect, currently scheduled for November 3, 2025.

for execution starting with the Pre-Market Session. Any unexecuted portion of an order with a TIF instruction of GTT will be cancelled at the expiration of the User's specified time, which can be no later than the close of the Post-Market Session.

(5) Regular Hours Only ("RHO"). An instruction a User may attach to an order stating that an order to buy or sell is designated for execution only during Regular Trading Hours which includes the Opening Auction, the Closing Auction and IPO/Halt Auctions for TXSE-Listed securities and the Opening Process for non-TXSE-Listed securities (as such terms are defined in TXSE Rules 11.022 and 11.023) and, if not executed, expires at the end of Regular Trading Hours. Any order with a TIF instruction of RHO entered into the System after the closing of Regular Trading Hours will be rejected. Any portion of a market RHO order will be cancelled immediately following any auction in which it is not executed.

(6) System ("SYS"). An instruction a User may attach to an order stating that an order to buy or sell is designated for execution starting with the Pre-Market Session and, if not executed, expires at the end of the Post-Market Session. Any order with a TIF instruction of SYS entered into the System before the opening for business or after the closing for business on the Exchange as determined pursuant to TXSE Rule 11.001 will be rejected.

(p) Trading Center. Other securities exchanges, facilities of securities exchanges, automated trading systems, electronic communications networks or other brokers or dealers.

(q) Units of Trading.

(1) Round Lot. One hundred (100) shares or any multiple thereof shall constitute a Round Lot, unless an alternative number of shares is established as a Round Lot by the listing exchange for the security. Orders that are a Round Lot are eligible to be Protected Quotations.[3]

(2) Odd Lot. Any amount less than a Round Lot. Orders of Odd Lot size are only eligible to be Protected Quotations if aggregated to form a Round Lot.

(3) Mixed Lot. Any amount greater than a Round Lot that is not an integer multiple of a Round Lot shall constitute a Mixed Lot. Odd Lot portions of orders of Mixed Lot size are only eligible to be Protected Quotations if aggregated to form a Round Lot.

[3] This Rule will be updated to conform to the SEC's Regulation NMS: Minimum Pricing Increments, Access Fees, and Transparency of Better Priced Orders rulemaking (SEC Release No. 34-101070) if and when those amendments go into effect, currently scheduled for November 3, 2025.

Rule 11.007. Order Types and Modifiers

Users may enter into the System the types of orders listed in this TXSE Rule 11.007, subject to the limitations set forth in this TXSE Rule or elsewhere in these TXSE Rules. Any order that is submitted to the System for execution will be a Book Only Order. By default, orders are limited to a maximum of 1,000,000 shares or $30,000,000.00.

(a) Market Order. An order to buy or sell a stated amount of a security that is to be executed at the NBBO or better when the order reaches the Exchange.

(1) Time-In-Force. A Market Order must have one of the following TIF instructions: Day, SYS, IOC or RHO.

(2) Size. Market Orders may be an Odd Lot, Round Lot or Mixed Lot. A User may attach a Minimum Execution Quantity instruction to a Market Order with a TIF instruction of IOC.

(3) Display. A Market Order is not eligible to be displayed on the TXSE Book and, except as provided in Rule 11.007(c) below related to Pegged Orders, will be cancelled if not executed by the System.

(4) Session. A Market Order is only eligible for execution by the System during the Market Session.

(5) Reserved.

(6) Execution. A Market Order shall not trade through a Protected Quotation. A Market Order will be cancelled if, when reaching the Exchange, it cannot be executed on the System in accordance with TXSE Rule 11.009. Any portion of a Market Order that would execute at a price more than $0.50 or 5 percent worse than the NBBO at the time the order initially reaches the Exchange, whichever is greater, will be cancelled.

(7) No Available NBBO. A Market Order received by the System when the NBBO is not available will be rejected or cancelled back to the entering User.

(b) Limit Order. An order to buy or sell a stated amount of a security at a specified price or better. A “marketable” Limit Order is a Limit Order to buy (sell) at or above (below) the lowest (highest) Protected Offer (Protected Bid) for the security.

(1) Time-in-Force. A Limit Order must have one of the following TIF instructions: IOC, Day, SYS, RHO or GTT.

(2) Size. A Limit Order may be an Odd Lot, Round Lot or Mixed Lot. A User may include a Minimum Execution Quantity instruction for a Limit Order with a TIF of IOC.

(3) Display. A Limit Order may include a Displayed instruction or a Non-Displayed instruction.

(4) Reserve. A Limit Order with a Displayed instruction may include a Reserve Quantity, which will not be displayed by the System. A Limit Order with both a Displayed instruction and Reserve Quantity must include a replenishment instruction and a replenishment amount.

(5) Intermarket Sweep Order ("ISO"). The System will accept ISOs (as such term is defined in Regulation NMS). To be eligible for treatment as an ISO, the order must be: (i) a Limit Order; (ii) marked "ISO"; and (iii) the User entering the order must simultaneously route one or more additional Limit Orders marked "ISO," if necessary, to away Trading Centers to execute against the full displayed size of any Protected Quotation for the security with a price that is superior to the limit price of the ISO entered in the System. Such orders, if they meet the requirements of the foregoing sentence, may be executed at one or multiple price levels in the System without regard to Protected Quotations at away Trading Centers consistent with Regulation NMS (i.e., may trade through such quotations).

The Exchange relies on the marking of an order as an ISO when handling such order and thus it is the entering Member's responsibility, not the Exchange's responsibility, to comply with the requirements of Regulation NMS relating to ISOs. Incoming ISOs must have a TIF instruction of Day, SYS, GTT or IOC. Incoming ISOs cannot include a TIF instruction of RHO. Any unfilled portion of an incoming ISO with a GTT, SYS or Day instruction will be posted by the System to the TXSE Book at the entered limit price. An incoming ISO with a Post Only and TIF instruction of GTT, SYS or Day will be cancelled without execution if, when entered, it is immediately marketable against an order with a Displayed instruction resting in the TXSE Book unless such order removes liquidity pursuant to TXSE Rule 11.006(l)(2). A User entering an incoming ISO with TIF instruction of Day or SYS represents that such User has simultaneously routed one or more additional Limit Orders marked "ISO," if necessary, to away Trading Centers to execute against the full displayed size of any Protected Quotation for the security with a price that is superior or equal to the limit price of the ISO entered in the System. Incoming ISOs may be an Odd Lot, Round Lot or Mixed Lot. A User may include a Minimum Execution Quantity instruction for an incoming ISO with an IOC instruction.

(6) Session. A Limit Order can be eligible for execution during the Pre-Market Session, Market Session and the Post-Market Session.

(7) Posting. A Limit Order may include a Post Only or Book Only instruction.

(8) Locked or Crossed Market. To the extent an incoming Limit Order with a Non-Displayed instruction would be a Crossing Quotation if displayed at its limit price, such order will execute against interest in the TXSE Book at prices up

to and including the Locking Price and any remaining balance of the incoming order will then be cancelled by the System. A resting Limit Order with a Non-Displayed instruction that would be a Crossing Quotation if displayed at the price at which it is ranked will be cancelled by the System. When an away Trading Center publishes a Protected Quotation that locks or crosses the displayed price of a resting Limit Order of Odd Lot size with a Displayed instruction and the Exchange does not have a Protected Quotation displayed at such price, such order will be cancelled by the System unless such order contains a multiple price sliding instruction, in which case such order will be re-priced pursuant to TXSE Rule 11.006(j)(1)(A).

The following functionality described in paragraphs (9) – (10) below is available for Limit Orders that are posted to the TXSE Book.

(9) Re-Pricing Instructions to Comply with Rule 610 of Regulation NMS. A Limit Order may include a Display-Price Sliding instruction or a Cancel Back instruction. A Limit Order to buy (sell) with a limit price that would be a Crossing Quotation at the time of entry into the System will not execute at a price that is higher (lower) than the Locking Price. An incoming ISO that includes a Post Only and TIF instruction of GTT, SYS or Day may be displayed at prices equal to or more aggressive than the Locking Price. However, the System will immediately Cancel Back an ISO that includes a Post Only and TIF instruction of GTT, SYS or Day if the System is displaying orders on the TXSE Book at the Locking Price at the time of the ISO's entry in the System unless such order removes liquidity pursuant to TXSE Rule 11.006(l)(2).

(10) Re-Pricing Instructions to Comply with Rule 201 of Regulation SHO. A Limit Order that includes a Short Sale instruction that is not marked Short Exempt and that cannot be executed in the System or displayed by the System on the TXSE Book at its limit price because a Short Sale Circuit Breaker is in effect will be subject to the Re-Pricing Instructions to Comply with Rule 201 of Regulation SHO if the order includes a Display-Price Sliding instruction or will be subject to the Cancel Back instruction. The System will immediately Cancel Back an incoming ISO combined with a TIF instruction of GTT, SYS or Day and a Short Sale instruction that does not include a Short Exempt instruction and that cannot be executed or displayed at its limit price at the time of entry into the System because of the existence of a Short Sale Circuit Breaker.

(c) Pegged Order. A User may indicate to peg an order to a reference price, including an instruction of Primary Peg (the NBB for buy orders and NBO for sell orders), an instruction of Midpoint Peg (the midpoint of the NBBO) or an instruction of Market Peg (the NBO for buy orders and NBB for sell orders). The System's calculation of the NBBO does not take into account any Pegged Orders that are resting on the TXSE Book.

(1) Time-in-Force. A Pegged Order may contain the following TIF instructions: Day, SYS, IOC, RHO or GTT.

(2) Size. Pegged Orders may be entered as an Odd Lot, Round Lot or Mixed Lot.

(3) Display. Pegged Orders are not eligible to include a Displayed instruction.

(4) Session. Pegged Orders may be executed during the Pre-Market Session, the Market Session and the Post-Market Session.

(5) Posting. A Pegged Order may include a Book Only or Post Only instruction.

(6) Locked or Crossed Market. To the extent an incoming Pegged Order would be a Crossing Quotation if displayed at the price at which it would be ranked in the TXSE Book, such order will execute against interest in the TXSE Book at prices up to and including the Locking Price and will then be cancelled by the System. A Pegged Order resting on the TXSE Book is not eligible for execution when a Locking or Crossing Quotation exists. In such cases, a Pegged Order would rest on the TXSE Book and would not be eligible for execution in the System until a Locking Quotation or Crossing Quotation no longer exists.

(7) No Available NBBO. A Pegged Order received by the System when the NBBO is not available will be rejected or cancelled back to the entering User. A Pegged Order resting on the TXSE Book will be cancelled back to the User when the NBB or NBO that the order is pegged to is no longer available.

(d) Match Trade Prevention ("MTP") Modifiers. Any incoming order designated with an MTP modifier will be prevented from executing against a resting opposite side order also designated with an MTP modifier and originating from the same MPID, Exchange Member identifiers, trading group identifier, Exchange Sponsored Participant identifier, affiliate identifier or Multiple Access identifier (any such identifier, a "Unique Identifier"). The affiliate identifier is available to Users that demonstrate affiliation by: (i) greater than 50% ownership identified on a User's Form BD; and (ii) execution of an affidavit stating that a control relationship exists between Users. Subject to the exception contained in paragraph (3) below, the MTP modifier on the incoming order controls the interaction between two (2) orders marked with MTP modifiers. The Multiple Access identifier is available to Users that demonstrate: (i) the User maintains a Membership on the Exchange through which it directly submits orders to the System; and (ii) the User also operates as a Sponsored Participant and submits orders to the System through Sponsored Access.

(1) MTP Cancel Newest ("MCN"). An incoming order marked with the "MCN" modifier will not execute against opposite side resting interest marked with any MTP modifier originating from the same Unique Identifier. The incoming order marked with the MCN modifier will be cancelled back to the originating

User(s). The resting order marked with an MTP modifier will remain on the TXSE Book.

(2) MTP Cancel Oldest ("MCO"). An incoming order marked with the "MCO" modifier will not execute against opposite side resting interest marked with any MTP modifier originating from the same Unique Identifier. The resting order marked with the MTP modifier will be cancelled back to the originating User(s). The incoming order marked with the MCO modifier will remain on the TXSE Book.

(3) MTP Decrement and Cancel ("MDC"). An incoming order marked with the "MDC" modifier will not execute against opposite side resting interest marked with any MTP modifier originating from the same Unique Identifier. If both orders are equivalent in size, both orders will be cancelled back to the originating User(s). If the orders are not equivalent in size, the equivalent size will be cancelled back to the originating User(s) and the larger order will be decremented by the size of the smaller order, with the balance remaining on the TXSE Book. Notwithstanding the foregoing, unless a User instructs the Exchange not to do so, both orders will be cancelled back to the originating User(s) if the resting order is marked with any MTP modifier other than MDC and the incoming order is smaller in size than the resting order.

(4) MTP Cancel Both ("MCB"). An incoming order marked with the "MCB" modifier will not execute against opposite side resting interest marked with any MTP modifier originating from the same Unique Identifier. The entire size of both orders will be cancelled back to the originating User(s).

(5) MTP Cancel Smallest ("MCS"). An incoming order marked with the "MCS" modifier will not execute against opposite side resting interest marked with any MTP modifier originating from the same Unique Identifier. If both orders are equivalent in size, both orders will be cancelled back to the originating User(s). If the orders are not equivalent in size, the smaller of the two (2) orders will be cancelled back to the originating User and the larger order will remain on the book.

(e) Market Maker Peg Order. A limit order that, upon entry or at the beginning of Regular Trading Hours, as applicable, the bid or offer is automatically priced by the System at the Designated Percentage (as defined in TXSE Rule 11.018) away from the then current NBB and NBO, or if no NBB or NBO, at the Designated Percentage away from the last reported sale from the responsible single plan processor in order to comply with the quotation requirements for Market Makers set forth in TXSE Rule 11.018(d). Users may submit Market Maker Peg Orders to the Exchange starting at the beginning of the Pre-Market Session, but the order will not be executable or automatically priced until the beginning of Regular Trading Hours and will expire at the end of Regular Trading Hours. Upon reaching the Defined Limit (as defined in TXSE Rule 11.018), the price of a Market Maker Peg Order bid or offer will be adjusted by the System to the Designated Percentage away from the then current NBB and NBO, or, if no NBB or

NBO, the order will, by default, be the Designated Percentage away from the last reported sale from the responsible single plan processor. If a Market Maker Peg Order bid or offer moves a specified number of percentage points away from the Designated Percentage towards the then current NBB or NBO, which number of percentage points will be determined and published in a circular distributed to Members from time to time, the price of such bid or offer will be adjusted to the Designated Percentage away from the then current NBB and NBO. If no NBB or NBO, the order will be adjusted to the Designated Percentage away from the last reported sale from the responsible single plan processor. If, after entry, the Market Maker Peg Order is priced based on the last reported sale from the single plan processor and such Market Maker Peg Order is established as the NBB or NBO, the Market Maker Peg Order will not be subsequently adjusted in accordance with this rule until either there is a new consolidated last sale or a new NBB or NBO is established by a national securities exchange. Market Maker Peg Orders are always displayed on the Exchange. Notwithstanding the availability of Market Maker Peg Order functionality, a Market Maker remains responsible for entering, monitoring, and re-submitting, as applicable, quotations that meet the requirements of TXSE Rule 11.018(d). A new timestamp is created for the order each time that it is automatically adjusted. For purposes of this paragraph, the Exchange will apply the Designated Percentage and Defined Limit as set forth in TXSE Rule 11.018, subject to the following exceptions. For all NMS stocks with a price less than $1 per share that are not included in the S&P 500® Index, Russell 1000® Index and a pilot list of Exchange Traded Products, the Exchange will use the Designated Percentage and Defined Limit applicable to NMS stocks equal to or greater than $1 per share that are not included in the S&P 500® Index, Russell 1000® Index and a pilot list of Exchange Traded Products. Market Maker Peg Orders may only be entered by a registered Market Maker. Market Maker Peg Orders will expire at the end of Regular Trading Hours.

Rule 11.008. Priority of Orders

(a) Ranking. Orders of Users shall be ranked and maintained in the TXSE Book based on the following priority:

(1) Price. The highest-priced order to buy (lowest-priced order to sell) shall have priority over all other orders to buy (sell) in all cases.

(2) Time. Subject to the execution process described in TXSE Rule 11.009(a), the following priority rules shall apply:

(A) Where orders to buy (sell) are entered into the System at the same price, the order clearly established as the first entered into the System at such particular price shall have precedence at that price, up to the number of shares of stock specified in the order. Except as provided in paragraph (B) below, the System shall rank equally priced trading interest within the System in time priority in the following order:

(i) The portion of a Limit Order with a Displayed instruction (including Market Maker Peg Orders);

(ii) Limit Orders with a Non-Displayed instruction (including the Reserve Quantity of Limit Orders); and

(iii) Orders with a Peg instruction (i.e., Midpoint Peg, Market Peg and Primary Peg, and excluding Market Maker Peg Orders), ranked in priority based upon the time such orders were initially received by the System.

(B) Where buy (sell) orders are using instructions that cause them to be re-ranked by the System upon clearance of a Locking Quotation, the System shall re-rank and display such orders at the Locking Price in time priority in the following order:

(i) Limit Orders to which the ISO instruction has been applied that also contain a TIF instruction of Day, SYS or GTT when such orders establish a new NBBO at the Locked Price; and

(ii) Limit Orders to which the Display-Price Sliding instruction has been applied.

(C) For purposes of paragraph (A) above, orders re-ranked subject to the Re-Pricing Instructions to Comply with Rule 201 of Regulation SHO under TXSE Rule 11.006(j)(2), maintain the same priority as Limit Orders at that price.

(3) MTP Modifiers. Pursuant to TXSE Rule 11.007(d), Users may direct that orders entered into the System not execute against orders entered under the same Unique Identifier. In such a case, the System will not permit such orders to execute against one another, regardless of priority ranking.

(4) Cancel/Replace. In the event an order has been cancelled or replaced in accordance with TXSE Rule 11.009(e) below, such order only retains time priority if such modification involves a decrease in the size of the order, a change to Max Floor of an order with a Reserve Quantity, the sell long indicator or Short Sale instruction. Any other modification to an order, including an increase in the size of the order and/or price change, will result in such order losing time priority as compared to other orders in the TXSE Book and the timestamp for such order being revised to reflect the time of the modification.

(5) In the event that an order is executed against an incoming order in accordance with TXSE Rule 11.009 for less than its full size, the unexecuted size of the order shall retain its original time priority and be ranked in accordance with paragraphs (1) and (2) above, even if that order is no longer displayed because it is no longer a Round Lot.

(6) Replenishment from Reserve Quantity. The displayed quantity of a Limit Order shall have time priority as of the time of display. A new timestamp is

created for the displayed portion and Reserve Quantity of the order each time it is replenished from the Reserve Quantity.

(b) Dissemination.

(1) The best-ranked order(s) to buy and the best-ranked order(s) to sell that are displayable in the TXSE Book and the aggregate displayed size of such orders associated with such prices shall be collected and made available to quotation vendors for dissemination pursuant to the requirements of Rule 602 of Regulation NMS.

(2) Pursuant to Rule 602 of Regulation NMS, the Exchange will transmit for display to the appropriate securities information processor for each security:

(A) the highest price to buy wherein the aggregate size of all displayed buy interest in the System greater than or equal to that price is one Round Lot or greater;

(B) the aggregate size of all displayed buy interest in the System greater than or equal to the price in (A), rounded down to the nearest Round Lot;

(C) the lowest price to sell wherein the aggregate size of all displayed sell interest in the System less than or equal to that price is one Round Lot or greater; and

(D) the aggregate size of all displayed sell interest in the System less than or equal to the price in (C), rounded down to the nearest Round Lot.

Rule 11.009. Order Execution

(a) Execution. Subject to the restrictions under these Exchange Rules or the Act and the rules and regulations thereunder, orders shall be matched for execution in accordance with this TXSE Rule 11.009. For purposes of this TXSE Rule 11.009, any order falling within the parameters of this paragraph shall be referred to as “executable.” An order will be cancelled back to the User if based on market conditions, User instructions, applicable Exchange Rules and/or the Act and the rules and regulations thereunder, such order is not executable or cannot be posted to the TXSE Book.

(1) Compliance with Regulation SHO. For any execution of an order that includes a Short Sale instruction to occur on the Exchange when a short sale price test restriction under Rule 201 of Regulation SHO is in effect for the covered security, the price must be above the current NBB, unless the sell order was initially displayed by the System at a price above the then current NBB or is marked “short exempt” pursuant to Regulation SHO.

(2) Compliance with Regulation NMS. For any execution to occur during Regular Trading Hours, the price must be equal to or better than the Protected NBBO, unless the order is marked ISO or unless the execution falls within another exception set forth in Rule 611(b) of Regulation NMS. For any execution to occur during the Pre-Market Session or the Post-Market Session, the price must be equal to or better than the highest bid or lowest offer in the TXSE Book or disseminated by the responsible single plan processor, unless the order is marked ISO or a Protected Bid is crossing a Protected Offer. Notwithstanding the foregoing, in the event that a Protected Bid is crossing a Protected Offer, whether during or outside of Regular Trading Hours, unless an order is marked ISO, the Exchange will not execute any portion of a bid at a price more than the greater of 5 cents or 0.5 percent higher than the lowest Protected Offer or any portion of an offer that would execute at a price more than the greater of 5 cents or 0.5 percent lower than the highest Protected Bid. Upon instruction from a User, the Exchange will cancel any incoming order from such User in the event a Protected Bid is crossing a Protected Offer.

(3) Compliance with the requirements of the LULD Plan. Except as provided in Section VI of the LULD Plan, for any executions to occur during Regular Trading Hours, such executions must occur at a price that is greater than or equal to the Lower Price Band and less than or equal to the Upper Price Band, when such Price Bands are disseminated. The Exchange's procedures for handling, executing, re-pricing and displaying orders in connection with the LULD Plan are further described in TXSE Rule 11.020H(b)(1)(A)(i).

(4) Execution against TXSE Book. An incoming order shall first attempt to be matched for execution against orders in the TXSE Book as described below.

(A) Buy Orders. An incoming order to buy will be automatically executed to the extent that it is priced at an amount that equals or exceeds any order to sell in the TXSE Book and is executable, as defined above. Such order to buy shall be executed at the price(s) of the lowest order(s) to sell having priority in the TXSE Book.

(B) Sell Orders. An incoming order to sell will be automatically executed to the extent that it is priced at an amount that equals or is less than any other order to buy in the TXSE Book and is executable, as defined above. Such order to sell shall be executed at the price(s) of the highest order(s) to buy having priority in the TXSE Book.

(C) Consistent with TXSE Rules 11.006 and 11.007, based on User instructions, certain orders are permitted to post and rest on the TXSE Book at prices that lock contra-side liquidity, provided, however, that the System will never display a locked market. Subject to sub-paragraph (D) below, if an incoming order, pursuant to paragraph (A) or (B) above, is on the same side of the market as an order displayed on the

TXSE Book and upon entry would execute against contra-side interest at the same price as such displayed order, such incoming order will be cancelled or posted to the TXSE Book and ranked in accordance with TXSE Rule 11.008.

(D) For bids or offers equal to or greater than $1.00 per share, in the event that an incoming order described in sub-paragraphs (A) and (B) above is a Market Order or is a Limit Order priced more aggressively than an order displayed on the TXSE Book, the Exchange will execute the incoming order at, in the case of an incoming sell order, one-half minimum price variation less than the price of the displayed order and, in the case of an incoming buy order, at one-half minimum price variation more than the price of the displayed order. For bids or offers under $1.00 per share, this sub-paragraph is inapplicable.

(5) Short Sales. All orders to sell short shall include a Short Sale instruction and, if applicable, a Short Exempt instruction when entered into the System. If an order includes a Short Exempt instruction, the Exchange shall execute and/or display an order without regard to any short sale price test restriction in effect under Regulation SHO. The Exchange relies on the inclusion of a Short Exempt instruction when handling such order and thus it is the entering Member's responsibility, not the Exchange's responsibility, to comply with the requirements of Regulation SHO relating to including a Short Exempt instruction on an order.

(b) Display of Automated Quotations. The System will be operated as an "automated trading center" within the meaning of Regulation NMS and in furtherance thereof will display "automated quotations" within the meaning of Regulation NMS at all times except in the event that a systems malfunction renders the System incapable of displaying automated quotations, in which case the System will be disabled and will be unable to accept any orders. The Exchange shall promptly communicate to Users the unavailability of the System. All orders will be designated by the System as non-attributable and displayed (price and size) on the TXSE Book feed on an anonymous basis by the System.

(c) Self-Help. The Exchange intends to take advantage of the self-help provisions of Regulation NMS. Pursuant to the self-help provisions, the System may execute a transaction that would constitute a trade-through of a Protected Quotation displayed on another trading center if such trading center is experiencing a failure, material delay or malfunction of its systems or equipment. If another trading center publishing a Protected Quotation repeatedly fails to respond within one second to orders sent by the System to access the trading center's Protected Quotation, the System may disregard those Protected Quotations when displaying, canceling or executing orders on the Exchange. When invoking self-help, the Exchange will:

(1) Notify the non-responding trading center immediately after (or at the same time as) electing self-help; and

(2) Assess whether the cause of the problem lies with the System and, if so, take immediate steps to resolve the problem instead of invoking self-help.

(d) MTP Modifiers. As defined and further set forth in TXSE Rule 11.007(d), any incoming order designated with an MTP modifier will be prevented from executing against a resting opposite side order also designated with an MTP modifier and originating from the same MPID, Exchange Member identifier or MTP group identifier (any such identifier, a "Unique Identifier"). The MTP modifier on the incoming order controls the interaction between two (2) orders marked with MTP modifiers.

(e) Cancel/Replace Messages. A User may cancel or replace an existing order entered by the User, subject to the following limitations.

(1) Orders may only be cancelled or replaced if the order has a TIF instruction other than IOC and if the order has not yet been executed in its entirety.

(2) Reserved.

(3) Other than changing a Limit Order to a Market Order, only the price, the sell long indicator, Short Sale instruction, Max Floor of an order with a Reserve Quantity and size of the order may be changed by a Replace Message. If a User desires to change any other terms of an existing order the existing order must be canceled and a new order must be entered.

(4) Notwithstanding anything to the contrary in these Exchange Rules, no cancellation or replacement of an order will be effective until such message has been received and processed by the System.

(f) Locking Quotation or Crossing Quotations in NMS Stocks.

(1) Prohibition. Except for quotations that fall within the provisions of paragraph (f)(3) of this TXSE Rule, the System shall not make available for dissemination, and Users shall reasonably avoid displaying and shall not engage in a pattern or practice of displaying, any quotations that lock or cross a Protected Quotation and any manual quotations that lock or cross a quotation previously disseminated pursuant to an effective national market system plan during Regular Trading Hours.

(2) Manual quotations. If a User displays a manual quotation that locks or crosses a quotation previously disseminated pursuant to an effective national market system plan, such User shall promptly either withdraw the manual quotation or route an ISO to execute against the full displayed size of the locked or crossed quotation.

(3) Exceptions

(A) The Locking Quotation or Crossing Quotation was displayed at a time when the trading center displaying the Locked or Crossed Quotation was experiencing a failure, material delay or malfunction of its systems or equipment.

(B) The Locking Quotation or Crossing Quotation was displayed at a time when a protected bid was higher than a protected offer in the NMS stock.

(C) The Locking Quotation or Crossing Quotation was an automated quotation, and the User displaying such automated quotation simultaneously routed an ISO to execute against the full displayed size of any Protected Quotation that is a Locking Quotation or Crossing Quotation.

(D) The Locking Quotation or Crossing Quotation was a manual quotation that locked or crossed another manual quotation, and the User displaying the locking or crossing manual quotation simultaneously routed an ISO to execute against the full displayed size of the locked or crossed manual quotation.

Interpretations and Policies:

.01 The Exchange offers certain risk settings applicable to a User's activities on the Exchange. The risk settings offered by the Exchange include:

(a) controls related to the size of an order (including restrictions on the maximum notional value per order and maximum shares per order);

(b) controls related to the price of an order (including percentage-based and dollar-based controls);

(c) controls related to the order types or modifiers that can be utilized (including premarket, post-market, short sales and ISOs);

(d) controls to restrict the types of securities transacted (including restricted securities and easy to borrow securities as well as restricting activity to test symbols only);

(e) controls to prohibit duplicative orders;

(f) controls to restrict the overall rate of orders; and

(g) controls related to the size of an order as compared to the average daily volume of the security (including the ability to specify the minimum average daily volume of the securities for which such controls will be activated); and

(h) credit controls measuring both gross and net exposure that warn when approached and, when breached, prevent submission of either all new orders or Market Orders only.

.02 (a) The Exchange also offers risk functionality that permits Users to block new orders submitted, to cancel all open orders or to both block new orders and cancel all open orders. Furthermore, the Exchange offers risk functionality that automatically cancels a User's orders to the extent the User loses its connection to the Exchange.

(b) The Exchange offers batch cancel functionality that permits a User to simultaneously cancel all or a subset of its orders in one or more symbols by requesting the Exchange to effect such cancellation. A User initiating such a request may also request that the Exchange block all or a subset of its new inbound orders in one or more symbols. The block will remain in effect until the User requests the Exchange remove the block.

Rule 11.010. Reserved

Rule 11.011. Trade Reporting

(a) Executions occurring as a result of orders matched against the TXSE Book shall be reported by the Exchange to an appropriate consolidated transaction reporting system to the extent required by the Act and the rules and regulations thereunder. The Exchange shall promptly notify Users of all executions of their orders as soon as such executions take place.

(b) The Exchange shall identify all trades executed pursuant to an exception or exemption from Rule 611 of Regulation NMS in accordance with specifications approved by the operating committee of the relevant national market system plan for an NMS Stock. If a trade is executed pursuant to both the intermarket sweep order exception of Rule 611(b)(5) of Regulation NMS and the self-help exception of Rule 611(b)(1) of Regulation NMS, such trade shall be identified as executed pursuant to the intermarket sweep order exception.

Rule 11.012. Clearance and Settlement; Anonymity

(a) All transactions through the facilities of the Exchange shall be cleared and settled through a registered clearing agency using a continuous net settlement system. This requirement may be satisfied by direct participation, use of direct clearing services or by entry into a correspondent clearing arrangement with another Member that clears trades through such an agency.

(b) Notwithstanding paragraph (a), transactions may be settled "ex-clearing" provided that both parties to the transaction agree.

(c) Each transaction executed within the System is executed on a locked-in basis and shall be automatically processed for clearance and settlement.

(d) The transaction reports produced by the System will indicate the details of transactions executed in the System but shall not reveal contra party identities. Except as set forth in paragraph (e) below, transactions executed in the System will also be cleared and settled anonymously.

(e) Except as required by any registered clearing agency, the Exchange will reveal the identity of a Member or Member's clearing firm in the following circumstances:

(1) for regulatory purposes or to comply with an order of a court or arbitrator; or

(2) when a registered clearing agency ceases to act for a Member or the Member's clearing firm and determines not to guarantee the settlement of the Member's trades.

(f) The Exchange may share any of a User's risk settings specified in Interpretation and Policy .01 to TXSE Rule 11.009 with the clearing firm that clears transactions on behalf of the User.

Rule 11.013. LIMITATION OF LIABILITY

(a) NEITHER THE EXCHANGE NOR ITS AGENTS, EMPLOYEES, CONTRACTORS, OFFICERS, DIRECTORS, MEMBERS, COMMITTEE MEMBERS OR AFFILIATES ("EXCHANGE RELATED PERSONS") SHALL BE LIABLE TO ANY USER OR MEMBER, OR SUCCESSORS, REPRESENTATIVES OR CUSTOMERS THEREOF, OR ANY PERSONS ASSOCIATED THEREWITH, FOR ANY LOSS, DAMAGES, CLAIM OR EXPENSE:

(1) GROWING OUT OF THE USE OR ENJOYMENT OF ANY FACILITY OF THE EXCHANGE, INCLUDING, WITHOUT LIMITATION, THE SYSTEM; OR

(2) ARISING FROM OR OCCASIONED BY ANY INACCURACY, ERROR OR DELAY IN, OR OMISSION OF OR FROM THE COLLECTION, CALCULATION, COMPILATION, MAINTENANCE, REPORTING OR DISSEMINATION OF ANY INFORMATION DERIVED FROM THE SYSTEM OR ANY OTHER FACILITY OF THE EXCHANGE, RESULTING EITHER FROM ANY ACT OR OMISSION BY THE EXCHANGE OR ANY EXCHANGE RELATED PERSON, OR FROM ANY ACT, CONDITION OR CAUSE BEYOND THE REASONABLE CONTROL OF THE EXCHANGE OR ANY EXCHANGE RELATED PERSON, INCLUDING, BUT NOT LIMITED TO, FLOOD, EXTRAORDINARY WEATHER CONDITIONS, EARTHQUAKE OR OTHER ACTS OF GOD, FIRE, WAR, TERRORISM, INSURRECTION, RIOT, LABOR DISPUTE, ACCIDENT, ACTION OF GOVERNMENT, COMMUNICATIONS OR POWER FAILURE OR EQUIPMENT OR SOFTWARE MALFUNCTION.

(b) EACH MEMBER EXPRESSLY AGREES, IN CONSIDERATION OF THE ISSUANCE OF ITS MEMBERSHIP IN THE EXCHANGE, TO RELEASE AND DISCHARGE THE EXCHANGE AND ALL EXCHANGE RELATED PERSONS OF AND FROM ALL CLAIMS AND DAMAGES ARISING FROM THEIR ACCEPTANCE AND USE OF THE FACILITIES OF THE EXCHANGE (INCLUDING, WITHOUT LIMITATION, THE SYSTEM).

(c) NEITHER THE EXCHANGE NOR ANY EXCHANGE RELATED PERSON MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR CONDITIONS TO USERS AS TO RESULTS THAT ANY PERSON OR PARTY MAY OBTAIN FROM THE SYSTEM FOR TRADING OR FOR ANY OTHER PURPOSE, AND ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, TITLE AND NON-INFRINGEMENT WITH RESPECT TO THE SYSTEM ARE HEREBY DISCLAIMED.

(d) NOTWITHSTANDING PARAGRAPH (a) ABOVE, AND SUBJECT TO THE EXPRESS LIMITS SET FORTH BELOW, THE EXCHANGE MAY COMPENSATE MEMBERS FOR LOSSES RESULTING DIRECTLY FROM THE MALFUNCTION OF THE EXCHANGE'S PHYSICAL EQUIPMENT, DEVICES AND/OR PROGRAMMING OR THE NEGLIGENT ACTS OR OMISSIONS OF ITS EMPLOYEES.

(1) AS TO ANY ONE OR MORE CLAIMS MADE BY A SINGLE MEMBER UNDER THIS TXSE RULE ON A SINGLE TRADING DAY, THE EXCHANGE SHALL NOT BE LIABLE IN EXCESS OF THE LARGER OF $100,000 OR THE AMOUNT OF ANY RECOVERY OBTAINED BY THE EXCHANGE UNDER ANY APPLICABLE INSURANCE MAINTAINED BY THE EXCHANGE.

(2) AS TO THE AGGREGATE OF ALL CLAIMS MADE BY ALL MEMBERS UNDER THIS TXSE RULE ON A SINGLE TRADING DAY, THE EXCHANGE SHALL NOT BE LIABLE IN EXCESS OF THE LARGER OF $250,000 OR THE AMOUNT OF ANY RECOVERY OBTAINED BY THE EXCHANGE UNDER ANY APPLICABLE INSURANCE MAINTAINED BY THE EXCHANGE.

(3) AS TO THE AGGREGATE OF ALL CLAIMS MADE BY ALL MEMBERS UNDER THIS TXSE RULE DURING A SINGLE CALENDAR MONTH, THE EXCHANGE SHALL NOT BE LIABLE IN EXCESS OF THE LARGER OF $500,000 OR THE AMOUNT OF ANY RECOVERY OBTAINED BY THE EXCHANGE UNDER ANY APPLICABLE INSURANCE MAINTAINED BY THE EXCHANGE.

(e) IN THE EVENT THAT ALL OF THE CLAIMS MADE UNDER THIS TXSE RULE CANNOT BE FULLY SATISFIED BECAUSE IN THE AGGREGATE THEY EXCEED THE APPLICABLE MAXIMUM LIMITATIONS PROVIDED IN THIS TXSE RULE, THEN THE MAXIMUM PERMITTED AMOUNT WILL BE PROPORTIONALLY ALLOCATED AMONG ALL SUCH CLAIMS ARISING ON A

SINGLE TRADING DAY OR DURING A SINGLE CALENDAR MONTH, AS APPLICABLE, BASED ON THE PROPORTION THAT EACH SUCH CLAIM BEARS TO THE SUM OF ALL SUCH CLAIMS.

(f) ALL CLAIMS FOR COMPENSATION PURSUANT TO THIS TXSE RULE SHALL BE IN WRITING AND MUST BE SUBMITTED NO LATER THAN 4:00 P.M. EASTERN TIME ON THE SECOND BUSINESS DAY FOLLOWING THE DAY ON WHICH THE USE OF THE EXCHANGE GAVE RISE TO SUCH CLAIMS, OR NO LATER THAN 1:00 P.M. EASTERN TIME IN THE EVENT OF AN EARLY MARKET CLOSE ON THE SECOND BUSINESS DAY FOLLOWING THE DAY ON WHICH THE USE OF THE EXCHANGE GAVE RISE TO SUCH CLAIMS. ONCE IN RECEIPT OF A CLAIM, THE EXCHANGE WILL VERIFY THAT: (i) A VALID ORDER WAS ACCEPTED INTO THE EXCHANGE'S SYSTEMS; AND (ii) AN EXCHANGE SYSTEM FAILURE OR A NEGLIGENT ACT OR OMISSION OF AN EXCHANGE EMPLOYEE OCCURRED DURING THE EXECUTION OR HANDLING OF THAT ORDER.

(g) Reserved

Rule 11.014. Clearly Erroneous Executions

(a) Definition.

For purposes of this TXSE Rule, the terms of a transaction executed on the Exchange are "clearly erroneous" when there is an obvious error in any term, such as price, number of shares or other unit of trading or identification of the security. A transaction made in clearly erroneous error and cancelled by both parties or determined by the Exchange to be clearly erroneous will be removed from the consolidated tape.

(b) Request and Timing of Review.

A Member that receives an execution on an order that was submitted erroneously to the Exchange for its own or a customer account may request that the Exchange review the transaction under this TXSE Rule. An officer of the Exchange or such other employee designee of the Exchange ("Official") shall review the transaction under dispute and determine whether it is clearly erroneous, with a view toward maintaining a fair and orderly market and the protection of investors and the public interest. Such request for review shall be made in writing via e-mail or other electronic means specified from time to time by the Exchange in a circular distributed to Members.

(1) Requests for Review. Requests for review must be received by the Exchange within thirty (30) minutes of execution time and shall include information concerning the time of the transaction(s), security symbol(s), number of shares, price(s), side (bought or sold) and factual basis for believing that the trade is clearly erroneous. Upon receipt of a timely filed request that satisfies the guidelines set forth in this TXSE Rule, the counterparty to the trade shall be notified by the Exchange as soon as practicable, but generally within thirty (30) minutes. An Official may request additional supporting written information to aid in the resolution of the matter. If requested, each party to the transaction shall

provide any supporting written information as may be reasonably requested by the Official to aid resolution of the matter within thirty (30) minutes of the Official's request. Either party to the disputed trade may request the supporting written information provided by the other party on the matter.

(2) Routed Executions. Other market centers will generally have an additional thirty (30) minutes from receipt of their participant's timely filing, but no longer than sixty (60) minutes from the time of the execution at issue, to file with the Exchange for review of transactions routed to the Exchange from that market center and executed on the Exchange.

(c) Clearly Erroneous Review.

(1) *Review of transactions occurring during Regular Trading Hours*. If the execution time of the transaction(s) under review is during Regular Trading Hours, the transaction will not be reviewable as clearly erroneous unless the transaction:

(A) is in an NMS stock that is not subject to the LULD Plan. In such case, the Numerical Guidelines set forth in paragraph (c)(2) of this TXSE Rule will be applicable to such NMS Stock;

(B) was executed at a time when Price Bands under the LULD Plan were not available, or is the result of an Exchange technology or systems issue that results in the transaction occurring outside of the applicable LULD Price Bands pursuant to paragraph (g) or is executed after the primary listing market for the security declares a regulatory trading halt, suspension or pause pursuant to paragraph (i). A transaction subject to review pursuant to this paragraph shall be found to be clearly erroneous if the price of the transaction to buy (sell) that is the subject of the complaint is greater than (less than) the Reference Price, described in paragraph (d) below, by an amount that equals or exceeds the applicable Percentage Parameter defined in Appendix A to the LULD Plan ("Percentage Parameters"); or

(C) involved, in the case of (1) a corporate action or new issue or (2) a security that enters a Trading Pause pursuant to the LULD Plan and resumes trading without an auction, a Reference Price that is determined to be erroneous by an Official of the Exchange because it clearly deviated from the theoretical value of the security. In such circumstances, the Exchange may use a different Reference Price pursuant to paragraph (d)(2) of this TXSE Rule. A transaction subject to review pursuant to this paragraph shall be found to be clearly erroneous if the price of the transaction to buy (sell) that is the subject of the complaint is greater than (less than) the new Reference Price, described in paragraph (d)(2) below, by an amount that equals or exceeds the

Numerical Guidelines or Percentage Parameters, as applicable depending on whether the security is subject to the LULD Plan.

(2) *Review of transactions occurring during Pre-Market Session, Post-Market Session or eligible for review pursuant to paragraph (c)(1)(A).*

(A) Subject to the additional factors described in paragraph (c)(2)(C) below, a transaction executed during the Pre-Market or Post-Market Session, or eligible for review pursuant to paragraph (c)(1)(A), shall be found to be clearly erroneous if the price of the transaction to buy (sell) that is the subject of the complaint is greater than (less than) the Reference Price by an amount that equals or exceeds the Numerical Guidelines set forth below.

Reference Price, Circumstance or Product	Regular Trading Hours Numerical Guidelines for transactions eligible for review pursuant to paragraph (c)(1)(A) (Subject transaction's % difference from the Reference Price):	Pre-Market and Post-Market Session Numerical Guidelines (Subject transaction's % difference from the Reference Price):
Greater than $0.00 up to and including $25.00	10%	20%
Greater than $25.00 up to and including $50.00	5%	10%
Greater than $50.00	3%	6%
Multi-Stock Event – filings involving five or more, but less than twenty, securities whose executions occurred within a period of five minutes or less	10%	10%
Multi-Stock Event – filings involving twenty or more securities whose executions occurred within a period of five minutes or less	30%, subject to the terms of paragraph (c)(2)(B) below	30%, subject to the terms of paragraph (c)(2)(B) below

Leveraged ETF/ETN securities	N/A	Regular Trading Hours Numerical Guidelines multiplied by the leverage multiplier (i.e., 2x)

(B) Multi-Stock Events Involving Twenty or More Securities. Multi-Stock Events involving twenty or more securities may be reviewable as clearly erroneous if they occur during the Pre-Market Session or Post-Market Session or are eligible for review pursuant to paragraph (c)(1)(A). During Multi-Stock Events, the number of affected transactions may be such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest. In such circumstances, the Exchange may use a Reference Price other than consolidated last sale. To ensure consistent application across market centers when this paragraph is invoked, the Exchange will promptly coordinate with the other market centers to determine the appropriate review period, which may be greater than the period of five minutes or less that triggered application of this paragraph, as well as select one or more specific points in time prior to the transactions in question and use transaction prices at or immediately prior to the one or more specific points in time selected as the Reference Price. The Exchange will nullify as clearly erroneous all transactions that are at prices equal to or greater than 30% away from the Reference Price in each affected security during the review period selected by the Exchange and other markets consistent with this paragraph.

(C) Additional Factors. Except in the context of a Multi-Stock Event involving five or more securities, an Official may also consider additional factors to determine whether an execution is clearly erroneous, provided the execution occurred during the Pre-Market Session or Post-Market Session or is eligible for review pursuant to paragraph (c)(1)(A). Such additional factors include but are not limited to, system malfunctions or disruptions, volume and volatility for the security, derivative securities products that correspond to greater than 100% in the direction of a tracking index, news released for the security, whether trading in the security was recently halted/resumed, whether the security is an initial public offering, whether the security was subject to a stock split, reorganization or other corporate action, overall market conditions, Pre-Market or Post-Market Session executions, validity of the consolidated tape trades and quotes, consideration of primary market indications and executions inconsistent with the trading pattern in the stock. Each additional factor shall be considered with a view toward maintaining a fair and orderly market and the protection of investors and the public interest.

(D) Outlier Transactions. In the case of an Outlier Transaction during the Pre-Market Session or Post-Market Session or that is eligible

for review pursuant to paragraph (c)(1)(A), an Official may, in his or her sole discretion, and on a case-by-case basis, consider requests received pursuant to paragraph (b) of this TXSE Rule after thirty (30) minutes, but not longer than sixty (60) minutes after the transaction in question, depending on the facts and circumstances surrounding such request.

(i) An "Outlier Transaction" means a transaction where the execution price of the security is greater than three (3) times the current Numerical Guidelines set forth in paragraph (c)(2) of this TXSE Rule.

(ii) If the execution price of the security in question is not within the Outlier Transaction parameters set forth in paragraph (c)(2)(D)(i) of this TXSE Rule but breaches the 52-week high or 52-week low, the Exchange may consider Additional Factors as outlined in paragraph (c)(2)(C), in determining if the transaction qualifies for further review or if the Exchange shall decline to act.

(d) Reference Price.

For the purposes of this TXSE Rule 11.014, the "Reference Price" referred to in paragraphs (c)(1) and (c)(2) above will be equal to the consolidated last sale immediately prior to the execution(s) under review except for:

(1) in the case of Multi-Stock Events involving twenty or more securities, as described in paragraph (c)(2)(B) above;

(2) in the case of an erroneous Reference Price, as described in paragraph (c)(1)(C) above. In the case of (c)(1)(C)(1), the Exchange would consider a number of factors to determine a new Reference Price that is based on the theoretical value of the security, including but not limited to, the offering price of the new issue, the ratio of the stock split applied to the prior day's closing price, the theoretical price derived from the numerical terms of the corporate action transaction such as the exchange ratio and spinoff terms, and for an OTC up-listing, the price of the security as provided in the prior day's FINRA Trade Data Dissemination Service final closing report. In the case of (c)(1)(C)(2), the Reference Price will be the last effective Price Band that was in a limit state before the Trading Pause; or

(3) in other circumstances such as, for example, relevant news impacting a security or securities, periods of extreme market volatility, sustained illiquidity or widespread system issues, where use of a different Reference Price is necessary for the maintenance of a fair and orderly market and the protection of investors and the public interest, provided that such circumstances occurred during the Pre-Market Session or Post-Market Session or the execution(s) are eligible for review pursuant to paragraph (c)(1)(A).

(e) Review Procedures.

(1) Determination by Official. Unless both parties to the disputed transaction agree to withdraw the initial request for review, the transaction under dispute shall be reviewed and a determination shall be rendered by the Official. If the Official determines that the transaction is not clearly erroneous, the Official shall decline to take any action in connection with the completed trade. In the event that the Official determines that the transaction in dispute is clearly erroneous, the Official shall declare the transaction null and void. A determination shall be made generally within thirty (30) minutes of receipt of the complaint, but in no case later than the start of Regular Trading Hours on the following trading day. The parties shall be promptly notified of the determination.

(2) Appeals. If a Member affected by a determination made under this TXSE Rule so requests within the time permitted below, the Clearly Erroneous Execution Panel ("CEE Panel") will review decisions made by the Official under this TXSE Rule, including whether a clearly erroneous execution occurred and whether the correct determination was made; provided however that the CEE Panel will not review decisions made by an Officer under paragraph (g) of this TXSE Rule regarding transactions that occurred outside of the applicable Price Bands disseminated pursuant to the LULD Plan, and further provided that with respect to rulings made by the Exchange in conjunction with one or more additional market centers, the number of affected transactions is similarly such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest and, hence, are also non-appealable.

(A) The CEE Panel will consist of the Exchange's CRO, or a designee of the CRO, and representatives from two (2) Members.

(B) The Exchange shall designate at least ten (10) representatives of Members to be called upon to serve on the CEE Panel as needed. In no case shall a CEE Panel include a person affiliated with a party to the trade in question. To the extent reasonably possible, the Exchange shall call upon the designated representatives to participate on a CEE Panel on an equally frequent basis.

(C) A request for review on appeal must be made in writing via e-mail or other electronic means specified from time to time by the Exchange in a circular distributed to Members within thirty (30) minutes after the party making the appeal is given notification of the initial determination being appealed. The CEE Panel shall review the facts and render a decision as soon as practicable, but generally on the same trading day as the execution(s) under review. On requests for appeal received between 3:00 p.m. Eastern Time and the close of trading in the Post-Market Session, a decision will be rendered as soon as practicable, but in no case later than the trading day following the date of the execution under review.

(D) The CEE Panel may overturn or modify an action taken by the Official under this TXSE Rule. All determinations by the CEE Panel shall constitute final action by the Exchange on the matter at issue.

(E) If the CEE Panel votes to uphold the decision made pursuant to paragraph (e)(1) above, the Exchange will assess a $500.00 fee against the Member(s) who initiated the request for appeal. In addition, in instances where the Exchange, on behalf of a Member, requests a determination by another market center that a transaction is clearly erroneous, the Exchange will pass any resulting charges through to the relevant Member.

(F) Any determination by an Official or by the CEE Panel shall be rendered without prejudice as to the rights of the parties to the transaction to submit their dispute to arbitration.

(f) Officer Acting on Own Motion.

An officer of the Exchange or senior level employee designee, acting on his or her own motion, may review potentially erroneous transactions occurring during the Pre-Market Session or Post-Market Session or that are eligible for review pursuant to paragraph (c)(1), and declare trades null and void or shall decline to take any action in connection with the completed trade(s). In such events, the officer of the Exchange or other senior level employee designee will rely on the provisions of paragraph (c)(1) and (c)(2) of this TXSE Rule. Absent extraordinary circumstances, any such action of the officer of the Exchange or such other senior level employee designee shall be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the officer of the Exchange or other senior level employee designee must be taken by no later than the start of Regular Trading Hours on the trading day following the date of execution(s) under review. When such action is taken independently, each party involved in the transaction shall be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above.

(g) Transactions Occurring Outside of LULD Plan Price Bands.

If as a result of an Exchange technology or systems issue any transaction occurs outside of the applicable Price Bands disseminated pursuant to the LULD Plan, an officer of the Exchange or senior level employee designee, acting on his or her own motion or at the request of a third party, shall review and declare any such trades null and void. Absent extraordinary circumstances, any such action of the officer of the Exchange or other senior level employee designee shall be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the officer of the Exchange or other senior level employee designee must be taken by no later than the start of Regular Trading Hours on the trading day following the date on which the execution(s)

under review occurred. Each Member involved in the transaction shall be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above. In the event that a single plan processor experiences a technology or systems issue that prevents the dissemination of Price Bands, the Exchange will make the determination of whether to nullify transactions based on paragraph (c)(1)(B) above.

(h) Multi-Day Event.

A series of transactions in a particular security on one or more trading days may be viewed as one event if all such transactions were effected based on the same fundamentally incorrect or grossly misinterpreted issuance information resulting in a severe valuation error for all such transactions (the “Event”). An officer of the Exchange or senior level employee designee, acting on his or her own motion, shall take action to declare all transactions that occurred during the Event null and void not later than the start of trading on the day following the last transaction in the Event. If trading in the security is halted before the valuation error is corrected, an officer of the Exchange or senior level employee designee shall take action to declare all transactions that occurred during the Event null and void prior to the resumption of trading. Notwithstanding the foregoing, no action can be taken pursuant to this paragraph with respect to any transactions that have reached settlement date or that result from an initial public offering of a security. To the extent transactions related to an Event occur on one or more other market centers, the Exchange will promptly coordinate with such other market center(s) to ensure consistent treatment of the transactions related to the Event, if practicable. Any action taken in connection with this paragraph will be taken without regard to the Percentage Parameters or Numerical Guidelines set forth in this TXSE Rule. Each Member involved in a transaction subject to this paragraph shall be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above.

(i) Trading Halts.

In the event of any disruption or malfunction in the operation of the electronic communications and trading facilities of the Exchange, another market center or responsible single plan processor in connection with the transmittal or receipt of a regulatory trading halt, suspension or pause, an officer of the Exchange or senior level employee designee, acting on his or her own motion, shall nullify any transaction in a security that occurs after the primary listing market for such security declares a regulatory trading halt, suspension or pause with respect to such security and before such regulatory trading halt, suspension or pause with respect to such security has officially ended according to the primary listing market. In addition, in the event a regulatory trading halt, suspension or pause is declared, then prematurely lifted in error and is then re-instituted, an officer of the Exchange or senior level employee designee shall nullify transactions that occur before the official, final end of the halt, suspension or pause according to the primary listing market. Any action taken in connection with this paragraph shall be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction and in no circumstances later than the start of

Regular Trading Hours on the trading day following the date of execution(s) under review. Any action taken in connection with this paragraph will be taken without regard to the Percentage Parameters or Numerical Guidelines set forth in this TXSE Rule. Each Member involved in a transaction subject to this paragraph shall be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above.

Rule 11.015. Registration of Market Makers

(a) An applicant for registration as a Market Maker shall file an application in writing on such form as the Exchange may prescribe. Applications shall be reviewed by the Exchange, which shall consider such factors including, but not limited to, capital, operations, personnel, technical resources and disciplinary history. Each Market Maker must have and maintain minimum net capital of at least the amount required under Rule 15c3-1 of the Exchange Act.

(b) An applicant's registration as a Market Maker shall become effective upon receipt by the Member of notice of an approval of registration by the Exchange.

(c) The registration of a Market Maker may be suspended or terminated by the Exchange if the Exchange determines that:

(1) The Market Maker has substantially or continually failed to engage in dealings in accordance with TXSE Rule 11.018 or elsewhere in these TXSE Rules;

(2) The Market Maker has failed to meet the minimum net capital conditions set forth under paragraph (a) above;

(3) The Market Maker has failed to maintain fair and orderly markets; or

(4) The Market Maker does not have at least one registered Market Maker Authorized Trader ("MMAT") qualified to perform market making activities as set forth in TXSE Rule 11.016(b)(5). A MMAT whose registration is suspended pursuant to this paragraph (c) shall not be deemed qualified within the meaning of this subparagraph.

(d) Any registered Market Maker may withdraw its registration by giving written notice to the Exchange. The Exchange may require a certain minimum prior notice period for withdrawal and may place such other conditions on withdrawal and re-registration following withdrawal as it deems appropriate in the interest of maintaining fair and orderly markets.

(e) Any person aggrieved by any determination under this TXSE Rule 11.015 or TXSE Rules 11.016 or 11.017 below may seek review under Chapter 10 of the Exchange Rules governing adverse action.

(f) Registered Market Makers are designated as dealers on the Exchange for all purposes under the Exchange Act and the rules and regulations thereunder.

Rule 11.016. Obligations of Market Maker Authorized Traders

(a) General. MMATs are permitted to enter orders only for the account of the Market Maker for which they are registered.

(b) Registration of Market Maker Authorized Traders. The Exchange may, upon receiving an application in writing from a Market Maker on a form prescribed by the Exchange, register a person as a MMAT.

(1) MMATs may be officers, partners, employees or other associated persons of Members that are registered with the Exchange as Market Makers.

(2) To be eligible for registration as a MMAT, a person must successfully complete proficiency examinations and continuing education requirements applicable to Authorized Traders, as set forth in Interpretation and Policies .01 and .02 to TXSE Rule 2.005, and any other training and/or certification programs as may be required by the Exchange.

(3) The Exchange may require a Market Maker to provide any and all additional information the Exchange deems necessary to establish whether registration should be granted.

(4) The Exchange may grant a person conditional registration as a MMAT subject to any conditions it considers appropriate in the interest of maintaining a fair and orderly market.

(5) A Market Maker must ensure that a MMAT is properly qualified to perform market making activities, including but not limited to ensuring the MMAT has met the requirements set forth in paragraph (b)(2) of this TXSE Rule.

(c) Suspension or Withdrawal of Registration.

(1) The Exchange may suspend or withdraw the registration previously given to a person to be a MMAT if the Exchange determines that:

(A) the person has caused the Market Maker to fail to comply with the securities laws, rules and regulations or the Exchange LLC Agreement, TXSE Rules and procedures of the Exchange;

(B) the person is not properly performing the responsibilities of a MMAT;

(C) the person has failed to meet the conditions set forth under paragraph (b) above; or

(D) the MMAT has failed to maintain fair and orderly markets.

(2) If the Exchange suspends the registration of a person as a MMAT, the Market Maker must not allow the person to submit orders into the System.

(3) The registration of a MMAT will be withdrawn upon the written request of the Member for which the MMAT is registered. Such written request shall be submitted on a form prescribed by the Exchange.

Rule 11.017. Registration of Market Makers in a Security

(a) A Market Maker may become registered in a newly authorized security or in a security already admitted to dealings on the Exchange by filing a security registration form with the Exchange. Registration in the security shall become effective on the same day as the Exchange's approval of the registration, unless otherwise provided by the Exchange. In considering the approval of the registration of the Market Maker in a security, the Exchange may consider:

(1) the financial resources available to the Market Maker;

(2) the Market Maker's experience, expertise and past performance in making markets, including the Market Maker's performance in other securities;

(3) the Market Maker's operational capability;

(4) the maintenance and enhancement of competition among Market Makers in each security in which the Market Maker is registered;

(5) the existence of satisfactory arrangements for clearing the Market Maker's transactions; and

(6) the character of the market for the security, e.g., price, volatility and relative liquidity.

(b) Voluntary Termination of Security Registration. A Market Maker may voluntarily terminate its registration in a security by providing the Exchange with a written notice of such termination. The Exchange may require a certain minimum prior notice period for such termination, and may place such other conditions on withdrawal and re-registration following withdrawal, as it deems appropriate in the interest of maintaining fair and orderly markets. A Market Maker that fails to give advanced written notice of termination to the Exchange may be subject to formal disciplinary action pursuant to Chapter 8 of these TXSE Rules.

(c) The Exchange may suspend or terminate any registration of a Market Maker in a security or securities under this TXSE Rule 11.017 whenever the Exchange determines that:

(1) The Market Maker has not met any of its obligations as set forth in these TXSE Rules; or

(2) The Market Maker has failed to maintain fair and orderly markets. A Market Maker whose registration is suspended or terminated pursuant to this TXSE Rule 11.017(c) may seek review under Chapter 10 of the Exchange Rules governing adverse action.

(d) Nothing in this TXSE Rule 11.017 will limit any other power of the Exchange under the Exchange LLC Agreement, TXSE Rules or procedures of the Exchange with respect to the registration of a Market Maker or in respect of any violation by a Market Maker of the provisions of this TXSE Rule 11.017.

Rule 11.018. Obligations of Market Makers

(a) General

Members who are registered as Market Makers in one or more securities traded on the Exchange must engage in a course of dealings for their own account to assist in the maintenance, insofar as reasonably practicable, of fair and orderly markets on the Exchange in accordance with these TXSE Rules. The responsibilities and duties of a Market Maker specifically include, but are not limited to, the following:

(1) Maintain continuous, two-sided quotations consistent with the requirements of paragraph (d) below;

(2) Remain in good standing with the Exchange and in compliance with all Exchange Rules applicable to it;

(3) Inform the Exchange of any material change in financial or operational condition or in personnel of the Market Maker;

(4) Maintain a current list of MMATs who are permitted to enter orders on behalf of the Market Maker and provide an updated version of this list to the Exchange upon any change in MMATs; and

(5) Clear and settle transactions through the facilities of a registered clearing agency. This requirement may be satisfied by direct participation, use of direct clearing services or by entry into a correspondent clearing arrangement with another Member that clears trades through such agency.

(b) A Market Maker shall be responsible for the acts and omissions of its MMATs.

(c) If the Exchange finds any substantial or continued failure by a Market Maker to engage in a course of dealings as specified in paragraph (a) of this TXSE Rule, such Market Maker will be subject to disciplinary action, including, without limitation, suspension or revocation of its registration by the Exchange in one or more of

the securities in which the Market Maker is registered. Nothing in this TXSE Rule 11.018 will limit any powers of the Exchange under the Exchange LLC Agreement, TXSE Rules or procedures of the Exchange with respect to the registration of a Market Maker or in respect of any violation by a Market Maker of the provisions of this TXSE Rule 11.018. Any Member aggrieved by any determination under this TXSE Rule 11.018 may seek review under Chapter 10 of the Exchange Rules governing adverse action.

(d) Quotation Requirements and Obligations

(1) Continuous, Two-Sided Quote Obligation. For each security in which a Member is registered as a Market Maker, the Member shall be willing to buy and sell such security for its own account on a continuous basis during Regular Trading Hours and shall enter and maintain a two-sided trading interest ("Two-Sided Obligation") that is identified to the Exchange as the interest meeting the obligation and is displayed in the Exchange's System at all times. Interest eligible to be considered as part of a Market Maker's Two-Sided Obligation shall have a displayed quotation size of at least one normal unit of trading (or a larger multiple thereof); provided, however, that a Market Maker may augment its Two-Sided Obligation size to display limit orders priced at the same price as the Two-Sided Obligation. Unless otherwise designated, a "normal unit of trading" shall be 100 shares.[4] After an execution against its Two-Sided Obligation, a Market Maker must ensure that additional trading interest exists in the System to satisfy its Two-Sided Obligation either by immediately entering new interest to comply with this obligation to maintain continuous two-sided quotations or by identifying existing interest on the TXSE Book that will satisfy this obligation.

(A) If a technical failure or limitation of a system of the Exchange prevents the Market Maker from maintaining or communicating to the Exchange timely and accurate quotes in each security in which a Member is registered as a Market Maker, the duration of such failure shall not be considered in determining whether the Market Maker has satisfied the quoting standard with respect to that security.

(B) The continuous quoting obligations set forth above: (i) shall be suspended during a trading halt, suspension or pause in the security and shall not re-commence until after the first regular way transaction on the primary listing market following such halt, suspension, or pause in the security, as reported by the responsible single plan processor and (ii) shall be suspended for the duration that an NMS stock is in a Limit State or a Straddle State.

[4] This Rule will be updated to conform to the SEC's Regulation NMS: Minimum Pricing Increments, Access Fees, and Transparency of Better Priced Orders rulemaking (SEC Release No. 34-101070) if and when those amendments go into effect, currently scheduled for November 3, 2025.

(C) The Exchange may consider other exceptions to the Two-Sided Obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances.

(2) Pricing Obligations. For NMS stocks (as defined in Rule 600 of Regulation NMS) a Market Maker shall adhere to the pricing obligations established by this TXSE Rule during Regular Trading Hours; provided, however, that such pricing obligations (i) shall not commence during any trading day until after the first regular way transaction on the primary listing market in the security, as reported by the responsible single plan processor and (ii) shall be suspended during a trading halt, suspension or pause, and shall not recommence until after the first regular way transaction on the primary listing market in the security following such halt, suspension or pause, as reported by the responsible single plan processor.

(A) Bid Quotations. At the time of entry of bid interest satisfying the Two-Sided Obligation, the price of the bid interest shall be not more than the Designated Percentage away from the then current NBB, or if no NBB, not more than the Designated Percentage away from the last reported sale as reported by the responsible single plan processor. In the event that the NBB (or if no NBB, the last reported sale) increases to a level that would cause the bid interest of the Two-Sided Obligation to be more than the Defined Limit away from the NBB (or if no NBB, the last reported sale), or if the bid is executed or cancelled, the Market Maker shall enter new bid interest at a price not more than the Designated Percentage away from the then current NBB (or if no NBB, the last reported sale), or must be able to identify to the Exchange current resting interest that satisfies the Two-Sided Obligation.

(B) Offer Quotations. At the time of entry of offer interest satisfying the Two-Sided Obligation, the price of the offer interest shall be not more than the Designated Percentage away from the then current NBO, or if no NBO, not more than the Designated Percentage away from the last reported sale reported by the responsible single plan processor. In the event that the NBO (or if no NBO, the last reported sale) decreases to a level that would cause the offer interest of the Two-Sided Obligation to be more than the Defined Limit away from the NBO (or if no NBO, the last reported sale), or if the offer is executed or cancelled, the Market Maker shall enter new offer interest at a price not more than the Designated Percentage away from the then current NBO (or if no NBO, the last reported sale), or must be able to identify to the Exchange current resting interest that satisfies the Two-Sided Obligation.

(C) The NBB and NBO, as defined in TXSE Rule 1.005, shall be determined by the Exchange in accordance with its procedures for determining Protected Quotations under Rule 600 of Regulation NMS.

(D) For purposes of this TXSE Rule, the "Designated Percentage" shall be 8% for Tier 1 NMS Stocks under the LULD Plan, 28% for Tier 2 NMS Stocks under the LULD Plan with a price equal to or greater than $1.00 and 30% for Tier 2 NMS Stocks under the LULD Plan with a price less than $1.00, except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, when TXSE Rule 11.021(b) is not in effect, the Designated Percentage shall be 20% for Tier 1 NMS Stocks under the LULD Plan, 28% for Tier 2 NMS Stocks under the LULD Plan with a price equal to or greater than $1.00 and 30% for Tier 2 NMS Stocks under the LULD Plan with a price less than $1.00.

(E) For purposes of this TXSE Rule, the term "Defined Limit" shall be 9.5% for Tier 1 NMS Stocks under the LULD Plan, 29.5% for Tier 2 NMS Stocks under the LULD Plan with a price equal to or greater than $1.00 and 31.5% for Tier 2 NMS Stocks under the LULD Plan with a price less than $1.00, except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, when TXSE Rule 11.021(b) is not in effect, the Defined Limit shall be 21.5% for Tier 1 NMS Stocks under the LULD Plan, 29.5% for Tier 2 NMS Stocks under the LULD Plan with a price equal to or greater than $1.00 and 31.5% for Tier 2 NMS Stocks under the LULD Plan with a price less than $1.00.

(F) Nothing in this TXSE Rule shall preclude a Market Maker from quoting at price levels that are closer to the NBBO than the levels required by this TXSE Rule.

(G) The minimum quotation increment for quotations of $1.00 or above shall be $0.01. The minimum quotation increment in the System for quotations below $1.00 shall be $0.0001.

Rule 11.019. Retail Orders

(a) Definitions.

(1) Retail Member Organization. A "Retail Member Organization" or "RMO" is a Member (or a division thereof) that has been approved by the Exchange under this TXSE Rule to submit Retail Orders.

(2) Retail Order. A "Retail Order" is an agency or riskless principal order that meets the criteria of FINRA Rule 5320.03 that originates from a natural person and is submitted to the Exchange by a Retail Member Organization, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology.

(b) Retail Member Organization Qualifications and Application.

(1) To qualify as a Retail Member Organization, a Member must conduct a retail business or route Retail Orders on behalf of another broker-dealer. For purposes of this TXSE Rule, conducting a retail business shall include carrying retail customer accounts on a fully disclosed basis.

(2) To become a Retail Member Organization, a Member must submit:

(A) an application form;

(B) supporting documentation, which may include sample marketing literature, website screenshots, other publicly disclosed materials describing the Member's Retail Order flow and any other documentation and information requested by the Exchange in order to confirm that the applicant's order flow would meet the requirements of the Retail Order definition; and

(C) an attestation, in a form prescribed by the Exchange, that substantially all orders submitted as Retail Orders will qualify as such under this TXSE Rule.

(3) After an applicant submits the application form, supporting documentation and attestation, the Exchange shall notify the applicant of its decision in writing.

(4) A disapproved applicant may: (A) request an appeal of such disapproval by the Exchange as provided in paragraph (d) below; and/or (B) reapply for Retail Member Organization status 90 calendar days after the disapproval notice is issued by the Exchange.

(5) A Retail Member Organization may voluntarily withdraw from such status at any time by giving written notice to the Exchange.

(6) A Retail Member Organization must have written policies and procedures reasonably designed to assure that it will only designate orders as Retail Orders if all requirements of a Retail Order are met. Such written policies and procedures must require the Member to: (i) exercise due diligence before entering a Retail Order to assure that entry as a Retail Order is in compliance with the requirements of this TXSE Rule and (ii) monitor whether orders entered as Retail Orders meet the applicable requirements. If a Retail Member Organization does not itself conduct a retail business but routes Retail Orders on behalf of another broker-dealer, the Retail Member Organization's supervisory procedures must be reasonably designed to assure that the orders it receives from such other broker-dealer that are designated as Retail Orders meet the definition of a Retail Order. The Retail Member Organization must: (i) obtain an annual written representation, in a form acceptable to the Exchange, from each other broker-dealer that sends the Retail Member Organization orders to be designated as Retail Orders that entry of such orders as Retail Orders will be in compliance with the requirements of this TXSE Rule; and (ii) monitor whether

Retail Order flow routed on behalf of such other broker-dealers meets the applicable requirements.

(c) Failure of RMO to Abide by Retail Order Requirements.

(1) If a Retail Member Organization designates orders submitted to the Exchange as Retail Orders and the Exchange determines, in its sole discretion, that such orders fail to meet any of the requirements set forth in paragraph (a) of this TXSE Rule, the Exchange may disqualify a Member from its status as a Retail Member Organization.

(2) Disqualification Determinations. The Exchange shall determine if and when a Member is disqualified from its status as a Retail Member Organization. When disqualification determinations are made, the Exchange shall provide a written disqualification notice to the Member.

(3) Appeal and/or Reapplication for Retail Member Organization Status. A Retail Member Organization that is disqualified under this paragraph (c) may: (A) appeal such disqualification as provided in paragraph (d) below; and/or (B) reapply for Retail Member Organization status 90 calendar days after the date of the disqualification notice from the Exchange.

(d) Appeal of Disapproval or Disqualification.

(1) If a Member disputes the Exchange's decision to disapprove it under paragraph (b) above or disqualify it under paragraph (c) above, the Member may request, within five (5) business days after notice of the decision is issued by the Exchange, that the Retail Member Organization Panel (the "RMO Panel") review the decision to determine if it was correct.

(2) The RMO Panel shall consist of the Exchange's CRO, or a designee of the CRO, and two (2) officers of the Exchange designated by the Chief Executive Officer of the Exchange.

(3) The RMO Panel shall review the facts and render a decision within the time frame prescribed by the Exchange.

(4) The RMO Panel may overturn or modify an action taken by the Exchange under this TXSE Rule. A determination by the RMO Panel shall constitute final action by the Exchange.

Rule 11.020. LULD Plan and Trading Pauses in Individual Securities Due to Extraordinary Market Volatility

(a) Limit Up-Limit Down Mechanism

(1) Definitions

(A) "Plan" means the Plan to Address Extraordinary Market Volatility Submitted to the Securities and Exchange Commission Pursuant to Rule 608 of Regulation NMS under the Securities Exchange Act of 1934, Exhibit A to Securities Exchange Act Release No. 67091 (May 31, 2012), 77 FR 33498 (June 6, 2012), as it may be amended from time to time.

(B) All capitalized terms not otherwise defined in this TXSE Rule shall have the meanings set forth in the LULD Plan or Exchange Rules, as applicable.

(2) Exchange Participation in the LULD Plan. The Exchange is a Participant in, and subject to the applicable requirements of, the LULD Plan, which establishes procedures to address extraordinary volatility in NMS Stocks.

(3) Member Compliance. Members shall comply with the applicable provisions of the LULD Plan.

(4) Exchange Compliance with the LULD Plan. The System shall not display or execute buy (sell) interest above (below) the Upper (Lower) Price Bands, unless such interest is specifically exempted under the LULD Plan.

(5) Re-pricing and Cancellation of Interest. Depending on a User's instructions, the System shall re-price or cancel buy (sell) interest that is priced or could be executed above (below) the Upper (Lower) Price Band. When re-pricing resting orders because such orders are above (below) the Upper (Lower) Price Band, the Exchange will provide new timestamps to such orders. When re-priced to less-aggressive price levels such orders will have priority behind resting interest that was originally less aggressively priced but that was not re-priced, as such orders will retain their original timestamps.

(A) Market Orders and Orders with TIF of IOC. The System will only execute Market Orders or orders with a TIF of IOC at or within the Price Bands. Market Orders will be handled in accordance with TXSE Rule 11.007.

(B) Limit-priced Interest.

(i) Displayed Limit-priced Interest. Displayed limit-priced interest will be cancelled on entry or when resting if a User has entered instructions not to use the re-pricing process or a User has included a Reserve Quantity and such interest to buy (sell) is priced above (below) the Upper (Lower) Price Band. If re-pricing is permitted based on a User's instructions, displayable incoming limit-priced interest to buy (sell) that is priced above (below) the Upper (Lower) Price Band shall be re-priced to the Upper (Lower) Price Band. The System shall re-price resting, displayed limit-priced interest to buy (sell) to the Upper (Lower) Price Band if Price Bands

move such that the price of resting, displayed limit-priced interest to buy (sell) would be above (below) the Upper (Lower) Price Band. If the Price Bands move again and the original limit price of displayed and re-priced interest is at or within the Price Bands and a User has opted into the Exchange's multiple price sliding process, as described in TXSE Rule 11.006(j), the System shall reprice such displayed limit interest to the most aggressive permissible price up to the order's limit price. All other displayed limit interest repriced pursuant to this paragraph (5) will remain at its new price unless the Price Bands move such that the price of resting limit-priced interest to buy (sell) would again be above (below) the Upper (Lower) Price Band.

(ii) Non-displayed Limit-priced Interest. Incoming limit-priced interest that is non-displayable will be cancelled by the System if such interest to buy (sell) is priced above (below) the Upper (Lower) Price Band. Resting, non-displayed limit priced interest will be cancelled if such interest to buy (sell) is priced above (below) the Upper (Lower) Price Band (i.e., aggressively priced through the applicable Price Band) or if such interest is priced below (above) the Lower (Upper) Price Band (i.e., non-aggressively priced outside of the applicable Price Band).

(C) Pegged Interest. Pegged Orders to buy (sell) shall peg to the specified pegging price or the Upper (Lower) Price Band, whichever is lower (higher).

(D) Reserved.

(E) Sell Short Orders. During a short sale price test restriction pursuant to Rule 201 of Regulation SHO, orders with a Short Sale instruction priced below the Lower Price Band shall be repriced to the higher of the Lower Price Band or the Permitted Price, as defined in TXSE Rule 11.006(i).

(F) Auction Orders. On close or halt Auction Orders are not price slid or cancelled due to LULD price bands.

(G) Trading Pause during a Straddle State. The Exchange may declare a Trading Pause for an NMS Stock listed on the Exchange when (i) the National Best Bid (Offer) is below (above) the Lower (Upper) Price Band and the NMS Stock is not in a Limit State; and (ii) trading in that NMS Stock deviates from normal trading characteristics.

(H) After the Exchange opens or reopens a TXSE-Listed Security (as defined in TXSE Rule 16.002(a)(31)) but before receiving Price Bands from the SIP under the Plan, the Exchange will calculate

Price Bands based on the first Reference Price provided to the SIP and if such Price Bands are not in the minimum price variation ("MPV") for the security, such Price Bands will be rounded to the nearest price at the applicable MPV. The MPV for quoting and entry of orders in securities traded on the Exchange is $0.01, with the exception of securities that are priced less than $1.00 for which the MPV for quoting and entry of orders is $0.0001.

(b) Re-Opening of Trading Following a Trading Pause. At the end of the Trading Pause, the Exchange shall re-open the security in a manner similar to the procedures set forth in TXSE Rule 11.022(d).

(1) Notification of Trading Pauses. If a Trading Pause is triggered under this Rule or if the Exchange is unable to reopen trading at the end of the Trading Pause due to a systems or technology issue, the Exchange will immediately notify the single plan processor responsible for consolidation of information for the security pursuant to Rule 603 of Regulation NMS under the Exchange Act.

(2) If a UTP Listing Market issues a Trading Pause, the Exchange will resume trading as provided for in TXSE Rule 11.020H(b)(6)(B).

Rule 11.020H. Trading Halts.

(a) Definitions. For the purposes of this rule, the terms below have the following meanings:

(1) "Extraordinary Market Activity" has the same meaning as in the CTA Plan.

(2) "Limit Up Limit Down" has the same meaning as in the CTA Plan.

(3) "Market" has the same meaning as in the CTA Plan.

(4) "Market-Wide Circuit Breaker" has the same meaning as in the CTA Plan.

(5) "Material SIP Latency" has the same meaning as in the CTA Plan.

(6) "Member Firm" has the same meaning as in the CTA Plan.

(7) "Operating Committee" has the same meaning as in the CTA Plan.

(8) "Operational Halt" has the same meaning as in the CTA Plan.

(9) "Primary Listing Market" has the same meaning as in the CTA Plan.

(10) "Processor" or "SIP" have the same meaning as the term "Processor" in the Nasdaq UTP Plan or the CTA Plan, as applicable.

(11) "Participant" has the same meaning as in the CTA Plan.

(12) "Post-Market Session" is defined in TXSE Rule 1.005(u).

(13) "Pre-Market Session" is defined in TXSE Rule 1.005(v).

(14) "Regular Trading Hours" has the same meaning as in the CTA Plan.

(15) "Regulatory Halt" has the same meaning as in the CTA Plan.

(16) "SIP Halt" has the same meaning as in the CTA Plan.

(17) "SIP Halt Resume Time" has the same meaning as in the CTA Plan.

(18) "SIP Outage" has the same meaning as in the CTA Plan.

(19) "SIP Plan" means the national market system plan governing the SIP, as applicable.

(20) "Trading Center" has the same meaning as in the CTA Plan.

(b) Regulatory Halts

(1) Authority to Implement a Regulatory Halt.

(A) Mandatory Halts. The Exchange will declare a Regulatory Halt:

(i) Pursuant to Rule 11.020 concerning Limit Up Limit Down;

(ii) Pursuant to Rule 11.021 concerning Market-Wide Circuit Breaker;

(iii) For Derivative Securities Products (for the purposes of this TXSE Rule, as defined in TXSE Rule 17.170(d)(1)) for which a net asset value ("NAV") (and in the case of Managed Fund Shares under TXSE Rule 17.135, a Disclosed Portfolio, and in the case of Proxy Portfolio Shares under TXSE Rule 17.150, a Proxy Basket or the Fund Portfolio) is disseminated if the Exchange becomes aware that the NAV (or in the case of Managed Fund Shares, the Disclosed Portfolio, or in the case of Proxy Portfolio Shares, the Proxy Basket or the Fund Portfolio) is not being disseminated to all market participants at the same time. The

Exchange will maintain the Regulatory halt until such time as the Exchange becomes aware that the NAV (or in the case of Managed Fund Shares, the Disclosed Portfolio, or in the case of Proxy Portfolio Shares, the Proxy Basket or the Fund Portfolio as applicable) is available to all market participants; or

(iv) For a security for which the Exchange is the Primary Listing Market before the end of the Late Trading Session of the day immediately before the market effective date of the reverse stock split ("Reverse Stock Split Halt").

(B) Discretionary Halts. The Exchange may declare a Regulatory Halt:

(i) For any security for which it is the Primary Listing Market:

(a) when such security is the subject of an initial pricing on the Exchange that has not been listed on a national securities exchange immediately prior to initial pricing ("Initial Listing Regulatory Halt");

(b) if it determines there is a SIP Outage, Material SIP Latency or Extraordinary Market Activity;

(c) that is a series of Portfolio Depository Receipts, Index Fund Shares (as defined in TXSE Rule 17.105), Index-Linked Exchangeable Notes, Equity Gold Shares, Trust Certificates, Commodity-Based Trust Shares, Currency Trust Shares, Commodity Index Trust Shares, Commodity Futures Trust Shares, Partnership Units and Managed Trust Securities (as defined in TXSE Rule 17.111(a) - (h) and (j), respectively) if the IIV, for Portfolio Depository Receipts or Index Fund Shares, for derivative securities as defined in TXSE Rule 17.111(a), (b) and (d)-(h), for Managed Trust Securities (as defined in TXSE Rule 17.111(j)), or the index value applicable to that series is not being disseminated as required, during the day in which the interruption to the dissemination of the IIV or the index value occurs. If the interruption to the dissemination of the IIV or the index value persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption.

The Exchange may also exercise discretion to halt trading in a series of Portfolio Depository Receipts, Index Fund Shares, Exchange Traded Fund Shares (as defined in TXSE

Rule 17.104), Managed Fund Shares (as defined in TXSE Rule 17.135), Index-Linked Exchangeable Notes, Equity Gold Shares, Trust Certificates, Commodity-Based Trust Shares, Currency Trust Shares, Commodity Index Trust Shares, Commodity Futures Trust Shares, Partnership Units, Trust Units (as defined in TXSE Rule 17.111(i)), Managed Trust Securities (as defined in TXSE Rule 17.111(j)) or Proxy Portfolio Shares (as defined in TXSE Rule 17.150) based on a consideration of the following factors: (A) trading in underlying securities comprising the index or portfolio applicable to that series has been halted in the primary market(s), (B) the extent to which trading has ceased in securities underlying the index or portfolio or (C) the presence of other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market;

(d) to permit the dissemination of material news, provided, however, that in the Pre-Market Session (as defined in TXSE Rule 1.005(v)), the Exchange will halt trading for dissemination of news only at the request of an issuer;

(e) when such security is a derivative or component of a security listed on another national securities exchange and such exchange imposes an Operational Halt in that security. In the event that the Exchange initiates a trading halt based on another exchange's Operational Halt, the Exchange may resume trading and permit Members to commence entry of orders and quotations and trading at any time following initiation of the other exchange's Operational Halt. In the event that Exchange halts trading, Members may commence quotations and trading otherwise than on the Exchange at any time following initiation of such Operational Halt, without regard to whether the Exchange has terminated the trading halt on the Exchange;

(f) when such security is an American Depository Receipt ("ADR") or other security listed on the Exchange, when the TXSE-Listed Security or the security underlying the ADR is listed on or registered with another national or foreign securities exchange or market, and the national or foreign securities exchange or market, or regulatory authority overseeing such exchange or market, halts trading in such security for regulatory reasons;

(g) when the Exchange requests from the issuer information relating to

(1) Material news;

(2) The issuer's ability to meet TXSE listing requirements, as set forth in Chapters 16 and 17;

(3) Any other information which is necessary to protect investors and the public interest;

(h) when such security is an Index Warrant (as defined in TXSE Rule 17.125) whenever the Exchange shall conclude that such action is appropriate in the interests of a fair and orderly market and to protect investors. Among the factors that may be considered are the following:

(i) when trading has been halted or suspended in underlying stocks whose weighted value represents 20 or more of the index value;

(j) when the current calculation of the index derived from the current market prices of the stocks is not available;

(k) when other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present; or

(l) in the event of a national, regional or localized disruption that necessitates a Regulatory Halt to maintain a fair and orderly market.

(2) Communications. Whenever, in the exercise of its regulatory functions, the Exchange as Primary Listing Market for an Eligible Security determines it is appropriate to initiate a Regulatory Halt, it will notify all other Participants and the Processor of such Regulatory Halt as well as provide notice that a Regulatory Halt has been lifted using such protocols and other emergency procedures as may be mutually agreed to between the Operating Committee and the Exchange. The Processor shall disseminate to Participants notice of the Regulatory Halt (as well as notice of the lifting of a Regulatory Halt) through the high speed line or through the "high speed line" under the CQ Plan, and any other means the Processor, in its sole discretion, considers appropriate. Each Participant shall be required to continuously monitor these communication protocols established by the Operating Committee and the Processor during market hours, and the failure of a Participant to do so shall not prevent the Exchange from initiating a Regulatory Halt in accordance with the SIP Plan and the procedures specified in these rules.

(3) Initiating a Regulatory Halt.

(A) Start Time. The start time of a Regulatory Halt is when the Exchange declares the halt, regardless of whether an issue with communications impacts the dissemination of the notice.

(B) Notification. If the SIP is unable to disseminate notice of a Regulatory Halt or the Exchange is not open for trading, the Exchange will take reasonable steps to provide notice of a Regulatory Halt in the manner set forth in the SIP Plan.

(C) Retroactive Halts. Except in exigent circumstances, the Exchange will not declare a Regulatory Halt retroactive to a time earlier than the notice of such halt.

(D) In making a determination to declare a Regulatory Halt in trading any security for which the Exchange is the Primary Listing Market, the Exchange will consider the totality of information available concerning the severity of the issue, its likely duration and potential impact on Member Firms and other market participants and will make a good-faith determination that the criteria for declaring the Regulatory Halt have been satisfied and that a Regulatory Halt is appropriate. The Exchange will consult, if feasible, with the affected Trading Center(s), other Plan Participants or the Processor, as applicable, regarding the scope of the issue and what steps are being taken to address the issue. Once a Regulatory Halt has been declared, the Exchange will continue to evaluate the circumstances to determine when trading may resume in accordance with its Rules.

(4) UTP Regulatory Halt.

(A) The Exchange will halt trading for any UTP Securities when the Primary Listing Market declares a Regulatory Halt for any such securities ("UTP Regulatory Halt").

(B) Halts in UTP Exchange Traded Products

(i) Pre-Market Trading Session. If a UTP Exchange Traded Product begins trading on the Exchange in the Pre-Market Trading Session and subsequently a temporary interruption occurs in the calculation or wide dissemination of the Intraday Indicative Value ("IIV") or the value of the underlying index, as applicable, to such UTP Exchange Traded Product, by a major market data vendor, the Exchange may continue to trade the UTP Exchange Traded Product for the remainder of the Pre-Market Trading Session.

(ii) Regular Trading Hours. During Regular Trading Hours, if a temporary interruption occurs in the calculation or wide dissemination of the applicable IIV or value of the underlying index

by a major market data vendor and the Primary Listing Market halts trading in the UTP Exchange Traded Product, the Exchange, upon notification by the Primary Listing Market of such halt due to such temporary interruption, also shall immediately halt trading in the UTP Exchange Traded Product on the Exchange.

(iii) Post-Market Trading Session and Next Business Day's Early Trading Session.

(a) If the IIV or the value of the underlying index continues not to be calculated or widely available after the close of Regular Trading Hours, the Exchange may trade the UTP Exchange Traded Product in the Post-Market Trading Session only if the Primary Listing Market traded such securities until the close of its regular trading session without a halt.

(b) If the IIV or the value of the underlying index continues not to be calculated or widely available as of the commencement of the Pre-Market Trading Session on the next business day, the Exchange shall not commence trading of the UTP Exchange Traded Product in the Pre-Market Trading Session that day. If an interruption in the calculation or wide dissemination of the IIV or the value of the underlying index continues, the Exchange may resume trading in the UTP Exchange Traded Product only if calculation and wide dissemination of the IIV or the value of the underlying index resumes or trading in the UTP Exchange Traded Product resumes in the Primary Listing Market.

(5) Resumption of Trading After Regulatory Halts Other Than SIP Halts

(A) The Exchange, as Primary Listing Market, will declare a resumption of trading when it makes a good-faith determination that trading may resume in a fair and orderly manner in accordance with its rules.

(B) The Exchange will resume trading after a Regulatory Halt other than a SIP Halt with a Trading Halt Auction pursuant to Rule 11.022(d), except as provided below:

(i) The Exchange will resume trading after a Limit Up Limit Down trading pause as specified in Rule 11.020(b).

(ii) The Exchange will resume trading after a Market-Wide Circuit Breaker halt as specified in 11.021(c).

(iii) The Exchange will resume trading after a Reverse Stock Split Halt with a Trading Halt Auction at 9:30 a.m. ET on the effective date of the reverse stock split.

(iv) The Exchange will terminate an Initial Listing Regulatory Halt when the security is open for trading.

(v) The Exchange will resume trading after a UTP Regulatory Halt other than a SIP Halt by starting to accept orders after the Exchange receives notification from the Primary Listing Market that the Regulatory Halt has been terminated, provided that, during Regular Trading Hours, the Exchange will not resume trading in any security that is subject to the Limit Up Limit Down Plan (as defined in Rule 11.020) until the Exchange receives the first Price Band in that security. The Exchange will not conduct a Trading Halt Auction to resume trading after a Regulatory Halt in a UTP Security.

(6) Resumption of Trading After a SIP Halt

(A) For a SIP Halt Initiated by the Exchange.

(i) The Exchange will determine when a SIP Halt will end ("SIP Halt Resume Time"). In making such determination, the Exchange will make a good-faith determination and consider the totality of information to determine whether resuming trading would promote a fair and orderly market, including input from the Processor, the Operating Committee or the operator of the system in question (as well as any Trading Center(s) to which such system is linked), regarding operational readiness to resume trading. The Exchange retains discretion to delay the SIP Halt Resume Time if it believes trading will not resume in a fair and orderly manner.

(ii) The Exchange will terminate a SIP Halt with a notification that specifies a SIP Halt Resume Time. The Exchange will provide a minimum five-minute notice of a SIP Halt Resume Time, during which period market participants may enter orders in the affected securities. During Regular Trading Hours, the last SIP Halt Resume Time will be 15 minutes before the end of Regular Trading Hours, e.g., 3:45 p.m. Eastern Time. The Exchange may stagger the SIP Halt Resume Times for multiple symbols in order to reopen in a fair and orderly manner.

(iii) The Exchange will reopen trading after a SIP Halt in Exchange-listed securities with a Trading Halt Auction.

(B) For a SIP Halt Initiated by a UTP Listing Market. For UTP Securities affected by a SIP Halt, during Regular Trading Hours, the

Exchange may resume trading in the affected security after trading in the affected security has resumed on the UTP Listing Market or notice has been received from the UTP Listing Market that such trading may resume. During Regular Trading Hours, if the UTP Listing Market does not open a security within the amount of time as specified by the rules of the UTP Listing Market after the SIP Halt Resume Time, the Exchange may resume trading in that security, provided that the Exchange will not resume trading in any security that is subject to the Limit Up Limit Down Plan until the Exchange receives the first Price Band in that security. Outside of Regular Trading Hours, the Exchange may resume trading in the affected security after the SIP Halt Resume Time.

(7) Order Processing During a Regulatory Halt, Including SIP Halts

(A) During a Regulatory Halt that will reopen with a Trading Halt Auction, the Exchange will process new and existing orders as follows:

(i) cancel any unexecuted portion of Non-Display Limit Orders and orders with a Peg instruction (i.e., Midpoint Peg, Market Peg and Primary Peg, and excluding Market Maker Peg Orders);

(ii) maintain any unexecuted quantity of Market Orders;

(iii) re-price all other resting orders in the Exchange Book to their limit price;

(iv) accept and process all cancellations;

(v) reject incoming orders designated IOC, Non-Displayed Limit Orders, and Pegged Orders; and

(vi) accept all other incoming order instructions until the Auction for the Trading Halt Auction, at which point Rule 11.022(d) will govern the entry of incoming orders and order instructions.

(B) During a UTP Regulatory Halt (including a SIP Halt initiated by a UTP Listing Market), the Exchange will process new and existing orders in a UTP Security as follows:

(i) cancel any unexecuted portion of Market Orders, Non-Displayed Limit Orders and Pegged Orders and orders not eligible to trade in the current trading session on the Exchange;

(ii) maintain all other resting orders in the Exchange Book at their last working price and display price;

(iii) accept and process all cancellations;

(iv) process a request to cancel and replace as a cancellation without replacing the order;

(v) reject all other incoming order instructions until the security begins trading on the Exchange.

(c) Operational Halts.

(1) Authority to Initiate an Operational Halt. The Exchange may declare an Operational Halt for any security trading on the Exchange:

(A) if it is experiencing Extraordinary Market Activity on the Exchange;

(B) if a Primary Listing Market imposes an Operational Halt in a security that is a derivative or component of a security listed on the Exchange; or

(C) when otherwise necessary to maintain a fair and orderly market or in the public interest.

(2) Notifications. The Exchange will notify the Processor if it has concerns about its ability to collect and transmit quotes, orders, or last sale prices, or where it has declared an Operational Halt or suspension of trading in one or more Eligible Securities (as that term is defined in the CTA Plan), pursuant to the procedures adopted by the Operating Committee.

(3) Order Processing During an Operational Halt.

(A) On the occurrence of any Operational Halt pursuant to this Rule, the Exchange will cancel all unexecuted orders in the halted securities resting on the Exchange Book, including Auction Only Orders.

(B) During any Operational Halt, the Exchange will reject all other incoming order instructions until the Exchange resumes trading.

(4) Resumption of Trading After an Operational Halt.

(A) When the Exchange determines that trading may resume in a fair and orderly manner and in accordance with its Rules, it will resume trading following an Operational Halt.

(B) Communications. Trading in a halted security shall resume at the time specified by the Exchange in a notice. The Exchange will notify all other Plan participants and the SIP of such an Operational Halt as well as provide notice that an Operational Halt has been lifted using such protocols and other emergency procedures as may be mutually agreed to between the Operating Committee and the Exchange. If the SIP is unable

to disseminate notice of an Operational Halt or the Exchange is not open for trading, the Exchange will take reasonable steps to provide notice of an Operational Halt, which shall include both the type and start time of the Operational Halt. Each Plan participant shall continuously monitor communication protocols established by the Operating Committee and the Processor during market hours to disseminate notice of an Operational Halt, and the failure of a participant to do so shall not prevent the Exchange from initiating an Operational Halt in accordance with the procedures specified herein.

Rule 11.021. Trading Halts Due to Extraordinary Market Volatility/Market-Wide Circuit Breakers

(a) Trading in all stocks will halt on the Exchange and will not reopen for the time periods described in this TXSE Rule if there is a Level 1, 2 or 3 Market Decline.

(1) For purposes of this TXSE Rule, a Market Decline means a decline in price of the S&P 500® Index between 9:30 a.m. and 4:00 p.m. on a trading day as compared to the closing price of the S&P 500® Index for the immediately preceding trading day. The Level 1, Level 2 and Level 3 Market Declines that will be applicable for the trading day will be publicly disseminated by the Primary Listing Market before 9:30 a.m.

(2) A “Level 1 Market Decline” means a Market Decline of 7%.

(3) A “Level 2 Market Decline” means a Market Decline of 13%.

(4) A “Level 3 Market Decline” means a Market Decline of 20%.

(b) Halts in Trading.

(1) If a Level 1 Market Decline or a Level 2 Market Decline occurs after 9:30 a.m. and up to and including 3:25 p.m., or in the case of an early scheduled close, 12:25 p.m., trading in all stocks will halt on the Exchange for 15 minutes after a Level 1 or Level 2 Market Decline. Trading in all stocks will halt on the Exchange based on a Level 1 or Level 2 Market Decline only once per trading day. Trading in all stocks will not halt on the Exchange if a Level 1 Market Decline or a Level 2 Market Decline occurs after 3:25 p.m., or in the case of an early scheduled close, 12:25 p.m.

(2) If a Level 3 Market Decline occurs at any time during the trading day, trading in all stocks will halt on the Exchange for the remainder of the trading day.

(c) Reopening of Trading.

(1) If a Level 1 or Level 2 Market Decline occurs under this TXSE Rule ("MWCB Halt"), the trading halt shall be terminated when the Exchange releases the security for trading and the Exchange shall re-open the security in accordance with TXSE Rule 11.022(d).

(2) If the Primary Listing Market halts trading in all stocks, trading will halt on the Exchange in those stocks until trading has resumed on the Primary Listing Market or notice has been received from the Primary Listing Market that trading may resume. If the Primary Listing Market does not reopen a security within 15 minutes following the end of the 15-minute halt period, the Exchange may resume trading in that security.

(d) Nothing in this TXSE Rule should be construed to limit the ability of the Exchange to otherwise halt, suspend or pause the trading in any stock or stocks traded on the Exchange pursuant to any other Exchange rule or policy.

(e) Market-Wide Circuit Breaker ("MWCB") Testing.

(1) The Exchange will participate in all industry-wide tests of the MWCB mechanism. Members designated pursuant to paragraph (a) of TXSE Rule 2.004 to connect to the Exchange's backup systems and participate in testing of such systems are required to participate in at least one industry-wide MWCB test each year and to verify their participation in that test by attesting that they are able to or have attempted to:

(A) receive and process MWCB halt messages from SIPs;

(B) receive and process resume messages from the SIPs following a MWCB halt;

(C) receive and process market data from the SIPs relevant to MWCB halts; and

(D) send orders following a Level 1 or Level 2 MWCB halt in a manner consistent with their usual trading behavior.

(2) To the extent that a Member participating in a MWCB test is unable to receive and process any of the messages identified in paragraph (e)(1)(A)-(D) of this TXSE Rule, its attestation should notify the Exchange which messages it was unable to process and, if known, why.

(3) Members not designated pursuant to standards established in paragraph (a) of TXSE Rule 2.004 are permitted to participate in any MWCB test.

(f) In the event that a halt is triggered under this TXSE Rule following a Level 1, Level 2 or Level 3 Market Decline, the Exchange, together with other SROs and industry representatives (the "MWCB Working Group"), will review such event. The MWCB Working Group will prepare a report that documents its analysis and

recommendations and will provide that report to the Commission within 6 months of the event.

(g) In the event that there is (1) a Market Decline of more than 5% or (2) an SRO implements a rule that changes its reopening process following a MWCB halt, the Exchange, together with the MWCB Working Group, will review such event and consider whether any modifications should be made to this TXSE Rule. If the MWCB Working Group recommends that a modification should be made to this TXSE Rule, the MWCB Working Group will prepare a report that documents its analysis and recommendations and provide that report to the Commission.

Rule 11.022. Auctions

(a) Definitions

(1) The term “Auction Book” shall mean all Eligible Auction Orders (as defined below) on the TXSE Book.

(2) The term “Auction Only Price” shall mean the price at which the most shares from the Auction Book would match. In the event of a volume based tie at multiple price levels, the Auction Only Price will be the price which results in the minimum total imbalance. In the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, the Auction Only Price will be the price closest to the Volume Based Tie Breaker (as defined below).

(3) The term “TXSE Official Closing Price” shall mean the price disseminated to the consolidated tape as the market center closing trade.

(4) The term “TXSE Official IPO Opening Price” shall mean the price disseminated to the consolidated tape as the market center opening trade for an initial public offering of a TXSE-Listed Security.

(5) The term “TXSE Official Opening Price” shall mean the price disseminated to the consolidated tape as the market center opening trade.

(6) The term “Collar Price Range” shall mean the range from a set percentage below the Collar Midpoint (as defined below) to above the Collar Midpoint, such set percentage being dependent on the value of the Collar Midpoint at the time of the auction, as described below. The Collar Midpoint will be the Volume Based Tie Breaker for all applicable auctions, except for IPO Auctions (as defined below) in exchange traded products (“ETPs”), for which the Collar Midpoint will be the issue price. Specifically, the Collar Price Range will be determined as follows: where the Collar Midpoint is $25.00 or less, the Collar Price Range shall be the range from 10% below the Collar Midpoint to 10% above the Collar Midpoint; where the Collar Midpoint is greater than $25.00 but less than or equal to $50.00, the Collar Price Range shall be the range from 5% below the Collar Midpoint to 5% above the Collar Midpoint; and where the Collar

Midpoint is greater than $50.00, the Collar Price Range shall be the range from 3% below the Collar Midpoint to 3% above the Collar Midpoint.

(7) The term “Continuous Book” shall mean all orders on the TXSE Book that are not Eligible Auction Orders.

(8) The term “Eligible Auction Order” shall mean any MOO, LOO, LLOO, MOC, LOC or LLOC order (each as defined below) that is entered in compliance with its respective cutoff for an Opening Auction (as defined below) or Closing Auction (as defined below), any RHO order prior to the Opening Auction, any limit or market order not designated to exclusively participate in the Closing Auction entered during the Quote-Only Period (as defined below) of an IPO Auction subject to the below restrictions, and any limit or market order not designated to exclusively participate in the Opening Auction or Closing Auction entered during the Quote-Only Period of a Halt Auction (as defined below).

With regard to an IPO Auction in a TXSE-Listed Security, the restrictions on Eligible Auction Orders in paragraphs (A), (B) and (C) below would apply.

(A) The following types of orders shall not be eligible to participate in an IPO Auction and will be rejected:

(i) Pegged Orders, Midpoint Peg Orders, Market Maker Peg Orders, Market Peg Orders;

(ii) Minimum Execution Quantity Orders;

(iii) MOC, LOC and LLOC orders; and

(iv) Orders with a Time-in-Force instruction of GTT with an expiration time earlier than 4:00 p.m. Eastern Time.

(B) The following types of orders entered to participate in an IPO Auction will be converted as follows:

(i) Market Orders with a Time-in-Force instruction of IOC will be converted to MOOs and Limit Orders with a Time-in-Force instruction of IOC will be converted to LOOs; and

(ii) Orders with a Time-in-Force instruction of RHO will be converted to orders with a Time-in-Force instruction of Day.

(iii) Reserved.

(C) The following modifiers on an order that has been entered to participate in an IPO Auction will not be applied in an IPO Auction and will be permanently ignored with respect to an order unless otherwise specified below:

(i) MTP Modifiers will not be applied until the IPO Auction is complete but will be applied in the event any unexecuted portion is placed on the TXSE Book;

(ii) an ISO instruction or a Post Only instruction included with a Limit Order; and

(iii) the replenishment range of a Reserve Quantity with a Random Replenishment instruction.

(9) The term “Final Last Sale Eligible Trade” shall mean the last Round Lot trade occurring during Regular Trading Hours on the Exchange if the trade was executed within the last one second prior to either the Closing Auction or, for Halt Auctions, trading in the security being halted. Where the trade was not executed within the last one second, the last Round Lot trade reported to the consolidated tape received by the Exchange during Regular Trading Hours and, where applicable, prior to trading in the security being halted will be used. If there is no qualifying trade for the current day, the TXSE Official Closing Price from the previous trading day will be used.

(10) The term “Indicative Price” shall mean the price at which the most shares from the Auction Book and the Continuous Book would match. In the event of a volume based tie at multiple price levels, the Indicative Price will be the price which results in the minimum total imbalance. In the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, the Indicative Price will be the price closest to the Volume Based Tie Breaker.

(11) The term “Late-Limit-On-Close” or “LLOC” shall mean a TXSE limit order that is designated for execution only in the Closing Auction. To the extent a LLOC bid or offer received by the Exchange has a limit price that is more aggressive than the NBB or NBO, the price of such bid or offer is adjusted to be equal to the NBB or NBO, respectively, at the time of receipt by the Exchange. Where the NBB or NBO becomes more aggressive, the limit price of the LLOC bid or offer will be adjusted to the more aggressive price, only to the extent that the more aggressive price is not more aggressive than the original User entered limit price. The limit price will not be adjusted to a less aggressive price, unless otherwise provided by Exchange Rules. If there is no NBB or NBO, the LLOC bid or offer, respectively, will assume its entered limit price.

(12) The term “Late-Limit-On-Open” or “LLOO” shall mean a TXSE limit order that is designated for execution only in the Opening Auction. To the extent a LLOO bid or offer received by the Exchange has a limit price that is more aggressive than the NBB or NBO, the price of such bid or offer is adjusted to be equal to the NBB or NBO, respectively, at the time of receipt by the Exchange. Where the NBB or NBO becomes more aggressive, the limit price of the LLOO bid or offer will be adjusted to the more aggressive price, only to the extent that the more aggressive price is not more aggressive than the original User entered

limit price. The limit price will not be adjusted to a less aggressive price, unless otherwise provided by Exchange Rules. If there is no NBB or NBO, the LLOO bid or offer, respectively, will assume its entered limit price. Notwithstanding the foregoing, a LLOO order entered during the Quote-Only Period of an IPO will be converted to a limit order with a limit price equal to the original User entered limit price and any LLOO orders not executed in their entirety during the IPO Auction will be cancelled upon completion of the IPO Auction.

(13) The term “Limit-On-Close” or “LOC” shall mean a TXSE limit order that is designated for execution only in the Closing Auction.

(14) The term “Limit-On-Open” or “LOO” shall mean a TXSE limit order that is designated for execution only in the Opening Auction. Notwithstanding the foregoing, a LOO order entered during the Quote-Only Period of an IPO will be converted to a limit order and any LOO orders not executed in their entirety during the IPO Auction will be cancelled upon completion of the IPO Auction.

(15) The term “Market-On-Close” or “MOC” shall mean a TXSE market order that is designated for execution only in the Closing Auction.

(16) The term “Market-On-Open” or “MOO” shall mean a TXSE market order that is designated for execution only in the Opening Auction. Notwithstanding the foregoing, a MOO order entered during the Quote-Only Period of an IPO will be converted to a market order and any MOO orders not executed in their entirety during the IPO Auction will be cancelled upon completion of the IPO Auction.

(17) The term “Quote-Only Period” shall mean a designated period of time prior to a Halt Auction, a Volatility Closing Auction or an IPO Auction during which Users may submit orders to the Exchange for participation in the auction.

(18) The term “Reference Buy Shares” shall mean the total number of shares associated with buy-side Eligible Auction Orders that are priced equal to or greater than the Reference Price (as defined below).

(19) The term “Reference Price,” for the purposes of this TXSE Rule 11.022, shall mean the price within the Reference Price Range that maximizes the number of Eligible Auction Order shares associated with the lesser of the Reference Buy Shares and the Reference Sell Shares as determined at each price level within the Reference Price Range, that minimizes the absolute difference between Reference Buy Shares and Reference Sell Shares and minimizes the distance from the Volume Based Tie Breaker.

(20) The term “Reference Price Range” shall mean the range from the NBB to the NBO for a particular security. In the event that there is either no NBB or NBO for the security, the price of the Final Last Sale Eligible Trade will be used.

(21) The term “Reference Sell Shares” shall mean the total number of shares associated with sell-side Eligible Auction Orders that are priced equal to or less than the Reference Price.

(22) The term “Volume Based Tie Breaker” shall mean the midpoint of the NBBO for a particular security where the NBBO is a Valid NBBO. A NBBO is a Valid NBBO where: (i) there is both a NBB and NBO for the security; (ii) the NBBO is not crossed; and (iii) the midpoint of the NBBO is less than the “Maximum Percentage” away from both the NBB and the NBO. The “Maximum Percentage” will be determined by the Exchange and will be published in a circular distributed to Members with reasonable advance notice prior to initial implementation and any change thereto. Where the NBBO is not a Valid NBBO, the price of the Final Last Sale Eligible Trade will be used.

(b) Opening Auction

(1) Order Entry and Cancellation Before Opening Auction

(A) Users may submit orders to the Exchange as set forth in TXSE Rule 11.001. Any Eligible Auction Orders designated for the Opening Auction will be queued until 9:30 a.m. at which time they will be eligible to be executed in the Opening Auction. Users may submit LOO and MOO orders until 9:28 a.m., at which point any additional LOO and MOO orders submitted to the Exchange will be rejected. RHO market orders will also be rejected between 9:28 a.m. and 9:30 a.m. Users may submit LLOO orders between 9:28 a.m. and 9:30 a.m. Any LLOO orders submitted before 9:28 a.m. or after 9:30 a.m. will be rejected. RHO limit orders submitted between 9:28 a.m. and 9:30 a.m. will be treated as LLOO orders until the Opening Auction has concluded.

(B) Eligible Auction Orders designated for the Opening Auction may not be cancelled or modified between 9:28 a.m. and 9:30 a.m. except that RHO limit orders designated for the Opening Auction may be modified, but not cancelled, between 9:28 a.m. and 9:30 a.m. Any such RHO limit orders modified between 9:28 a.m. and 9:30 a.m. will be treated as LLOO orders until the Opening Auction has concluded.

(C) Orders eligible for execution in the Pre-Market Session may be cancelled or modified at any time prior to execution.

(2) Opening Auction Process. The Exchange will conduct an Opening Auction for all TXSE-Listed Securities.

(A) Publication of TXSE Auction Information. Beginning at 8:00 a.m. and updated every five seconds thereafter, the Reference Price, Indicative Price, Auction Only Price, Reference Buy Shares and Reference Sell Shares associated with the Opening Auction will be disseminated via electronic means.

(B) Determination of TXSE Official Opening Price. The Opening Auction price will be established by determining the price level within the Collar Price Range that maximizes the number of shares executed between the Continuous Book and Auction Book in the Opening Auction. In the event of a volume based tie at multiple price levels, the Opening Auction price will be the price which results in the minimum total imbalance. In the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, the Opening Auction price will be the price closest to the Volume Based Tie Breaker. The Opening Auction price will be the TXSE Official Opening Price. In the event that there is no Opening Auction for an issue, the TXSE Official Opening Price will be the price of the Final Last Sale Eligible Trade, which will be the previous TXSE Official Closing Price.

(C) Execution Priority. MOO and market RHO orders have priority over all other Opening Auction Eligible Orders. To the extent there is executable contra side interest, such MOO and market RHO orders will execute at the TXSE Official Opening Price in accordance with time priority. After the execution of all MOO and market RHO orders, the remaining orders priced at or more aggressively than the TXSE Official Opening Price on the Auction Book and the Continuous Book will be executed on the basis of price priority. Equally priced trading interest shall execute in time priority in the following order:

(i) the displayed portion of limit orders, LOO orders, LLOO orders and limit RHO orders (all such orders to have equal priority after execution of all orders identified in paragraph (C) above); and

(ii) Non-Displayed orders (including the Reserve Quantity of Limit Orders).

(3) Transition to Regular Trading Hours

(A) Limit order shares on the Continuous Book that are not executed in the Opening Auction will remain on the Continuous Book during Regular Trading Hours, subject to the User’s instructions.

(B) RHO order shares that are not executed in the Opening Auction will be added to the Continuous Book at the conclusion of the Opening Auction, subject to the User’s instructions. However, where the Opening Auction would have occurred at a price level but for such price level being greater than (less than) the high (low) range of the Collar Price Range, all buy (sell) limit RHO orders with a limit price more aggressive than the TXSE Official Opening Price that are not executed in the Opening Auction will be cancelled.

(C) LOO, LLOO and MOO orders that are not executed in the Opening Auction will be cancelled immediately at the conclusion of the Opening Auction.

(c) Closing Auction

(1) Order Entry and Cancellation Before Closing Auction

(A) Users may submit orders to the Exchange as set forth in TXSE Rule 11.001. Any Eligible Auction Orders designated for the Closing Auction will be queued until 4:00 p.m., at which time they will be eligible to be executed in the Closing Auction. Users may submit LOC and MOC orders until 3:59 p.m., at which point any additional LOC and MOC orders submitted will be rejected. Unlike in the Opening Auction, User submitted Market RHO orders will be accepted immediately prior to the Closing Auction. Users may submit LLOC orders between 3:59 p.m. and 4:00 p.m. Any LLOC orders submitted before 3:59 p.m. or after 4:00 p.m. will be rejected.

(B) Eligible Auction Orders designated for the Closing Auction may not be cancelled between 3:59 p.m. and 4:00 p.m.

(C) Orders eligible for execution during Regular Trading Hours may be cancelled at any time prior to execution.

(2) Closing Auction Process. The Exchange will conduct a Closing Auction for all TXSE-Listed Securities.

(A) Publication of TXSE Auction Information. Beginning at 3:00 p.m. and updated every five seconds thereafter, the Reference Price, Indicative Price, Auction Only Price, Reference Buy Shares and Reference Sell Shares associated with the Closing Auction will be disseminated via electronic means.

(B) Determination of TXSE Official Closing Price. The Closing Auction price will be established by determining the price level within the Collar Price Range that maximizes the number of shares executed between the Continuous Book and Auction Book in the Closing Auction. In the event of a volume based tie at multiple price levels, the Closing Auction price will be the price which results in the minimum total imbalance. In the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, the Closing Auction price will be the price closest to the Volume Based Tie Breaker. For a TXSE-Listed Security, the Closing Auction price will be the TXSE Official Closing Price. In the event that there is no Closing Auction for a TXSE-Listed Security, the TXSE Official Closing Price will be the price of the Final Last Sale Eligible Trade. The TXSE Official Closing Price for all other TXSE-Listed Securities will be determined as follows:

(i) Where at least one Round Lot is executed in the Closing Auction, Closing Auction price will be the TXSE Official Closing Price;

(ii) In the event that the TXSE Official Closing Price cannot be determined under paragraph (B)(i) of this TXSE Rule, the TXSE Official Closing Price for such security will depend on when the last consolidated last-sale eligible trade occurs. If a trade that would qualify as a Final Last Sale Eligible Trade occurred:

(a) within the final five minutes before the end of Regular Trading Hours, the Final Last Sale Eligible Trade will be the TXSE Official Closing Price; or

(b) prior to five minutes before the end of Regular Trading Hours, the time-weighted average price of the NBBO midpoint measured over the last 5 minutes before the end Regular Trading Hours will be the TXSE Official Closing Price. For purposes of this paragraph, the Exchange will exclude a quote from the NBBO midpoint calculation if the spread of the quote is greater than 10% of the midpoint price. A Crossed NBBO would also be excluded from the calculation; or

(iii) If the TXSE Official Closing Price cannot be determined under paragraphs (B)(i) or (B)(ii) of this TXSE Rule, the Final Last Sale Eligible Trade will be the TXSE Official Closing Price.

(C) Execution Priority. MOC orders have priority over all other Closing Auction Eligible Orders. To the extent there is executable contra side interest, such MOC orders will be executed at the TXSE Official Closing Price according to time priority. After the execution of all MOC orders, the remaining orders priced at or more aggressively than the TXSE Official Closing Price on the Auction Book and the Continuous Book will be executed on the basis of price priority. Equally priced trading interest shall execute in time priority in the following order:

(i) the displayed portion of limit orders, LOC orders, LLOC orders and limit RHO orders (all such orders to have equal priority after execution of all orders identified in paragraph (C) above); and

(ii) Non-Displayed orders (including the Reserve Quantity of Limit Orders).

(3) Transition to Post-Market Session

(A) Limit order shares on the Continuous Book that are not executed in the Closing Auction will remain on the Continuous Book during the Post-Market Session, subject to the User's instructions.

(B) RHO, LOC, LLOC and MOC order shares that are not executed in the Closing Auction will be cancelled at the conclusion of the Closing Auction.

(d) IPO Auctions and Halt Auctions. For trading in a TXSE-Listed Security in an initial public offering (an "IPO") or following a Regulatory Halt in that security, other than a Regulatory Halt initiated pursuant to TXSE Rule 11.021(b)(2) following a Level 3 Market Decline, the Exchange will conduct an IPO or Halt Auction, as described below.

(1) Order Entry and Cancellation Before an IPO or Halt Auction.

(A) The Quote-Only Period with respect to a Halt Auction shall commence five (5) minutes prior to such Halt Auction. The Quote-Only Period with respect to an IPO Auction for ETPs shall commence at 8:00 a.m. The Quote-Only Period with respect to an IPO Auction in a TXSE-Listed Security shall commence at a time announced in advance by the Exchange that shall be between fifteen (15) and thirty (30) minutes plus a short random period prior to such IPO Auction. There are no IPO or Halt Auction specific order types. Any Eligible Auction Orders associated with an IPO or Halt Auction will be queued until the end of the Quote-Only Period at which time they will be eligible to be executed in the associated auction. All orders associated with IPO or Halt Auctions must be received prior to the end of the Quote-Only Period in order to participate in the auction.

(B) Eligible Auction Orders associated with an IPO or Halt Auction may be cancelled at any time prior to execution.

(2) IPO and Halt Auction Process.

(A) Publication of TXSE Auction Information. Coinciding with the beginning of the Quote-Only Period for a security and updated every five seconds thereafter, the Reference Price, Indicative Price, Auction Only Price, Halt Auction Reference Price, Halt Auction Collars, and the lesser of Reference Buy Shares and Reference Sell Shares associated with the IPO or Halt Auction will be disseminated via electronic means.

(B) Extending the Quote-Only Period for IPO Auctions. The Quote-Only Period may be extended where:

(i) there are unmatched market orders on the Auction Book associated with the auction;

(ii) the underwriter requests an extension;

(iii) where the Indicative Price moves the greater of 10% or fifty (50) cents in the fifteen (15) seconds prior to the auction; or

(iv) in the event of a technical or systems issue at the Exchange that may impair the ability of Users to participate in the IPO Auction or of the Exchange to complete the IPO Auction.

(C) Incremental Quote Period Extensions for Halt Auctions Following a Regulatory Halt. Pursuant to paragraph (d)(1)(A) above, the Quote-Only Period with respect to a Halt Auction shall commence five (5) minutes prior to such Halt Auction. The Quote-Only Period shall be extended for an additional five (5) minutes should a Halt Auction be unable to be performed due to unmatched market orders on the Auction Book associated with the auction, or the Indicative Price, before being adjusted for Halt Auction Collars, is outside the applicable Halt Auction Collars set forth in subparagraphs (i) and (ii) below (either, an "Impermissible Price") ("Initial Extension Period"). After the Initial Extension Period, the Quote-Only Period shall be extended for additional five (5) minute periods should a Halt Auction be unable to be performed due to an Impermissible Price ("Additional Extension Period") until a Halt Auction occurs. The Exchange shall attempt to conduct a Halt Auction during the course of each Additional Extension Period. The Halt Auction shall be cancelled at 3:50 p.m. Eastern Time, at which time the auction for the security shall be conducted pursuant to the Volatility Closing Auction process under section (e) of this TXSE Rule.

(i) Initial Halt Auction Collars shall be calculated as follows:

(a) For Halt Auctions following a Trading Pause, the Halt Auction Reference Price shall equal the price of the Upper or Lower Price Band that triggered the halt. If the Halt Auction Reference Price is the Lower (Upper) Price Band, the initial lower (upper) Halt Auction Collar shall be five (5) percent less (greater) than the Halt Auction Reference Price, rounded to the nearest minimum price variation and the upper (lower) Halt Auction Collar shall be the Upper (Lower) Price Band. For securities with a Halt Auction Reference Price of $3.00 or less, the initial lower (upper) Halt Auction Collar shall be $0.15 less (greater) than the Halt Auction Reference Price, rounded to the nearest minimum price variation and the upper (lower) Halt Auction Collar shall be the Upper (Lower) Price Band.

(b) For Halt Auctions following non-LULD Regulatory Halts, the Halt Auction Reference Price shall equal the price of the Final Last Sale Eligible Trade. The initial lower (upper) Halt Auction Collar shall be five (5) percent less (greater) than the Halt Auction Reference Price, rounded to the nearest minimum price variation. For securities with a Halt Auction Reference Price of $3.00 or less, the initial lower (upper) Halt Auction Collar shall be $0.15 less (greater) than the Halt Auction Reference Price, rounded to the nearest minimum price variation.

(ii) At the beginning of the Initial Extension Period the upper (lower) Halt Auction Collar shall be increased (decreased) by five (5) percent in the direction of the Impermissible Price, rounded to the nearest minimum price variation. For securities with a Halt Auction Reference Price of $3.00 or less, the Halt Auction Collar shall be increased (decreased) in $0.15 increments in the direction of the Impermissible Price. At the beginning of each Additional Extension Period, the Halt Auction Collar shall be widened in accordance with this paragraph by the same amount as the Initial Extension Period.

(D) Notification of Extensions of the Quote-Only Period. In the event of any extension to the Quote-Only Period as set forth in paragraph (B) or (C) above, the Exchange will notify market participants regarding the circumstances and length of the extension.

(E) Determination of TXSE IPO and Halt Auction Price. Orders will be executed at the price that maximizes the number of shares executed in the auction. For IPO Auctions, orders will be executed at the price level within the Collar Price Range that maximizes the number of shares executed in the auction. For Halt Auctions following a Regulatory Halt, orders will be executed at the price level within the Halt Auction Collars that maximizes the number of shares executed in the auction. In the event of a volume based tie at multiple price levels, the price level that results in the minimum total imbalance will be used. In the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, the price level closest to the issuing price will be used for IPO Auctions and the price level closest to the Final Last Sale Eligible Trade will be used for Halt Auctions. The IPO Auction price will be TXSE Official IPO Opening Price.

(F) Notification of Trading Pauses. If a Trading Pause is triggered by the Exchange or if the Exchange is unable to reopen trading at the end of the Trading Pause due to a systems or technology issue, the Exchange will immediately notify the single plan processor responsible for

consolidation of information for the security pursuant to Rule 603 of Regulation NMS under the Act.

(3) Transition to Normal Trading.

(A) If any orders are not executed in their entirety during the IPO or Halt Auction, then the remaining shares from such orders that are not automatically cancelled shall be executed in accordance with TXSE Rule 11.009 after the completion of the IPO or Halt Auction.

(B) After the completion of the IPO or Halt Auction, the Exchange will open for trading in the security in accordance with Chapter 11.

(e) Volatility Closing Auction. Where a security is halted between 3:50 p.m. and 4:00 p.m. pursuant to TXSE Rule 11.021 or the Quote-Only Period of a Halt Auction for a security halted before 3:50 p.m. pursuant to TXSE Rule 11.021 would otherwise be extended by the Exchange after 3:50 p.m., no Closing Auction or Halt Auction for the security will occur. Instead, the Exchange will conduct a Volatility Closing Auction at 4:00 p.m. as described below.

(1) Order Entry and Cancellation Before a Volatility Closing Auction.

(A) The Quote-Only Period with respect to a Volatility Closing Auction shall commence at the time a security is halted between 3:50 p.m. and 4:00 p.m. and will end at 4:00 p.m. During the Quote-Only Period of a Volatility Closing Auction the Exchange will accept limit and market orders as well as any Eligible Auction Orders applicable to a Closing Auction on the Exchange.

(B) Eligible Auction Orders associated with a Volatility Closing Auction may be cancelled at any time prior to execution.

(2) Volatility Closing Auction Process.

(A) Publication of TXSE Auction Information. Coinciding with the beginning of the Quote-Only Period for a security and updated every five seconds thereafter, the Reference Price, Indicative Price, Auction Only Price, and the lesser of Reference Buy Shares and Reference Sell Shares associated with the Volatility Closing Auction will be disseminated via electronic means.

(B) Determination of Closing Price. Orders will be executed at the price level within the most recently widened Halt Auction Collar calculated pursuant to TXSE Rule 11.022(d)(2)(C) that maximizes the number of shares executed in the auction. In the event of a volume based tie at multiple price levels, the price level that results in the minimum total imbalance will be used. In the event of a volume based tie and a tie in

minimum total imbalance at multiple price levels, the price level closest to the Final Last Sale Eligible Trade will be used for Volatility Closing Auctions. The Volatility Closing Auction price will be the TXSE Official Closing Price.

(C) Execution Priority. Market orders have priority over all other Volatility Closing Auction Eligible Orders. To the extent there is executable contra side interest, such market orders will be executed at the TXSE Official Closing Price according to time priority. After the execution of all market orders, the remaining orders priced at or more aggressively than the TXSE Official Closing Price will be executed on the basis of price/time priority.

(3) Transition to Post-Market Session.

(A) Limit order shares that are not executed in the Volatility Closing Auction will remain on the Continuous Book during the Post-Market Session, subject to paragraph (B) below and the User's instructions.

(B) RHO, LOC, LLOC, MOC and market order shares that are not executed in the Volatility Closing Auction will be cancelled at the conclusion of the Volatility Closing Auction.

(f) Whenever, in the judgment of the Exchange, the interests of a fair and orderly market so require, the Exchange may adjust the timing of or suspend the auctions set forth in this TXSE Rule with prior notice to Users.

(g) For purposes of Rule 611(b)(3) of Regulation NMS, orders executed pursuant to the Opening Auction, Closing Auction, Halt Auction, and Volatility Closing Auction may trade-through any other Trading Center's Manual or Protected Quotations if the transaction that constituted the trade-through was a single-priced opening, reopening or closing transaction by the trading center.

(h) For purposes of this TXSE Rule, all references to a.m. and p.m. times shall refer to Eastern Time.

(i) Closing Contingency Procedures. When a determination to implement Closing Contingency Procedures has been made by the Chief Executive Officer of the Exchange or any Executive Officer designated by the Chief Executive Officer, the Exchange shall publicly announce this determination at the earliest possible time via system status alerts, trade desk notices, and email notification directories. The following procedures shall apply:

(1) If the Exchange determines to follow Closing Contingency Procedures for one or more securities at or before 3:00 p.m. Eastern Time, the Exchange will designate an alternate exchange and the Exchange's Official Closing Price for those securities will be:

(A) the official closing price established for such security under the rules of the designated alternate exchange; or

(B) if there is no official closing price in a security on the designated alternate exchange, the Exchange's Official Closing Price will be the Volume-Weighted Average Price ("VWAP") of the consolidated last-sale eligible prices of the last five minutes of trading during regular trading hours, including any closing transactions on an exchange and any trade breaks or corrections up to the time the VWAP is processed; or

(C) if there were no consolidated last-sale eligible trades in the last five minutes of trading during regular trading hours, the Exchange's Official Closing Price of such security will be the last consolidated last-sale eligible trade for such security during regular trading hours on that trading day; or

(D) if there were no consolidated last-sale eligible trades, the Exchange's Official Closing Price of such security will be the prior day's Official Closing Price; or

(E) if no Official Closing Price for a security can be determined under subsections (A), (B), (C) or (D) above, the Exchange would not publish an Official Closing Price for such security.

(2) If the Exchange determines to follow Closing Contingency Procedures for one or more securities after 3:00 p.m. Eastern Time, the Exchange's Official Closing Price for those securities will be:

(A) the VWAP of the consolidated last-sale eligible prices of the last five minutes of trading during regular trading hours, including any closing transactions on an exchange and any trade breaks or corrections up to the time the VWAP is processed;

(B) if there were no consolidated last-sale eligible trades in the last five minutes of trading during regular trading hours, the Exchange's Official Closing Price of such security will be the last consolidated last-sale eligible trade for such security during regular trading hours on that trading day;

(C) if there were no consolidated last-sale eligible trades on the day in question, the Exchange's Official Closing Price of such security will be the prior day's Official Closing Price; or

(D) if no Official Closing Price for a security can be determined under subsections (A), (B) or (C) above, the Exchange would not publish an Official Closing Price for such security.

(3) The Exchange shall cancel all open interest designated for the Exchange's close residing in the Exchange's systems to give members the opportunity to route their orders to alternative execution venues.

(4) The Post-Market Session shall begin either as scheduled at 4:00 p.m. Eastern Time or upon resolution of the disruption that triggered the Exchange to operate the Closing Contingency Procedures.

Rule 11.023. Opening Process for Non-TXSE-Listed Securities

(a) Order Entry and Cancellation before the Opening Process. Prior to the beginning of Regular Trading Hours, Users who wish to participate in the Opening Process may enter orders to buy or sell that are designated as RHO orders. Orders cancelled before the Opening Process will not participate in the Opening Process. Any order that is not designated as RHO will not be eligible for participation in the Opening Process.

(1) All non-RHO orders and ISOs designated RHO entered between 9:30 a.m. Eastern Time and the completion of the Opening Process may execute against eligible Pre-Market Session contra-side interest resting on the TXSE Book. Any unexecuted portion of an ISO that is designated RHO will be converted into a non-ISO and be queued for participation in the Opening Process.

(2) All orders that are designated as RHO may participate in the Opening Process except orders with a Post Only instruction and ISOs not modified by TXSE Rule 11.023(a)(1) above. Limit orders with a Reserve Quantity may participate to the full extent of their displayed size and Reserve Quantity. All Pegged Orders, Midpoint Peg Orders and Market Peg Orders, as defined in TXSE Rule 11.007(c), will be eligible for execution in the Opening Process based on their pegged prices.

(3) The Exchange will open by attempting to execute all orders eligible for the Opening Process.

(b) Performing the Opening Process. The Exchange will attempt to perform the Opening Process, in which the Exchange matches buy and sell orders that are executable at the midpoint of the NBBO as described in paragraph (c) below. All orders eligible to trade at the midpoint will be processed in time sequence, beginning with the order with the oldest time stamp. Matches will occur until there is no remaining volume or there is an imbalance of orders (the "Opening Match"). All MTP modifiers, as defined in TXSE Rule 11.007(d), will be ignored as it relates to executions occurring as part of the Opening Match. An imbalance of orders on the buy side or sell side may result in orders that are not executed in whole or in part. Such orders may, in whole or in part, be placed on the TXSE Book, cancelled or executed. If no matches can be made, the Opening Process will conclude with all orders that participated in the Opening Process being placed in the TXSE Book, cancelled or executed.

(c) Determining the price of the Opening Process. The price of the Opening Process will be at the midpoint of the NBBO.

(1) When the listing exchange is either the NYSE or NYSE American, the Opening Process will be priced at the midpoint of the: (i) first NBBO subsequent to the first reported trade and first two-sided quotation on the listing exchange after 9:30:00 a.m. Eastern Time; or (ii) then prevailing NBBO when the first two-sided quotation is published by the listing exchange after 9:30:00 a.m. Eastern Time, but before 9:45:00 a.m. Eastern Time if no first trade is reported by the listing exchange within one second of publication of the first two-sided quotation by the listing exchange.

(2) For any other listing market except for the Exchange, the Opening Process will be priced at the midpoint of the first NBBO subsequent to the first two-sided quotation published by the listing exchange after 9:30:00 a.m. Eastern Time.

(d) Contingent Open. If the conditions to establish the price of the Opening Process set forth under proposed TXSE Rule 11.023(c) do not occur by 9:45:00 a.m. Eastern Time, orders will be handled in time sequence, beginning with the order with the oldest time stamp, and will be placed on the TXSE Book, cancelled, or executed in accordance with the terms of the order.

(e) Re-Opening After a Halt. While a non-TXSE-Listed Security is subject to a halt, suspension or pause in trading, other than a halt initiated pursuant to TXSE Rule 11.021(b)(2) following a Level 3 Market Decline, the Exchange will accept orders for queuing prior to the resumption of trading in the security for participation in the Re-Opening Process.

(1) The Re-Opening Process will occur in the same manner described in paragraphs (a)(2) and (b) above, with the following exceptions:

(A) Non-RHO orders will be eligible for participation in the Re-Opening Process, but IOC, orders with a Post Only instruction and Minimum Execution Quantity Orders will be cancelled or rejected, as applicable, and any ISO that is not IOC will be converted into a non-ISO and be queued for participation in the Re-Opening Process;

(B) During Regular Trading Hours, the Re-Opening Process will occur at the midpoint of the: (i) first NBBO subsequent to the first reported trade and first two-sided quotation on the listing exchange following the resumption of trading after a halt, suspension or pause; or (ii) NBBO when the first two-sided quotation is published by the listing exchange following the resumption of trading after a halt, suspension or pause if no first trade is reported by the listing exchange within one second of publication of the first two-sided quotation by the listing exchange; and

(C) During the Pre-Market Session or Post-Market Session, the Re-Opening Process will occur at the midpoint of the NBBO after one second has passed following: (i) for Tape A securities, the Exchange's receipt of the first NBBO following the resumption of trading after a halt, suspension or pause, or (ii) for Tape B and C securities, the publication of the first two-sided quotation by the listing exchange following the resumption of trading after a halt, suspension or pause.

(2) Where the conditions required to establish the price of the Re-Opening Process in paragraph (e)(1)(B) or (C) above have not occurred, the security may be opened for trading at the discretion of the Exchange. Where the security is opened by the Exchange subject to this discretion, orders will be handled in the same manner described in paragraph (d) above.

Rule 11.024. Lead Market Maker Program

(a) Reserved.

Rule 11.025. Competitive Liquidity Provider Program

(a) Reserved.

Rule 11.026. Supplemental Competitive Liquidity Provider Program for Exchange Traded Products

(a) Reserved.

CHAPTER 12. TRADING PRACTICE RULES

Rule 12.001. Market Manipulation

No Member shall execute or cause to be executed or participate in an account for which there are executed purchases of any security at successively higher prices, or sales of any security at successively lower prices, for the purpose of creating or inducing a false, misleading or artificial appearance of activity in such security on the Exchange or for the purpose of unduly or improperly influencing the market price for such security or for the purpose of establishing a price which does not reflect the true state of the market in such security.

Rule 12.002. Fictitious Transactions

No Member, for the purpose of creating or inducing a false or misleading appearance of activity in a security traded on the Exchange or creating or inducing a false or misleading appearance with respect to the market in such security shall:

(1) execute any transaction in such security which involves no change in the beneficial ownership thereof, or

(2) enter any order or orders for the purchase of such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the sale of such security, has been or will be entered by or for the same or different parties or

(3) enter any order or orders for the sale of any such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the purchase of such security, has been or will be entered by or for the same or different parties.

Rule 12.003. Excessive Sales by a Member

No Member shall execute purchases or sales in any security traded on the Exchange for any account in which such Member is directly or indirectly interested, which purchases or sales are excessive in view of the Member's financial resources or in view of the market for such security.

Rule 12.004. Manipulative Transactions

(a) No Member shall participate or have any interest, directly or indirectly, in the profits of a manipulative operation or knowingly manage or finance a manipulative operation.

(b) Any pool, syndicate or joint account organized or used intentionally for the purpose of unfairly influencing the market price of a security shall be deemed to be a manipulative operation.

(c) The solicitation of subscriptions to or the acceptance of discretionary orders from any such pool, syndicate or joint account shall be deemed to be managing a manipulative operation.

(d) The carrying on margin of a position in such security or the advancing of credit through loans to any such pool, syndicate or joint account shall be deemed to be financing a manipulative operation.

Rule 12.005. Dissemination of False Information

No Member shall make any statement or circulate and disseminate any information concerning any security traded on the Exchange which such Member knows or has reasonable grounds for believing is false or misleading or would improperly influence the market price of such security.

Rule 12.006. Prohibition Against Trading Ahead of Customer Orders

(a) Except as provided herein, a Member that accepts and holds an order in an equity security from its own customer or a customer of another broker-dealer without immediately executing the order is prohibited from trading that security on the same side of the market for its own account at a price that would satisfy the customer order, unless it immediately thereafter executes the customer order up to the size and at the same or better price at which it traded for its own account.

(b) A Member must have a written methodology in place governing the execution and priority of all pending orders that is consistent with the requirements of this TXSE Rule. A Member also must ensure that this methodology is consistently applied.

Interpretations and Policies

.01 Large Orders and Institutional Account Exceptions. With respect to orders for customer accounts that meet the definition of an “institutional account” or for orders of 10,000 shares or more (unless such orders are less than $100,000 in value), a Member is permitted to trade a security on the same side of the market for its own account at a price that would satisfy such customer order, provided that the Member has provided clear and comprehensive written disclosure to such customer at account opening and annually thereafter that:

(a) discloses that the Member may trade proprietarily at prices that would satisfy the customer order and

(b) provides the customer with a meaningful opportunity to opt in to the TXSE Rule 12.006 protections with respect to all or any portion of its order.

If the customer does not opt in to the TXSE Rule 12.006 protections with respect to all or any portion of its order, the Member may reasonably conclude that such customer

has consented to the Member trading a security on the same side of the market for its own account at a price that would satisfy the customer's order.

In lieu of providing written disclosure to customers at account opening and annually thereafter, a Member may provide clear and comprehensive oral disclosure to and obtain consent from the customer on an order-by-order basis, provided that the Member documents who provided such consent and such consent evidences the customer's understanding of the terms and conditions of the order.

For purposes of this TXSE Rule, "institutional account" shall mean the account of:

(1) a bank, savings and loan association, insurance company or registered investment company;

(2) an investment adviser registered either with the Commission under Section 203 of the Investment Advisers Act or with a state securities commission (or any agency or office performing like functions); or

(3) any other person (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least $50 million.

.02 No-Knowledge Exception.

(a) With respect to NMS stocks (as defined in Rule 600 of Regulation NMS), if a Member implements and utilizes an effective system of internal controls, such as appropriate information barriers, that operate to prevent one trading unit from obtaining knowledge of customer orders held by a separate trading unit, those other trading units trading in a proprietary capacity may continue to trade at prices that would satisfy the customer orders held by the separate trading unit. A Member that structures its order handling practices in NMS stocks to permit its proprietary and/or market-making desk to trade at prices that would satisfy customer orders held by a separate trading unit must disclose in writing to its customers, at account opening and annually thereafter, a description of the manner in which customer orders are handled by the Member and the circumstances under which the Member may trade proprietarily at its proprietary and/or market-making desk at prices that would satisfy the customer order.

(b) If a Member implements and utilizes appropriate information barriers in reliance on this exception, the Member must uniquely identify such information barriers in place at the department within the Member where the order was received or originated. Appropriate information barriers must, at minimum, comply with the requirements set forth in TXSE Rule 5.005(a).

(c) Members must maintain records that indicate which orders rely on the No-Knowledge Exception and submit these records to the Exchange upon request.

.03 Riskless Principal Exception. The obligations under this TXSE Rule shall not apply to a Member's proprietary trade if such proprietary trade is for the purposes of facilitating the execution, on a riskless principal basis, of an order from a customer

(whether its own customer or the customer of another broker-dealer) (the "facilitated order"), provided that the Member:

(a) submits a report, contemporaneously with the execution of the facilitated order, identifying the trade as riskless principal to the Exchange (or another SRO if not required under Exchange Rules); and

(b) has written policies and procedures to ensure that riskless principal transactions for which the Member is relying upon this exception comply with applicable Exchange Rules. At a minimum these policies and procedures must require that the customer order was received prior to the offsetting principal transaction, and that the offsetting principal transaction is at the same price as the customer order exclusive of any markup or markdown, commission equivalent or other fee and is allocated to a riskless principal or customer account in a consistent manner and within 60 seconds of execution.

A Member must have supervisory systems in place that produce records that enable the Member and the Exchange to reconstruct accurately, readily and in a time-sequenced manner all facilitated orders for which the Member relies on this exception.

.04 ISO Exception. A Member shall be exempt from the obligation to execute a customer order in a manner consistent with this TXSE Rule with regard to trading for its own account that is the result of an ISO routed in compliance with Rule 600(b)(47)(ii) of Regulation NMS where the customer order is received after the Member routed the ISO. Where a Member routes an ISO to facilitate a customer order and that customer has consented to not receiving the better prices obtained by the ISO, the Member also shall be exempt with respect to any trading for its own account that is the result of the ISO with respect to the consenting customer's order.

.05 Odd Lot and Bona Fide Error Transaction Exceptions. The obligations under this TXSE Rule shall not apply to a Member's proprietary trade that is (1) to offset a customer order that is an amount less than a normal unit of trading; or (2) to correct a bona fide error. Members are required to demonstrate and document the basis upon which a transaction meets the bona fide error exception. For purposes of this TXSE Rule, a bona fide error is:

(a) the inaccurate conveyance or execution of any term of an order, including, but not limited to, price, number of shares or other unit of trading; identification of the security; identification of the account for which securities are purchased or sold; lost or otherwise misplaced order tickets; short sales that were instead sold long or vice versa; or the execution of an order on the wrong side of the market;

(b) the unauthorized or unintended purchase, sale or allocation of securities or the failure to follow specific client instructions;

(c) the incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals or securities positions reflected in an account; or

(d) a delay, outage or failure of a communication system used to transmit market data prices or to facilitate the delivery or execution of an order.

.06 Minimum Price Improvement Standards. The minimum amount of price improvement necessary for a Member to execute an order on a proprietary basis when holding an unexecuted limit order in that same security, and not be required to execute the held limit order is as follows:

(a) For customer limit orders priced greater than or equal to $1.00, the minimum amount of price improvement required is $0.01 for NMS stocks;

(b) For customer limit orders priced greater than or equal to $0.01 and less than $1.00, the minimum amount of price improvement required is the lesser of $0.01 or one-half (1/2) of the current inside spread;

(c) For customer limit orders priced less than $0.01 but greater than or equal to $0.001, the minimum amount of price improvement required is the lesser of $0.001 or one-half (1/2) of the current inside spread;

(d) For customer limit orders priced less than $0.001 but greater than or equal to $0.0001, the minimum amount of price improvement required is the lesser of $0.0001 or one-half (1/2) of the current inside spread;

(e) For customer limit orders priced less than $0.0001 but greater than or equal to $0.00001, the minimum amount of price improvement required is the lesser of $0.00001 or one half (1/2) of the current inside spread;

(f) For customer limit orders priced less than $0.00001, the minimum amount of price improvement required is the lesser of $0.000001 or one-half (1/2) of the current inside spread; and

(g) For customer limit orders priced outside the best inside market, the minimum amount of price improvement required must either meet the requirements set forth above or the Member must trade at a price at or inside the best inside market for the security.

In addition, if the minimum price improvement standards above would trigger the protection of a pending customer limit order, any better-priced customer limit order(s) must also be protected under this TXSE Rule, even if those better-priced limit orders would not be directly triggered under the minimum price improvement standards above.

.07 Order Handling Procedures. A Member must make every effort to execute a marketable customer order that it receives fully and promptly. A Member that is holding a customer order that is marketable and has not been immediately executed must make every effort to cross such order with any other order received by the Member on the other side of the market up to the size of such order at a price that is no less than the best bid and no greater than the best offer at the time that the subsequent order is received by the Member and that is consistent with the terms of the orders. In the event

that a Member is holding multiple orders on both sides of the market that have not been executed, the Member must make every effort to cross or otherwise execute such orders in a manner that is reasonable and consistent with the objectives of this TXSE Rule and with the terms of the orders. A Member can satisfy the crossing requirement by contemporaneously buying from the seller and selling to the buyer at the same price.

.08 Trading Outside Normal Market Hours. Members generally may limit the life of a customer order to the period of normal market hours of 9:30 a.m. to 4:00 p.m. Eastern Time. However, if the customer and Member agree to the processing of the customer's order outside normal market hours, the protections of this TXSE Rule shall apply to that customer's order at all times the customer order is executable by the Member.

Rule 12.007. Joint Activity

No Member, directly or indirectly, shall hold any interest or participation in any joint account for buying or selling in a security traded on the Exchange, unless such joint account is promptly reported to the Exchange. The report should contain the following information for each account:

(1) the name of the account, with names of all participants and their respective interests in profits and losses;

(2) a statement regarding the purpose of the account;

(3) the name of the Member carrying and clearing the account; and

(4) a copy of any written agreement or instrument relating to the account.

Rule 12.008. Influencing the Consolidated Tape

No Member shall attempt to execute a transaction or transactions to buy or sell a security for the purpose of influencing any report appearing on the consolidated tape.

Rule 12.009. Trade Shredding

No Member or associated person of a Member may engage in "trade shredding." Trade shredding is conduct that has the intent or effect of splitting any order into multiple smaller orders for execution or any execution into multiple smaller executions for the primary purpose of maximizing a monetary or in-kind amount to be received by the Member or associated person of a Member as a result of the execution of such orders or the transaction reporting of such executions. For purposes of this TXSE Rule 12.009, "monetary or in-kind amount" shall be defined to include, but not be limited to, any credits, commissions, gratuities, payments for or rebates of fees or any other payments of value to the Member or associated person of a Member.

Rule 12.010. Options

(a) No Member shall initiate the purchase or sale on the Exchange for its own account, or for any account in which it is directly or indirectly interested, of any stock of any issuer in which it holds or has granted any put, call, straddle or option; provided, however, that this prohibition shall not be applicable in respect of any option issued by The Options Clearing Corporation.

(b) No Member acting as an odd-lot dealer shall become interested directly or indirectly, in a pool dealing or trading in the stock of any issuer in which it is an odd-lot dealer, nor shall it acquire or grant directly or indirectly, any option to buy or sell, receive or deliver shares of stock of any issuer in which such Member is an odd-lot dealer, unless such option is issued by The Options Clearing Corporation.

Rule 12.011. Best Execution

In executing customer orders, a Member is not a guarantor of “best execution” but must use the care of a reasonably prudent person in the light of all circumstances deemed relevant by the Member and having regard for the Member’s brokerage judgment and experience.

Interpretations and Policies

.01 As part of a Member’s fiduciary obligation to provide best execution for its customer limit orders, the Member shall refer to, and comply with, Rule 604 promulgated under the Act.

Rule 12.012. Publication of Transactions and Changes

(a) The Exchange shall cause to be disseminated for publication on the consolidated tape all last sale price reports of transactions executed through the facilities of the Exchange pursuant to the requirements of an effective transaction reporting plan approved by the Commission.

(b) To facilitate the dissemination of such last sale price reports, each Member shall cause to be reported to the Exchange, as promptly as possible after execution, all information concerning each transaction required by the effective transaction reporting plan.

(c) An official of the Exchange shall approve any corrections to reports transmitted over the consolidated tape. Any such corrections shall be made within one (1) calendar day after detection of the error.

Rule 12.013. Trading Ahead of Research Reports

(a) No Member shall use any facility of the Exchange to establish, increase, decrease or liquidate an inventory position in a security based on nonpublic advance knowledge of the content or timing of a research report in that security.

(b) Members must establish, maintain and enforce policies and procedures reasonably designed to restrict or limit the information flow between research department personnel, or other persons with knowledge of the content or timing of a research report, and trading department personnel, so as to prevent trading department personnel from utilizing nonpublic advance knowledge of the issuance or content of a research report for the benefit of the Member or any other person.

Rule 12.014. Front Running of Block Transactions

(a) Members and persons associated with a Member shall comply with FINRA Rule 5270 as if such Rule were part of the Exchange's rules.

(b) Front Running of Non-Block Transactions. Although the prohibitions in FINRA Rule 5270 are limited to imminent block transactions, the front running of other types of orders that place the financial interests of the Member or persons associated with a Member ahead of those of its customer or the misuse of knowledge of an imminent customer order may violate other Exchange Rules, including TXSE Rule 3.001 and TXSE Rule 12.006, or provisions of the federal securities laws.

Rule 12.015. Disruptive Quoting and Trading Activity Prohibited

No Member shall engage in or facilitate disruptive quoting and trading activity on the Exchange, as described in Interpretation and Policies .01 and .02 of this TXSE Rule, including acting in concert with other persons to effect such activity.

Interpretations and Policies

.01 For purposes of this TXSE Rule, disruptive quoting and trading activity shall include a frequent pattern in which the following facts are present:

(a) Disruptive Quoting and Trading Activity Type 1:

(1) a party enters multiple limit orders on one side of the market at various price levels (the "Displayed Orders"); and

(2) following the entry of the Displayed Orders, the level of supply and demand for the security changes; and

(3) the party enters one or more orders on the opposite side of the market of the Displayed Orders (the "Contra-Side Orders") that are subsequently executed; and

(4) following the execution of the Contra-Side Orders, the party cancels the Displayed Orders.

(b) Disruptive Quoting and Trading Activity Type 2:

(1) a party narrows the spread for a security by placing an order inside the NBBO; and

(2) the party then submits an order on the opposite side of the market that executes against another market participant that joined the new inside market established by the order described in paragraph (b)(1).

.02 Applicability. For purposes of this TXSE Rule, disruptive quoting and trading activity shall include a frequent pattern in which the facts listed above are present. Unless otherwise indicated, the order of the events indicating the pattern does not modify the applicability of the TXSE Rule. Further, disruptive quoting and trading activity includes a pattern or practice in which all of the quoting and trading activity is conducted on the Exchange as well as a pattern or practice in which some portion of the quoting or trading activity is conducted on the Exchange and the other portions of the quoting or trading activity is conducted on one or more other exchanges.

CHAPTER 13. MISCELLANEOUS PROVISIONS

Rule 13.001. Comparison and Settlement Requirements

(a) Every Member who is a Member of a qualified clearing agency shall implement comparison and settlement procedures under the rules of such entity and every Member who is not such a Member shall implement comparison and settlement procedures which conform to the comparison and settlement requirements of the FINRA Uniform Practice Code.

(b) For purposes of this TXSE Rule, a qualified clearing agency shall mean a clearing agency (as defined in the Act) which has agreed to supply the Exchange with data reasonably requested in order to permit the Exchange to enforce compliance by its Members and Member organizations with the provisions of the Act, the rules and regulations thereunder and the rules of the Exchange.

(c) Anything contained in paragraph (a) to the contrary notwithstanding, the Board may extend or postpone the time of the delivery of an Exchange transaction whenever, in its opinion, such action is called for by the public interest, by just and equitable principles of trade or by the need to meet unusual conditions. In such case, delivery shall be effected at such time, place and manner as directed by the Board.

Rule 13.002. Failure to Deliver and Failure to Receive

Borrowing and deliveries shall be effected in accordance with Rule 203 of Regulation SHO.

The Exchange incorporates by reference Rules 200 (17 CFR 242.200) and 203 (17 CFR 242.203) of Regulation SHO to this TXSE Rule 13.002, as if they were fully set forth herein.

Rule 13.003. Forwarding of Proxy and Other Issuer-Related Materials; Proxy Voting

(a) A Member when so requested by an issuer and upon being furnished with: (1) sufficient copies of proxy materials, annual reports, information statements or other material required by law to be sent to security holders periodically and (2) satisfactory assurance that it will be reimbursed by such issuer for all out-of-pocket expenses, including reasonable clerical expenses, shall transmit promptly to each beneficial owner of securities (or the beneficial owner’s designated investment adviser as defined in Interpretation and Policy .01 to this TXSE Rule) of such issuer which are in its possession and control and registered in a name other than the name of the beneficial owner all such material furnished. In the event of a proxy solicitation, such material shall include a signed proxy indicating the number of shares held for such beneficial owner and bearing a symbol identifying the proxy with proxy records maintained by the Member and a letter informing the beneficial owner (or the beneficial owner’s designated investment adviser) of the time limit and necessity for completing the proxy form and forwarding it to the person soliciting proxies prior to the expiration of the time limit in order for the shares to be represented at the meeting. A Member shall furnish a

copy of the symbols to the person soliciting the proxies and shall also retain a copy thereof pursuant to the provisions of Exchange Act Rule 17a-4. This paragraph shall not apply to beneficial owners residing outside of the United States of America though Members may voluntarily comply with the provisions hereof in respect of such persons if they so desire.

(b) No Member shall give a proxy to vote stock that is registered in its name, unless: (i) such Member is the beneficial owner of such stock; (ii) such proxy is given pursuant to the written instructions of the beneficial owner; or (iii) such proxy is given pursuant to the rules of any national securities exchange or association of which it is a member provided that the records of the Member clearly indicate the procedure it is following.

(c) Notwithstanding the foregoing, a Member that is not the beneficial owner of a security registered under Section 12 of the Exchange Act is prohibited from granting a proxy to vote the security in connection with a shareholder vote on the election of a member of the board of directors of an issuer (except for a vote with respect to uncontested election of a member of the board of directors of any investment company registered under the Investment Company Act of 1940), executive compensation or any other significant matter, as determined by the Commission, by rule, unless the beneficial owner of the security has instructed the Member to vote the proxy in accordance with the voting instructions of the beneficial owner.

(d) Notwithstanding the foregoing, a Member may give a proxy to vote any stock registered in its name if such Member holds such stock as executor, administrator, guardian, trustee or in a similar representative or fiduciary capacity with authority to vote. A Member that has in its possession or within its control stock registered in the name of another Member and that desires to transmit signed proxies pursuant to the provisions of paragraph (a) of this TXSE Rule shall obtain the requisite number of signed proxies from such holder of record. Notwithstanding the foregoing: (1) any Member designated by a named Employee Retirement Income Security Act of 1974 (as amended) (“ERISA”) Plan fiduciary as the investment manager of stock held as assets of the ERISA Plan may vote the proxies in accordance with the ERISA Plan fiduciary responsibilities if the ERISA Plan expressly grants discretion to the investment manager to manage, acquire or dispose of any plan asset and has not expressly reserved the proxy voting right for the named ERISA Plan fiduciary; and (2) any designated investment adviser may vote such proxies.

Interpretations and Policies

.01 For purposes of this TXSE Rule, the term “designated investment adviser” is a person registered under the Investment Advisers Act of 1940, or registered as an investment adviser under the laws of a state, who exercises investment discretion pursuant to an advisory contract for the beneficial owner and is designated in writing by the beneficial owner to receive proxy and related materials and vote the proxy and to receive annual reports and other material sent to security holders.

(a) For purposes of this TXSE Rule, the term “state” shall have the meaning given to such term in Section 202(a)(19) of the Investment Advisers Act (as the same may be amended from time to time).

(b) The written designation must be signed by the beneficial owner; be addressed to the Member; and include the name of the designated investment adviser.

(c) Members that receive such a written designation from a beneficial owner must ensure that the designated investment adviser is registered with the Commission pursuant to the Investment Advisers Act, or with a state as an investment adviser under the laws of such state, and that the investment adviser is exercising investment discretion over the customer’s account pursuant to an advisory contract to vote proxies and/or to receive proxy soliciting material, annual reports and other material. Members must keep records substantiating this information.

(d) Beneficial owners have an unqualified right at any time to rescind designation of the investment adviser to receive materials and to vote proxies. The rescission must be in writing and submitted to the Member.

Rule 13.004. Usage of Data Feeds

(a) The Exchange uses the following data feeds for the handling and execution of orders, as well as for surveillance necessary to monitor compliance with applicable securities laws and Exchange Rules:

Market Center	**Primary Source**	**Secondary Source**
Cboe BYX	CQS/UQDF	N/A
Cboe BZX	Direct Feed	CQS/UQDF
Cboe EDGA	CQS/UQDF	N/A
Cboe EDGX	Direct Feed	CQS/UQDF
FINRA ADF	CQS/UQDF	N/A
IEX	Direct Feed	CQS/UQDF
LTSE	CQS/UQDF	N/A
MEMX	Direct Feed	CQS/UQDF
MIAX PEARL	Direct Feed	CQS/UQDF
Nasdaq Stock Market	Direct Feed	CQS/UQDF

Nasdaq BX	CQS/UQDF	N/A
Nasdaq PSX	CQS/UQDF	N/A
NYSE	Direct Feed	CQS/UQDF
NYSE American	CQS/UQDF	N/A
NYSE Arca Equities	Direct Feed	CQS/UQDF
NYSE Texas	CQS/UQDF	N/A
NYSE National	CQS/UQDF	N/A

(b) The Exchange may adjust its calculation of the NBBO based on information about orders sent to other venues with protected quotations, execution reports received from those venues and certain orders received by the Exchange.

Rule 13.005. Commissions

Nothing in the Exchange Rules, the Exchange LLC Agreement or the Exchange practices shall be construed to require, authorize or permit any Member or any person associated with a Member, to agree or arrange, directly or indirectly, for the charging of fixed rates of commission for transactions effected on, or effected by the use of the facilities of, the Exchange.

Rule 13.006. Off-Exchange Transactions

No rule, stated policy or practice of this Exchange shall prohibit or condition, or be construed to prohibit or condition or otherwise limit, directly or indirectly, the ability of any Member to effect any transaction otherwise than on this Exchange with another person in any security listed on this Exchange or to which unlisted trading privileges on this Exchange have been extended.

Rule 13.007. Regulatory Services Agreements

The Exchange may enter into one or more agreements with another SRO to provide regulatory services to the Exchange to assist the Exchange in discharging its obligations under Section 6 and Section 19(g) of the Act. Any action taken by another SRO, or its employees or authorized agents, acting on behalf of the Exchange pursuant to a regulatory services agreement shall be deemed to be an action taken by the Exchange; provided, however, that nothing in this provision shall affect the oversight of such other SRO by the Securities and Exchange Commission. Notwithstanding the fact that the Exchange may enter into one or more regulatory services agreements, the Exchange shall retain ultimate legal responsibility for, and control of, its self-regulatory responsibilities, and any such regulatory services agreement shall so provide.

Rule 13.008. Data Products

(a) TXSE Depth. TXSE Depth is a data feed that contains all displayed orders for listed securities trading on the Exchange, order executions, order cancellations, order modifications, order identification numbers and administrative messages.

(b) TXSE Top. TXSE Top is an uncompressed data feed that offers top of book quotations based on equity orders entered into the System.

(c) TXSE Last Sale. TXSE Last Sale is an uncompressed data feed that offers only execution information based on equity orders entered into the System.

(d) TXSE Historical Data. TXSE Historical Data is a data product that offers historical equities data.

CHAPTER 14. TRADING ON AN UNLISTED TRADING PRIVILEGES BASIS

Rule 14.001. Unlisted Trading Privileges

(a) The Exchange may extend unlisted trading privileges ("UTP") to any security that is an NMS Stock that is listed on another national securities exchange or with respect to which unlisted trading privileges may otherwise be extended in accordance with Section 12(f) of the Exchange Act and any such security shall be subject to all Exchange Rules applicable to trading on the Exchange, unless otherwise noted.

(b) UTP Exchange Traded Product. Any UTP security that is a UTP Exchange Traded Product, as defined in TXSE Rule 1.005, that is traded pursuant to Rule 19b-4(e) under the Act, will be subject to the additional following rules:

(1) Information Circular. The Exchange will distribute an information circular prior to the commencement of trading in each such UTP Exchange Traded Product that generally includes the same information as is contained in the information circular provided by the listing exchange, including (a) the special risks of trading the UTP Exchange Traded Product, (b) the Exchange Rules that will apply to the UTP Exchange Traded Product, including TXSE Rule 3.007, (c) information about the dissemination of the value of the underlying assets or indices and (d) the applicable trading hours for the UTP Exchange Traded Product and the risks of trading during the period from 8:00 a.m. to 9:30 a.m. and from 4:00 p.m. to 5:00 p.m. due to the lack of calculation or dissemination of the underlying index value, the IIV or a similar value.

(2) Product Description.

(A) Scope of Product Description Requirements. The provisions of this subparagraph (2) apply only to UTP Exchange Traded Products that are the subject of an order by the Commission exempting such series from certain prospectus delivery requirements under Section 24(d) of the Investment Company Act of 1940 and are not otherwise subject to prospectus delivery requirements under the Securities Act. Members are otherwise subject to the prospectus delivery requirements under the Securities Act.

(B) Written Description of Terms and Conditions. The Exchange will inform Members of the application of the provisions of this subparagraph to UTP Exchange Traded Products by means of an information circular. The Exchange requires that Members provide each purchaser of UTP Exchange Traded Products a written description of the terms and characteristics of those securities, in a form approved by the Exchange or prepared by the open-ended management company issuing such securities, not later than the time a confirmation of the first transaction in such securities is delivered to such purchaser. In addition,

Members will include a written description with any sales material relating to UTP Exchange Traded Products that is provided to customers or the public. Any other written materials provided by a Member to customers or the public making specific reference to the UTP Exchange Traded Products as an investment vehicle must include a statement substantially in the following form:

"A circular describing the terms and characteristics of [the UTP Exchange Traded Products] has been prepared by the [open-ended management investment company name] and is available from your broker. It is recommended that you obtain and review such circular before purchasing [the UTP Exchange Traded Products]."

A Member carrying an omnibus account for a non-Member is required to inform such non-Member that execution of an order to purchase UTP Exchange Traded Products for such omnibus account will be deemed to constitute an agreement by the non-Member to make such written description available to its customers on the same terms as are directly applicable to the Member under this TXSE Rule.

(C) Customer Requests for a Prospectus. Upon request of a customer, a Member will also provide a prospectus for the particular UTP Exchange Traded Product.

(3) Trading Halts. The Exchange will halt trading in a UTP Exchange Traded Product as provided for in TXSE Rules 11.020, 11.020H and 11.021. Nothing in this rule will limit the power of the Exchange under the TXSE Rules or procedures of the Exchange with respect to the Exchange's ability to suspend trading in any securities if such suspension is necessary for the protection of investors or in the public interest.

(4) Market Maker Restrictions. The following restrictions will apply to each Member acting as a registered Market Maker on the Exchange in a UTP Exchange Traded Product that derives its value from one or more currencies, commodities or derivatives based on one or more currencies or commodities, or is based on a basket or index composed of currencies or commodities (collectively, for the purposes of this Chapter 14, "Reference Assets"):

(A) The Member acting as a registered Market Maker on the Exchange in a UTP Exchange Traded Product must file with the Exchange, in a manner prescribed by the Exchange, and keep current a list identifying all accounts for trading the underlying physical asset or commodity, related futures or options on futures, or any other related derivatives (collectively with Reference Assets, "Related Instruments") which the Member acting as a registered Market Maker on the Exchange may have or over which it may exercise investment discretion. No Member acting as a registered Market Maker on the Exchange in the UTP

Exchange Traded Product will trade in the underlying physical asset or commodity, related futures or options on futures, or any other related derivatives, in an account in which a Member acting as a registered Market Maker on the Exchange, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to the Exchange as required by this TXSE Rule.

(B) A Market Maker on the Exchange will, in a manner prescribed by the Exchange, file with the Exchange and keep current a list identifying any accounts ("Related Instrument Trading Accounts") for which Related Instruments are traded:

(i) in which the Market Maker holds an interest;

(ii) over which it has investment discretion; or

(iii) in which it shares in the profits and/or losses.

A Market Maker on the Exchange may not have an interest in, exercise investment discretion over or share in the profits and/or losses of a Related Instrument Trading Account that has not been reported to the Exchange as required by this TXSE Rule.

(C) In addition to the existing obligations under Exchange Rules regarding the production of books and records, a Market Maker on the Exchange will, upon request by the Exchange, make available to the Exchange any books, records or other information pertaining to any Related Instrument Trading Account or to the account of any registered or non-registered employee affiliated with the Market Maker on the Exchange for which Related Instruments are traded.

(D) A Market Maker on the Exchange will not use any material nonpublic information in connection with trading a Related Instrument.

(5) Limitations on Market Makers with Respect to UTP Exchange Traded Product that is a Commodity-Related Security. Market Makers in a UTP Exchange Traded Product that is a Commodity-Related Security (as defined in TXSE Rule 17.127(c)(1)) shall comply with TXSE Rule 17.127.

(6) Surveillance. The Exchange will enter into comprehensive surveillance sharing agreements with markets that trade components of the index or portfolio on which the UTP Exchange Traded Product is based to the same extent as the listing exchange's rules require the listing exchange to enter into comprehensive surveillance sharing agreements with such markets.

CHAPTER 15. DUES, FEES, ASSESSMENTS AND OTHER CHARGES, EFFECTIVE DATE

Rule 15.001. Authority to Prescribe Dues, Fees, Assessments and Other Charges

(a) Generally.

The Exchange may prescribe such reasonable dues, fees, assessments or other charges as it may, in its discretion, deem appropriate. Such dues, fees, assessments and charges may include membership dues, transaction fees, communication and technology fees, regulatory charges, listing fees and other fees and charges as the Exchange may determine. All such dues, fees and charges shall be equitably allocated among Members, issuers and other persons using the Exchange's facilities.

(b) Regulatory Transaction Fee.

Under Section 31 of the Act, the Exchange must pay certain fees to the Commission. To help fund the Exchange's obligations to the Commission under Section 31, this Regulatory Transaction Fee is assessed to Members. To the extent there may be any excess monies collected under this TXSE Rule, the Exchange may retain those monies to help fund its general operating expenses. Each Member engaged in executing transactions on the Exchange shall pay, in such manner and at such times as the Exchange shall direct, a Regulatory Transaction Fee equal to (i) the rate determined by the Commission to be applicable to covered sales occurring on the Exchange in accordance with Section 31 of the Act multiplied by (ii) the Member's aggregate dollar amount of covered sales occurring on the Exchange during any computational period.

(c) Schedule of Fees.

The Exchange will provide Members with notice of all relevant dues, fees, assessments and charges of the Exchange. Such notice may be made available to Members on the Exchange's website or by any other method deemed reasonable by the Exchange.

(d) Cross-Connection Pass Through Fees.

To the extent the Exchange is charged a fee by a third party that results directly from a Member cross-connecting its trading hardware to the Exchange's System from another Trading Center's system that is located in the same data center as the Exchange, the Exchange will pass that fee on, in full and without mark-up, to the Member.

(e) Registration and Processing Fees (CRD).

The following fees will be collected and retained by FINRA via the CRD registration system for the registration of associated persons of Members that are not also FINRA members:

(1) $125 for each initial Form U4 filed for the registration of a representative or principal;

(2) $110 for the additional processing of each initial or amended Form U4, Form U5 or Form BD that includes the initial reporting, amendment, or certification of one or more disclosure events or proceedings;

(3) $45 annually for each of the Member's registered representatives and principals for system processing;

(4) $15 for processing and posting to the CRD system each set of fingerprint cards submitted electronically by the Member, plus a pass-through of any other charge imposed by the United States Department of Justice for processing each set of fingerprints;

(5) $30 for processing and posting to the CRD system each set of fingerprint cards submitted in non-electronic format by the Member, plus a pass-through of any other charge imposed by the United States Department of Justice for processing each set of fingerprints; and

(6) $30 for processing and posting to the CRD system each set of fingerprint results and identifying information that has been processed through a self-regulatory organization other than FINRA.

Rule 15.002. Regulatory Revenues

Any revenues received by the Exchange from fees derived from its regulatory function or regulatory fines will not be used for non-regulatory purposes or distributed to TXSE Group Inc., but rather shall be applied to fund the legal and regulatory operations of the Exchange (including surveillance and enforcement activities) or, as the case may be, shall be used to pay restitution and disgorgement of funds intended for customers (except in the event of liquidation of the Exchange, which case TXSE Group Inc. will be entitled to the distribution of the remaining assets of the Exchange).

Rule 15.003. Collection of Exchange Fees and Other Claims and Billing Policy

(a) *Collection Through Direct Debit*. Each Member, and all applicants for registration as such, shall be required to provide one or more clearing account numbers that correspond to an account(s) at the National Securities Clearing Corporation ("NSCC") for purposes of permitting the Exchange to debit any undisputed or final fees, fines, charges and/or other monetary sanctions or other monies due and owing to the Exchange or other charges pursuant to TXSE Rule 15.001, including the Schedule of Fees thereto; Regulatory Transaction Fees pursuant to TXSE Rule 15.001(b); dues, assessments and other charges pursuant to TXSE Rule 2.009 to the extent the Exchange were to determine to charge such fees; and fines, sanctions and other charges pursuant to Chapter 8 of the Exchange Rules which are due and owing to the Exchange. The Exchange will, upon request, waive the requirement for a Member or applicant for registration as such to provide an NSCC clearing account number and

instead require such Member or applicant to provide alternative payment instructions as agreed to by the Exchange for purposes of permitting the Exchange to debit any of the fees, fines, charges and/or other monetary sanctions or other monies due and owing to the Exchange listed above; provided, however, that the Exchange reserves the right to require any such Member or applicant to provide an NSCC clearing account number for such purposes as set forth above if the Exchange encounters repeated failed collection attempts using such alternative payment instructions.

(b) *Pricing Disputes*. All pricing disputes concerning fees, which are listed in paragraph (a), which are billed by the Exchange must be submitted to the Exchange in writing and must be accompanied by supporting documentation. If a Member disputes an invoice, the Exchange will not include the disputed amount in the debit if the Member has provided written notification of the dispute to the Finance Department of the Exchange by the later of the 16th business day of the month or ten (10) calendar days after the date the electronic invoice was sent to the Member, and the amount in dispute is at least $10,000 or greater. All pricing disputes must be submitted no later than sixty calendar (60) days after receipt of a billing invoice.

(c) *Billing Errors*. All fees and rebates assessed by the Exchange prior to the three (3) full calendar months before the month in which the Exchange becomes aware of a billing error shall be considered final.

Interpretations and Policies

.01 Fees Collected by FINRA.

The Exchange will not debit fees due to FINRA pursuant to TXSE Rule 15.001(a), which are collected and retained by FINRA.

CHAPTER 16. TXSE LISTING RULES

Rule 16.001. The Qualification, Listing, and Delisting of Companies

Chapter 16 contains rules related to the qualification, listing and delisting of Companies on the Exchange. The TXSE Rule Series 16.100 discusses TXSE's general regulatory authority. The TXSE Rule Series 16.200 sets forth the procedures and prerequisites for gaining a listing on TXSE, as well as the disclosure obligations of listed Companies. The TXSE Rule Series 16.300 contains the specific quantitative listing requirements. The corporate governance requirements are contained in the TXSE Rule Series 16.400. The consequences of a failure to meet TXSE's listing standards are contained in the TXSE Rule Series 16.500. Company listing fees are described in the TXSE Rule Series 16.600. Special listing requirements for securities other than common or preferred stock are contained in Chapter 17.

The Exchange exercises other authorities important to listed Companies pursuant to its TXSE Rules. For example, the Exchange may close markets upon request of the Commission (see TXSE Rule 11.001(c)). It may also halt the trading of a Company's securities under certain circumstances and pursuant to established procedures (see TXSE Rule 11.020H). These authorities are exercised primarily by TXSE Regulation and are contained in Chapter 11.

Rule 16.002. Definitions

(a) The following is a list of definitions used throughout the TXSE listing rules. This TXSE Rule also lists various terms together with references to other rules where they are specifically defined. Unless otherwise specified by the TXSE Rules, these terms shall have the meanings set forth below. Defined terms are capitalized throughout the TXSE listing rules and if undefined have the meaning found in TXSE Rule 1.005.

(1) "Bid Price" means the closing bid price.

(2) "Company" means the issuer of a security listed or applying to list on the Exchange. For purposes of Chapter 16 and Chapter 17, the term "Company" includes an issuer that is not incorporated, such as, for example, a limited partnership.

(3) "Country of Domicile" means the country under whose laws a Company is organized or incorporated.

(4) "Direct Registration Program" means any program by a Company, directly or through its transfer agent, whereby a Shareholder may have securities registered in the Shareholder's name on the books of the Company or its transfer agent without the need for a physical certificate to evidence ownership.

(5) "Dually-Listed Security" means a security, listed on the Exchange, which is also listed on another national securities exchange.

(6) “EDGAR System” means the Commission’s Electronic Data Gathering, Analysis and Retrieval system.

(7) “Executive Officer” is defined in TXSE Rule 16.405(a)(1).

(8) “filed with the Exchange” means submitted to the Exchange directly or filed with the Commission through the EDGAR System.

(9) “Firm Commitment Offering” means an offering of securities by participants in a selling syndicate under an agreement that imposes a financial commitment on participants in such syndicate to purchase such securities.

(10) “Family Member” is defined in TXSE Rule 16.405(a)(2).

(11) “Foreign Private Issuer” shall have the same meaning as under Rule 3b-4 under the Act.

(12) “General Counsel” means the Chief Legal Officer or General Counsel of TXSE, or his or her delegate, who shall be a person who reports to the Chief Legal Officer or General Counsel of TXSE and is a Deputy General Counsel, an Associate General Counsel, an Assistant General Counsel or a person who has substantially the same or equivalent duties and responsibilities as a Deputy General Counsel, an Associate General Counsel or an Assistant General Counsel.

(13) “Independent Director” is defined in TXSE Rule 16.405(a)(2).

(14) “Listed Securities” means securities listed on the Exchange or another national securities exchange.

(15) “Market Maker” means a dealer that, with respect to a security, holds itself out (by entering quotations into the Exchange) as being willing to buy and sell such security for its own account on a regular and continuous basis and that is registered as such.

(16) “Market Value of Publicly Held Shares” means the consolidated Bid Price multiplied by the number of the Company’s Publicly Held Shares.

(17) “Market Value of Unrestricted Publicly Held Shares” means the consolidated Bid Price multiplied by the number of the Company’s Unrestricted Publicly Held Shares.

(18) “Other Regulatory Authority” means: (i) in the case of a bank or savings authority identified in Section 12(i) of the Act, the agency vested with authority to enforce the provisions of Section 12 of the Act; or (ii) in the case of an insurance company that is subject to an exemption issued by the Commission that permits the listing of the security, notwithstanding its failure to be registered

pursuant to Section 12(b), the Commissioner of Insurance (or other officer or agency performing a similar function) of its domiciliary state.

(19) “Primary Equity Security” means a Company’s first class of common stock, ordinary shares, shares or certificates of beneficial interest of trust, limited partnership interests or ADRs.

(20) “Private Placement Market” is a trading system for unregistered securities operated by a national securities exchange or a registered broker or dealer.

(21) “Publicly Held Shares” means shares not held directly or indirectly by an Executive Officer, director or any person who is the beneficial owner of more than 10 percent of the total shares outstanding. Determinations of beneficial ownership in calculating Publicly Held Shares shall be made in accordance with Rule 13d-3 under the Act.

(22) “Public Holders” means holders of a security that includes both beneficial holders and holders of record, but does not include any holder who is, either directly or indirectly, an Executive Officer, director or the beneficial holder of more than 10% of the total shares outstanding.

(23) “Restrictive Market” means a jurisdiction that does not provide the Public Company Accounting Oversight Board with access to conduct inspections of public accounting firms that audit TXSE-listed Companies. A Company’s business will be considered to be principally administered in a Restrictive Market if: (i) the Company’s books and records are located in that jurisdiction; (ii) at least 50% of the Company’s assets are located in such jurisdiction; or (iii) at least 50% of the Company’s revenues are derived from such jurisdiction.

(24) “Restricted Securities” means securities that are subject to resale restrictions for any reason, including, but not limited to, securities: (1) acquired directly or indirectly from the issuer or an affiliate of the issuer in unregistered offerings such as private placements or Regulation D offerings; (2) acquired through an employee stock benefit plan or as compensation for professional services; (3) acquired in reliance on Regulation S, which cannot be resold within the United States; (4) subject to a lockup agreement or a similar contractual restriction; or (5) considered “restricted securities” under Rule 144 under the Securities Act.

(25) “Reverse Merger” means any transaction whereby an operating company becomes an Exchange Act reporting company by combining, either directly or indirectly, with a shell company which is an Exchange Act reporting company, whether through a reverse merger, exchange offer or otherwise. However, a Reverse Merger does not include the acquisition of an operating company by a listed company satisfying the requirements of TXSE Rule 16.313 or a business combination described in TXSE Rule 16.102(a). In determining

whether a Company is a shell company, the Exchange will look to a number of factors, including but not limited to: whether the Company is considered a "shell company" as defined in Rule 12b-2 under the Act; what percentage of the Company's assets are active versus passive; whether the Company generates revenues, and if so, whether the revenues are passively or actively generated; whether the Company's expenses are reasonably related to the revenues being generated; how many employees support the Company's revenue-generating business operations; how long the Company has been without material business operations; and whether the Company has publicly announced a plan to begin operating activities or generate revenues, including through a near-term acquisition or transaction.

(26) "Round Lot" or "Normal Unit of Trading" means one hundred (100) shares or any multiple thereof, unless an alternative number of shares is established as a Round Lot by the listing exchange for the security. Orders that are a Round Lot are eligible to be Protected Quotations.

(27) "Round Lot Holder" means a holder of a Normal Unit of Trading of Unrestricted Securities. The beneficial holders will be considered in addition to holders of record.

(28) "Shareholder" means a record or beneficial owner of a security listed or applying to list. For purposes of Chapter 16 and 17, the term "Shareholder" includes, for example, a limited partner, the owner of a depository receipt or unit holder.

(29) "Substantial Shareholder" is defined in TXSE Rule 16.412(e)(3).

(30) "Substitution Listing Event" means the re-incorporation or a change in the Company's place of organization, the formation of a holding company that replaces a listed Company, the reclassification or exchange of a Company's listed shares for another security, the listing of a new class of securities in substitution for a previously-listed class of securities, a business combination described in TXSE Rule 16.313, a change in the obligor of a listed debt security, or any technical change whereby the Shareholders of the original Company receive a share-for-share interest in the new Company without any change in their equity position or rights. A Substitution Listing Event also includes the replacement of, or any significant modification to, the index, portfolio or Reference Asset underlying a security listed under Chapter 17 (including, but not limited to, a significant modification to the index methodology, a change in the index provider, or a change in control of the index provider).

(31) "TXSE-Listed Security" means a security listed on the Exchange.

(32) "TXSE Company" means the issuer of a security listed on the Exchange.

(33) “Unrestricted Publicly Held Shares” means the Publicly Held Shares that are Unrestricted Securities.

(34) “Unrestricted Securities” are securities that are not Restricted Securities.

Rule 16.100. TXSE’s Regulatory Authority

Rule 16.101. TXSE’s Regulatory Authority

The Exchange is entrusted with the authority to preserve and strengthen the quality of and public confidence in its market. The Exchange stands for integrity and ethical business practices in order to enhance investor confidence, thereby contributing to the financial health of the economy and supporting the capital formation process. TXSE Companies, from new public Companies to Companies of international stature, are publicly recognized as sharing these important objectives.

The Exchange, therefore, in addition to applying the enumerated criteria set forth in Chapters 16 and 17, has broad discretionary authority over the initial and continued listing of securities on the Exchange in order to maintain the quality, transparency and integrity of and public confidence in its market; to prevent fraudulent and manipulative acts and practices; to promote just and equitable principles of trade; to protect investors and the public interest; and to protect the safety and security of the Exchange and its employees. The Exchange may use such discretion to deny initial listing, apply additional or more stringent criteria for the initial or continued listing of particular securities, or suspend or delist particular securities based on any event, condition, or circumstance that exists or occurs that makes initial or continued listing of the securities on the Exchange inadvisable or unwarranted in the opinion of the Exchange, even though the securities meet all enumerated criteria for initial or continued listing on the Exchange. In the event that the Exchange staff makes a determination to suspend or deny continued listing pursuant to its discretionary authority, the Company may seek review of that determination through the procedures set forth in the TXSE Rule Series 16.500.

• • • Supplementary Material • • •

.01 Use of Discretionary Authority.

To further Companies’ understanding of this TXSE Rule, the Exchange has adopted this Supplementary Material .01 as a non-exclusive description of the circumstances in which the TXSE Rule is generally invoked.

The Exchange may use its authority under this TXSE Rule to deny initial or continued listing to a Company when an individual with a history of regulatory misconduct is associated with the Company. Such individuals are typically an Executive Officer (as defined in TXSE Rule 16.405(a)(1)), director, Substantial Shareholder (as defined in TXSE Rule 16.412(e)(3)) or consultant to the Company.

In making this determination, the Exchange will consider a variety of factors, including:

(a) the nature and severity of the conduct, taken in conjunction with the length of time since the conduct occurred;

(b) *whether the conduct involved fraud or dishonesty;*

(c) *whether the conduct was securities-related;*

(d) *whether the investing public was involved;*

(e) *how the individual has been employed since the violative conduct;*

(f) *whether there are continuing sanctions (either criminal or civil) against the individual;*

(g) *whether the individual made restitution;*

(h) *whether the Company has taken effective remedial action; and*

(i) *the totality of the individual's relationship to the Company, giving consideration to:*

(1) the individual's current or proposed position;

(2) the individual's current or proposed scope of authority;

(3) the extent to which the individual has responsibility for financial accounting or reporting; and

(4) the individual's equity interest.

Based on this review, the Exchange may determine that the regulatory history rises to the level of a public interest concern, but may also consider whether remedial measures proposed by the Company, if taken, would allay that concern. Examples of such remedial measures could include any or all of the following, as appropriate:

(5) the individual's resignation from Executive Officer and director positions, and/or other employment with the Company;

(6) divestiture of stock holdings;

(7) terminations of contractual arrangements between the Company and the individual; or

(8) the establishment of a voting trust surrounding the individual's shares.

The Exchange staff is willing to discuss with Companies, on a case-by-case basis, what remedial measures may be appropriate to address public interest concerns, and for how long such remedial measures would be required. Alternatively, the Exchange may conclude that a public interest concern is so serious that no remedial measure would be sufficient to alleviate it. In the event that the Exchange staff denies continued listing based on such public interest considerations, the Company may seek review of that determination through the procedures set forth in the TXSE Rule Series 16.500. On consideration of such appeal, the Listings Review Committee may accept, reject or modify the Staff's recommendations by imposing conditions.

The Exchange may also use its discretionary authority, for example, when a Company files for protection under any provision of the federal bankruptcy laws or comparable foreign laws, when a Company's independent accountants issue a disclaimer opinion on financial statements required to be audited, or when financial statements do not contain a required certification.

In addition, pursuant to its discretionary authority, the Exchange will review the Company's past corporate governance activities. This review may include activities taking place while the Company is listed on the Exchange or an exchange that imposes corporate governance requirements, as well as activities taking place after a formerly listed Company is no longer listed on the Exchange or such an exchange. Based on such review, and in accordance with the TXSE Rule Series 16.500, the Exchange may take any appropriate action, including placing restrictions on or additional requirements for continued listing, or denying continued listing of a security, if the Exchange determines that there have been violations or evasions of such corporate governance standards. Such determinations will be made on a case-by-case basis as necessary to protect investors and the public interest.

Although the Exchange has broad discretion under this TXSE Rule to impose additional or more stringent criteria, this TXSE Rule does not provide a basis for the Exchange to grant exemptions or exceptions from the enumerated criteria for initial or continued listing, which may be granted solely pursuant to TXSE Rules explicitly providing such authority.

.02 Listing of Companies Whose Business Plan is to Complete One or More Acquisitions.

Generally, TXSE will not permit the initial or continued listing of a Company that has no specific business plan or that has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies.

However, in the case of a Company whose business plan is to complete an IPO and engage in a merger or acquisition with one or more unidentified companies within a specific period of time, TXSE will permit the listing if the Company meets all applicable initial listing requirements, as well as the conditions described below.

(a) At least 90% of the gross proceeds from the IPO and any concurrent sale by the Company of equity securities must be deposited in a trust account maintained by an independent trustee, an escrow account maintained by an "insured depository institution," as that term is defined in Section 3(c)(2) of the Federal Deposit Insurance Act or in a separate bank account established by a registered broker or dealer (collectively, a "deposit account").

(b) Within 36 months of the effectiveness of its IPO registration statement, or such shorter period that the Company specifies in its registration statement, the Company must complete one or more business combinations having an aggregate fair market value of at least 80% of the value of the deposit account (excluding any deferred underwriters fees and taxes payable on the income earned on the deposit account) at the time of the agreement to enter into the initial combination.

(c) Until the Company has satisfied the condition in paragraph (b) above, each business combination must be approved by a majority of the Company's Independent Directors.

(d) Until the Company has satisfied the condition in paragraph (b) above, if the Company holds a Shareholder vote on a business combination for which the Company must file and furnish a proxy or information statement subject to Regulation 14A or 14C under the Act in advance of the Shareholder meeting, the business combination must be approved by a majority of the shares of common stock voting at the meeting at which the combination is being considered. If a Shareholder vote on the business combination is held, public Shareholders voting against a business combination must have the right to convert their shares of common stock into a pro rata share of the aggregate amount then in the deposit account (net of taxes payable and amounts distributed to management for working capital purposes) if the business combination is approved and consummated. A Company may establish a limit (set no lower than 10% of the shares sold in the IPO) as to the maximum number of shares with respect to which any Shareholder, together with any affiliate of such Shareholder or any person with whom such Shareholder is acting as a "group" (as such term is used in Sections 13(d) and 14(d) of the Act), may exercise such conversion rights. For purposes of this paragraph (d), public Shareholder excludes Executive Officers and directors of the Company, the Company's sponsor, the founding Shareholders of the Company, and any Family Member or affiliate of any of the foregoing persons or the beneficial holder of more than 10% of the total shares outstanding.

Until the Company completes a business combination where all conditions in paragraph (b) above are met, the Company must notify TXSE on the appropriate form about each proposed business combination. Following each business combination, the combined Company must meet the requirements for initial listing. If the Company does not meet the requirements for initial listing following a business combination or does not comply with one of the requirements set forth above, TXSE will issue a Staff Delisting Determination under TXSE Rule 16.501 to delist the Company's securities.

(e) Until the Company has satisfied the condition in paragraph (b) above, if a Shareholder vote on the business combination is not held for which the Company must file and furnish a proxy or information statement subject to Regulation 14A or 14C under the Act, the Company must provide all Shareholders with the opportunity to redeem all their shares for cash equal to their pro rata share of the aggregate amount then in the deposit account (net of taxes payable and amounts distributed to management for working capital purposes), pursuant to Rule 13e-4 and Regulation 14E under the Act, which regulate issuer tender offers. The Company must file tender offer documents with the Commission containing substantially the same financial and other information about the business combination and the redemption rights as would be required under Regulation 14A of the Act, which regulates the solicitation of proxies.

Until the Company completes a business combination where all conditions in paragraph (b) above are met, the Company must notify TXSE on the appropriate form about each proposed business combination. Following each business combination, the combined Company must meet the requirements for initial listing. If the Company does not meet the requirements for initial listing following a business combination or does not comply with one of the requirements set forth above, TXSE will issue a Staff Delisting Determination under TXSE Rule 16.500 to delist the Company's securities.

Rule 16.102. Change of Control, Bankruptcy and Liquidation

(a) Business Combinations with non-TXSE Entities Resulting in a Change of Control.

A Company must apply for initial listing in connection with a transaction whereby the Company combines with, or into, an entity that is not an TXSE Company, resulting in a change of control of the Company and potentially allowing such entity to obtain an Exchange listing. In determining whether a change of control will occur, the Exchange shall consider all relevant factors including, but not limited to, changes in the management, board of directors, voting power, ownership, and financial structure of the Company. The Exchange shall also consider the nature of the businesses and the relative size of the TXSE Company and the entity that is not an TXSE Company. The Company must submit an application for the post-transaction entity with sufficient time to allow the Exchange to complete its review before the transaction is completed. If the Company's application for initial listing has not been approved prior to consummation of the transaction, the Exchange will issue a Staff Delisting Determination and begin delisting proceedings pursuant to TXSE Rule 16.500.

(b) Bankruptcy and Liquidation.

The Exchange may use its discretionary authority under Chapter 16 to suspend or terminate the listing of a Company that has filed for protection under any provision of the federal bankruptcy laws or comparable foreign laws, or has announced that liquidation has been authorized by its board of directors and that it is committed to

proceed, even though the Company's securities otherwise meet all enumerated criteria for continued listing on the Exchange. In the event that the Exchange determines to continue the listing of such a Company during a bankruptcy reorganization, the Company shall nevertheless be required to satisfy all requirements for initial listing, including the payment of initial listing fees, upon emerging from bankruptcy proceedings.

Rule 16.200. General Procedures and Prerequisites for Initial and Continued Listing on the Exchange.

Rule 16.201. Confidential Pre-Application Review of Eligibility

(a) A Company seeking the initial listing of one or more classes of securities on the Exchange must participate in a free confidential pre-application eligibility review by the Exchange in order to determine whether it meets the Exchange's listing criteria. If, upon completion of this review, the Exchange determines that a Company is eligible for listing, the Exchange will notify that Company in writing (the "clearance letter") that it has been cleared to submit an original listing application. A clearance letter is valid for nine (9) months from its date of issuance. If a Company does not list within that nine-month period and wishes to list thereafter, the Exchange will perform another confidential pre-application listing eligibility review as a condition to the issuance of a new clearance letter. Once a Company has cleared such review, it may file an original listing application pursuant to TXSE Rule 16.202.

(b) Preliminary discussions with the Exchange on important matters in connection with a confidential pre-application eligibility review may be undertaken by Company officials interested in listing with the assurance that careful security measures have been adopted by the Exchange to avoid revealing any confidential information which the Company may disclose.

The information needed for the purpose of conducting a confidential pre-application eligibility review is set forth in TXSE Rules 16.202, 16.203, and Chapter 16 generally.

Rule 16.202. The Applications and Qualifications Process

(a) After receiving a clearance letter pursuant to TXSE Rule 16.201, a Company choosing to list must file an original listing application. To apply for listing on the Exchange, a Company shall execute a listing agreement and a listing application on the forms designated by the Exchange providing the information required by Section 12(b) of the Act.

(b) A Company's compliance with the initial listing criteria will be determined on the basis of the Company's most recent information filed with the Commission or Other Regulatory Authority and information provided to the Exchange. The Company shall certify, at or before the time of listing, that all applicable listing criteria have been satisfied.

(c) A Company's qualifications will be determined on the basis of financial statements that are either: (i) prepared in accordance with U.S. generally accepted accounting principles; or (ii) reconciled to U.S. generally accepted accounting principles as required by the Commission's rules; or (iii) prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, for Companies that are permitted to file financial statements using those standards consistent with the Commission's rules.

(d) A Company that has applied for initial listing on the Exchange shall file with the Exchange all reports and other documents filed or required to be filed with the Commission or Other Regulatory Authority. This requirement is satisfied by publicly filing documents through the EDGAR System. All required reports must be filed with the Exchange on or before the date they are required to be filed with the Commission or Other Regulatory Authority. Annual reports filed with the Exchange shall contain audited financial statements.

(e) The Exchange may request any information or documentation, public or nonpublic, deemed necessary to make a determination regarding a security's initial listing, including, but not limited to, any material provided to or received from the Commission or Other Regulatory Authority. A Company's security may be denied listing if the Company fails to provide such information within a reasonable period of time or if any communication to the Exchange contains a material misrepresentation or omits material information necessary to make the communication to the Exchange not misleading.

(f) All forms and applications relating to listing of securities on the Exchange referenced in Chapter 16 are available from TXSE Regulation on the Exchange's website.

(g) The computation of Publicly Held Shares, Unrestricted Publicly Held Shares, Market Value of Publicly Held Shares and Market Value of Unrestricted Publicly Held Shares shall be as of the date of application of the Company.

(h) An account of a Member that is beneficially owned by a customer (as defined in TXSE Rule 1.005(q)) will be considered a holder of a security upon appropriate verification by the Member.

(i) (1) A Company may withdraw its application for initial listing at any time.

(2) A Company that receives a written determination denying its application for listing must, within four (4) business days, make a public announcement in a press release or other Regulation FD compliant manner about the receipt of the determination and the TXSE Rule(s) upon which the determination is based, describing each specific basis and concern identified by TXSE in reaching its determination. If the public announcement is not made by the Company within the time allotted or does not include all of the required

information, TXSE will make a public announcement with the required information and, if the Company appeals the determination, the Listings Review Committee will consider the Company's failure to make the public announcement in considering whether to list the Company.

Rule 16.203. Prerequisites for Applying to List on the Exchange

All Companies applying to list on TXSE must meet the following prerequisites:

(a) Registration under 12(b) of the Act. A security shall be eligible for listing on TXSE provided that it is: (i) registered pursuant to Section 12(b) of the Act; or (ii) subject to an exemption issued by the Commission that permits the listing of the security notwithstanding its failure to be registered pursuant to Section 12(b).

(b) Auditor Registration. Each Company applying for initial listing must be audited by an independent public accountant that is registered as a public accounting firm with the Public Company Accounting Oversight Board, as provided for in Section 102 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7212).

(c) Direct Registration Program. All securities initially listing on TXSE, except securities which are book-entry only, must be eligible for a Direct Registration Program operated by a clearing agency registered under Section 17A of the Act. A foreign issuer, as defined under Rule 3b-4 under the Act, including a Foreign Private Issuer, shall not be subject to this requirement if it submits to TXSE a written statement from an independent counsel in such Company's home country certifying that a law or regulation in the home country prohibits compliance.

(d) Fees. The Company is required to pay all applicable fees as described in TXSE Rule Series 16.600.

(e) Good Standing. No security shall be approved for listing that is delinquent in its filing obligation with the Commission or Other Regulatory Authority or suspended from trading by the Commission pursuant to Section 12(k) of the Act or by the appropriate regulatory authorities of the Company's Country of Domicile.

(f) Exchange Certification. Upon approval of a listing application, the Exchange shall certify to the Commission, pursuant to Section 12(d) of the Act and the rules thereunder, that it has approved the security for listing and registration. Listing can commence only upon effectiveness of the security's registration pursuant to Section 12(d).

(g) Securities Depository.

(1) "Securities Depository" means a securities depository registered as a clearing agency under Section 17A of the Act.

(2) For initial listing, a security shall have a CUSIP number or foreign equivalent identifying the securities included in the file of eligible issues

maintained by a Securities Depository in accordance with the rules and procedures of such Securities Depository. This subparagraph shall not apply to a security if the terms of the security do not and cannot be reasonably modified to meet the criteria for depository eligibility at all Securities Depositories.

(3) A Securities Depository's inclusion of a CUSIP number or foreign equivalent identifying a security in its file of eligible issues does not render the security "depository eligible" until:

(A) in the case of any new issue distributed by an underwriting syndicate on or after the date a Securities Depository system for monitoring repurchases of distributed shares by the underwriting syndicate is available, the date of the commencement of trading in such security on the Exchange; or

(B) in the case of any new issue distributed by an underwriting syndicate prior to the date a Securities Depository system for monitoring repurchases of distributed shares by the underwriting syndicate is available where the managing underwriter elects not to deposit the securities on the date of the commencement of trading in such security on the Exchange, such later date designated by the managing underwriter in a notification submitted to the Securities Depository; but in no event more than three (3) months after the commencement of trading in such security on the Exchange.

(h) Limited Partnerships. No security issued in a limited partnership rollup transaction (as defined by Section 14(h) of the Act), shall be eligible for listing unless:

(1) the rollup transaction was conducted in accordance with procedures designed to protect the rights of limited partners as provided in Section 6(b)(9) of the Act, as it may from time to time be amended, and

(2) a broker-dealer that is a member of a national securities association subject to Section 15A(b)(12) of the Act participates in the rollup transaction.

The Company shall further provide an opinion of counsel stating that such broker-dealer's participation in the rollup transaction was conducted in compliance with the rules of a national securities association designed to protect the rights of limited partners, as specified in the Limited Partnership Rollup Reform Act of 1993.

In addition to any other applicable requirements, each limited partnership listed on the Exchange shall have a corporate general partner or co-general partner that satisfies the Independent Director and audit committee requirements set forth in the TXSE Rule Series 16.400.

Note: The only currently existing national securities association subject to Section 15A(b)(12) of the Act is FINRA. Its rules designed to protect the rights of limited partners, pursuant to the Limited Partnership Rollup Reform Act of 1993, are specified in FINRA Rule 2310.

(i) Reverse Mergers. A security issued by a Company formed by a Reverse Merger shall be eligible for initial listing only if the conditions set forth in TXSE Rule 16.310(g) are satisfied.

(j) Regulation A Offerings. Any Company listing on TXSE in connection with an offering under Regulation A of the Securities Act must, at the time of approval of its initial listing application, have a minimum operating history of two (2) years.

(k) Restrictive Market Requirements.

(1) Any Company that is listing its Primary Equity Security on TXSE in connection with its IPO, and that principally administers its business in a Restrictive Market, must offer a minimum amount of securities in a Firm Commitment Offering in the United States to Public Holders that: (a) will result in gross proceeds to the Company of at least $25 million; or (b) will represent at least 25% of the Company's post-offering market value of Listed Securities, whichever is lower.

(2) Any Company that is conducting a business combination, as described in TXSE Rule 16.102 or TXSE Rule 16.313, with an entity that principally administers its business in a Restrictive Market, must have a minimum Market Value of Unrestricted Publicly Held Shares following the business combination equal to the lesser of: (a) $25 million; or (b) 25% of the post-business combination entity's market value of Listed Securities.

(3) Any Company that is listing its Primary Equity Security on TXSE in connection with a Primary Direct Floor Listing, as defined in TXSE Rule 16.310(b), and that principally administers its business in a Restrictive Market, is permitted to list on TXSE, provided that the Company meets all applicable listing requirements for TXSE and the additional requirements of TXSE Rule 16.310(b).

(l) As required by Rule 10D-1 under the Act, any Company listed on TXSE must comply with the requirements of TXSE Rule 16.409 (Recovery of Erroneously Awarded Compensation).

(m) Principal Underwriter.

(1) "Principal Underwriter" shall have the same definition used in Rule 405 promulgated under the Securities Act.

(2) Each Company applying for initial listing in connection with a transaction involving an underwriter must have a Principal Underwriter that is a Member, as defined in TXSE Rule 1.005(q).

Rule 16.204. American Depositary Receipts

(a) Eligibility. ADRs can be listed on the Exchange provided they represent shares in a non-Canadian foreign Company.

(b) Computations. In the case of ADRs, annual income from continuing operations and Shareholders' equity shall relate to the foreign issuer and not to any depositary or any other person deemed to be an issuer for purposes of Form F-6 under the Securities Act. The underlying security will be considered when determining annual income from continuing operations, Publicly Held Shares, Unrestricted Publicly Held Shares, Market Value of Publicly Held Shares, Market Value of Unrestricted Publicly Held Shares, Shareholders' equity, Round Lot or Public Holders, operating history, average daily trading volume, total assets and total revenue. When calculating the Unrestricted Publicly Held Shares, Market Value of Unrestricted Publicly Held Shares and Round Lot Holders of the underlying security, TXSE will only consider restrictions that prohibit the resale or trading of the underlying security on the foreign issuer's home-country market.

Rule 16.205. Dually-Listed Securities

(a) Issuer Designation Requirements. Pursuant to Rule 600 of Regulation NMS under the Act, those securities for which transaction reporting is required by an effective transaction reporting plan are designated as national market system securities. A transaction reporting plan has been filed with the Commission covering securities listed on TXSE.

• • • Supplementary Material • • •

.01 Impact of Non-Designation of Dually-Listed Securities.

To foster competition among markets and further the development of the national market system, TXSE shall permit Companies whose securities are listed on other national securities exchanges to apply also to list those securities on the Exchange. TXSE shall make an independent determination of whether such Companies satisfy all applicable listing requirements and shall require Companies to enter into a dual listing agreement with TXSE.

While TXSE shall certify such Dually-Listed Securities for listing on the Exchange, TXSE shall not exercise its authority under this TXSE Rule 16.205 separately to designate or register such Dually-Listed Securities as TXSE national market system securities within the meaning of Section 11A of the Act or the rules thereunder. As a result, these securities, which are already designated as national market system securities under the Consolidated Quotation Service ("CQS") and Consolidated Tape Association ("CTA") national market system plans ("CQ and CT Plans") and the Nasdaq Stock Market ("Nasdaq") UTP Plan, shall remain subject to those plans. For purposes of the national market system, such securities shall continue to trade under their current ticker symbol. TXSE

shall continue to send all quotations and transaction reports in such securities to the processors for the appropriate CQ and CT Plans and the Nasdaq UTP Plan.

Through this interpretation, TXSE also resolves any potential conflicts that arise under TXSE Rules as a result of a single security being both a security subject to the plans referenced above (a "Plan Security"), which is subject to either the CQ and CT Plans or the Nasdaq UTP Plan, and a listed TXSE security, which is subject to a different set of rules. Specifically, Dually-Listed Securities shall be TXSE securities for purposes of rules related to listing and delisting, and shall remain as Plan Securities under all other TXSE Rules. Treating Dually-Listed Securities as Plan Securities under TXSE Rules is consistent with their continuing status as Plan Securities under the CQ and CT Plans or the Nasdaq UTP Plan, as described above. This interpretation also preserves the status quo and avoids creating potential confusion for investors and market participants that currently trade these securities on TXSE.

For example, TXSE shall continue to honor the regulatory trade halt authority of the primary market under the CQ and CT Plans and the UTP Plan. The fees applicable to Plan Securities set forth in TXSE Rule 16.600 shall continue to apply to Dually-Listed Securities.

Rule 16.206. Listing Requirements for Units

(a) Initial and Continued Listing Requirements

(1) All units shall have at least one equity component. All components of such units shall satisfy the requirements for initial and continued listing as TXSE-Listed Securities, or, in the case of debt components, satisfy the requirements of paragraph (a)(2) below.

(2) All debt components of a unit, if any, shall meet the following requirements:

(A) the debt issue must have an aggregate market value or principal amount of at least $5 million;

(B) the issuer of the debt security must have equity securities listed on the Exchange; and

(C) in the case of convertible debt, the equity into which the debt is convertible must itself be subject to real time last sale reporting in the United States, and the convertible debt must not contain a provision which gives the Company the right, at its discretion, to reduce the conversion price for periods of time or from time to time unless the Company establishes a minimum period of ten (10) business days within which such price reduction will be in effect.

(3) All components of the unit shall be issued by the same issuer. All units and issuers of such units shall comply with the initial and continued listing requirements of the Exchange.

(b) Minimum Listing Period and Notice of Withdrawal

In the case of units, the minimum listing period of the units shall be 30 calendar days from the first day of listing, except the period may be shortened if the units are suspended or withdrawn for regulatory purposes. Companies and underwriters seeking to withdraw units from listing must provide the Exchange with notice of such intent at least 15 calendar days prior to withdrawal.

(c) Disclosure Requirements for Units

Each Exchange issuer of units shall include in its prospectus or other offering document used in connection with any offering of securities that is required to be filed with the Commission under the federal securities laws and the rules and regulations promulgated thereunder a statement regarding any intention to delist the units immediately after the minimum inclusion period. The issuer of a unit shall further provide information regarding the terms and conditions of the components of the unit (including information with respect to any original issue discount or other significant tax attributes of any component) and the ratio of the components comprising the unit. A Company shall also disclose when a component of the unit is separately listed on the Exchange. These disclosures shall be made on the Company's website, or if it does not maintain a website, in its annual report provided to unit holders. A Company shall also immediately make a public announcement by filing a Form 8-K, where required by Commission rules, or by issuing a press release disclosing, any change in the terms of the unit, such as changes to the terms and conditions of any of the components (including changes with respect to any original issue discount or other significant tax attributes of any component), or to the ratio of the components within the unit. Such public announcement shall be made as soon as practicable in relation to the effective date of the change.

(d) Market Makers

(1) For initial inclusion, a unit shall have at least three (3) registered and active Market Makers.

(2) For continued listing, a unit shall have at least two (2) registered and active Market Makers, one of which may be a Market Maker entering a stabilizing bid.

Rule 16.207. Obligations for Companies Listed on the Exchange

(a) Obligation to Provide Information to the Exchange

(1) The Exchange may request any additional information or documentation, public or nonpublic, deemed necessary to make a determination

regarding a Company's continued listing, including, but not limited to, any material provided to or received from the Commission or Other Regulatory Authority. A Company may be denied continued listing if it fails to provide such information within a reasonable period of time or if any communication to the Exchange contains a material misrepresentation or omits material information necessary to make the communication to the Exchange not misleading. The Company shall provide full and prompt responses to requests by the Exchange or by FINRA acting on behalf of the Exchange for information related to unusual market activity or to events that may have a material impact on trading of its securities on the Exchange.

(2) As set forth in TXSE Rule 16.410, a Company must provide the Exchange with prompt notification after an Executive Officer of the Company becomes aware of any noncompliance by the Company with the requirements of the TXSE Rule Series 16.400.

(b) Obligation to Make Public Disclosure

(1) Disclosure of Material Information

Except in unusual circumstances, an TXSE-listed Company shall make prompt disclosure to the public through any Regulation FD compliant method (or combination of methods) of disclosure of any material information that would reasonably be expected to affect the value of its securities or influence investors' decisions. The Company shall, prior to the release of the information, provide notice of such disclosure to TXSE Regulation at least ten (10) minutes prior to public announcement if the information involves any of the events set forth in Supplementary Material .01 to this TXSE Rule and the public release of the material information is made between 8:00 a.m. to 5:00 p.m. Eastern Time. If the public release of the material information is made outside of 8:00 a.m. to 5:00 p.m. Eastern Time, TXSE Companies must notify TXSE Regulation of the material information prior to 7:50 a.m. Eastern Time. As described in Supplementary Material .01 to this TXSE Rule, prior notice to TXSE Regulation must be made through the electronic disclosure submission system available at the Exchange's website, except in emergency situations.

(2) Disclosure of Notification of Deficiency

As set forth in TXSE Rule 16.501(c), a listed Company that receives a notification of deficiency from the Exchange is required to make a public announcement by filing a Form 8-K, where required by Commission rules, or by issuing a press release disclosing receipt of the notification and the TXSE Rule(s) upon which the deficiency is based, and describing each specific basis and concern identified by the Exchange in reaching its determination that the Company does not meet the listing standard. However, note that in the case of a deficiency related to the requirement to file a periodic report contained in TXSE Rule 16.207(c)(1) or (2), the Company is required to make the public

announcement by issuing a press release. As described in TXSE Rule 16.207(b)(1) above and Supplementary Material .01 below, the Company must notify TXSE Regulation about the announcement through the electronic disclosure submission system available on the Exchange's website, except in emergency situations when notification may instead be provided by telephone or facsimile. If the public announcement is made between 8:00 a.m. to 5:00 p.m. Eastern Time, the Company must notify TXSE Regulation at least ten (10) minutes prior to the announcement. If the public announcement is made outside of 8:00 a.m. to 5:00 p.m. Eastern Time, the Company must notify TXSE Regulation of the announcement prior to 7:50 a.m. Eastern Time.

(3) Disclosure of Third-Party Director and Nominee Compensation

Companies must disclose all agreements and arrangements in accordance with this rule by no later than the date on which the Company files or furnishes a proxy or information statement subject to Regulation 14A or 14C under the Act in connection with the Company's next Shareholders' meeting at which directors are elected (or, if they do not file proxy or information statements, no later than when the Company files its next Form 10-K or Form 20-F).

(A) A Company shall disclose either on or through the Company's website or in the proxy or information statement for the next Shareholders' meeting at which directors are elected (or, if the Company does not file proxy or information statements, in its Form 10-K or 20-F), the material terms of all agreements and arrangements between any director or nominee for director, and any person or entity other than the Company (the "Third-Party"), relating to compensation or other payment in connection with such person's candidacy or service as a director of the Company. A Company need not disclose pursuant to this rule agreements and arrangements that: (i) relate only to reimbursement of expenses in connection with candidacy as a director; (ii) existed prior to the nominee's candidacy (including as an employee of the other person or entity) and the nominee's relationship with the Third-Party has been publicly disclosed in a proxy or information statement or annual report (such as in the director or nominee's biography); or (iii) have been disclosed under Item 5(b) of Schedule 14A of the Act or Item 5.02(d)(2) of Form 8-K in the current fiscal year. Disclosure pursuant to Commission rule shall not relieve a Company of its annual obligation to make disclosure under subparagraph (B).

(B) A Company must make the disclosure required in subparagraph (A) at least annually until the earlier of the resignation of the director or one (1) year following the termination of the agreement or arrangement.

(C) If a Company discovers an agreement or arrangement that should have been disclosed pursuant to subparagraph (A) but was not,

the Company must promptly make the required disclosure by filing a Form 8-K or 6-K, where required by Commission rules, or by issuing a press release. Remedial disclosure under this subparagraph, regardless of its timing, does not satisfy the annual disclosure requirements under subparagraph (B).

(D) A Company shall not be considered deficient with respect to this paragraph for purposes of TXSE Rule 16.501 if the Company has undertaken reasonable efforts to identify all such agreements or arrangements, including asking each director or nominee in a manner designed to allow timely disclosure, and makes the disclosure required by subparagraph (C) promptly upon discovery of the agreement or arrangement. In all other cases, the Company must submit a plan sufficient to satisfy Exchange staff that the Company has adopted processes and procedures designed to identify and disclose relevant agreements or arrangements.

(E) A Foreign Private Issuer may follow its home country practice in lieu of the requirements of TXSE Rule 16.207(b)(3) by utilizing the process described in TXSE Rule 16.407(a)(3).

(4) Disclosure of Reverse Stock Split

A Company must make disclosure to the public through any Regulation FD compliant method (or combination of methods) about a reverse stock split no later than 12:00 p.m. Eastern Time at least two (2) business days prior to the proposed market effective date. The Company shall, prior to the release of this information, provide notice of such disclosure to TXSE Regulation, at least ten (10) minutes prior to public announcement if the public release of the material information is made between 8:00 a.m. to 5:00 p.m. Eastern Time. If the public release of this information is made outside of 8:00 a.m. to 5:00 p.m. Eastern Time, TXSE Companies must notify TXSE Regulation of the material information prior to 7:50 a.m. Eastern Time. The prior notice of this disclosure must be made to TXSE Regulation through the electronic disclosure submission system available at the Exchange’s website, except in emergency situations, when notification may instead be provided by telephone or facsimile.

(c) Obligation to File Periodic Financial Reports

(1) A Company shall timely file all required periodic financial reports with the Commission through the EDGAR System or with the Other Regulatory Authority. A Company that does not file through the EDGAR System shall supply to the Exchange two (2) copies of all reports required to be filed with the Other Regulatory Authority or email an electronic version of the report to the Exchange at regulation@txse.com. All required reports must be filed with the Exchange on or before the date they are required to be filed with the Commission or Other

Regulatory Authority. Annual reports filed with the Exchange shall contain audited financial statements.

(2) Foreign Private Issuer Interim Reports

Each Foreign Private Issuer shall submit on a Form 6-K an interim balance sheet and income statement as of the end of its second quarter. This information, which must be presented in English, but does not have to be reconciled to Generally Accepted Accounting Principles in the United States ("U.S. GAAP"), must be provided no later than six (6) months following the end of the Company's second quarter. In the case of a Foreign Private Issuer that is a limited partnership, such information shall be distributed to limited partners if required by statute or regulation in the jurisdiction in which the limited partnership is formed or doing business or by the terms of the partnership's limited partnership agreement.

(3) Auditor Registration

Each listed Company shall be audited by an independent public accountant that is registered as a public accounting firm with the Public Company Accounting Oversight Board, as provided for in Section 102 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7212).

(d) Distribution of Annual and Interim Reports

(1) Distribution of Annual Reports. Each Company (including a limited partnership) shall make available to Shareholders an annual report containing audited financial statements of the Company and its subsidiaries (which, for example, may be on Form 10-K, 20-F, 40-F or N-CSR) within a reasonable period of time following the filing of the annual report with the Commission. A Company may comply with this requirement either:

(A) by mailing the report to Shareholders;

(B) by satisfying the requirements for furnishing an annual report contained in Rule 14a-16 under the Act; or

(C) by posting the annual report to Shareholders on or through the Company's website (or, in the case of a Company that is an investment company registered under the Investment Company Act of 1940 ("Investment Company") that does not maintain its own website, on a website that the Company is allowed to use to satisfy the website posting requirement in Rule 16a-3(k) under the Act), along with a prominent undertaking in the English language to provide Shareholders, upon request, a hard copy of the Company's annual report free of charge. A Company that chooses to satisfy this requirement pursuant to this paragraph (C) must, simultaneous with this posting, issue a press release stating that its annual report has been filed with the Commission (or Other

Regulatory Authority). This press release shall also state that the annual report is available on the Company's website and include the website address and that Shareholders may receive a hard copy free of charge upon request. A Company must provide such hard copies within a reasonable period of time following the request.

(2) Distribution of Interim Reports. TXSE Companies that distribute interim reports to Shareholders should distribute such reports to both registered and beneficial Shareholders. TXSE Companies are also encouraged to consider additional technological methods to communicate such information to Shareholders in a timely and less costly manner as such technology becomes available.

(3) Access to Quarterly Reports.

(A) Each Company that is not a limited partnership (limited partnerships are governed by paragraph (B) below) and is subject to Rule 13a-13 under the Act shall make available copies of quarterly reports including statements of operating results to Shareholders either prior to or as soon as practicable following the Company's filing of its Form 10-Q with the Commission. If the form of such quarterly report differs from the Form 10-Q, the Company shall file one (1) copy of the report with the Exchange in addition to filing its Form 10-Q pursuant to TXSE Rule 16.207(c)(1). The statement of operations contained in quarterly reports shall disclose, at a minimum, any substantial items of an unusual or non-recurrent nature and net income before and after estimated federal income taxes or net income and the amount of estimated federal taxes.

(B) Each Company that is a limited partnership and is subject to Rule 13a-13 under the Act shall make available copies of quarterly reports including statements of operating results to limited partners either prior to or as soon as practicable following the partnership's filing of its Form 10-Q with the Commission. Such reports shall be distributed to limited partners if required by statute or regulation in the state in which the limited partnership is formed or doing business or by the terms of the partnership's limited partnership agreement. If the form of such quarterly report differs from the Form 10-Q, the Company shall file one (1) copy of the report with the Exchange in addition to filing its Form 10-Q pursuant to TXSE Rule 16.207(c)(1). The statement of operations contained in quarterly reports shall disclose, at a minimum, any substantial items of an unusual or non-recurrent nature and net income before and after estimated federal income taxes or net income and the amount of estimated federal taxes.

(4) Access to Interim Reports

(A) Each Company that is not a limited partnership and is not subject to Rule 13a-13 under the Act and that is required to file with the Commission, or Other Regulatory Authority, interim reports relating primarily to operations and financial position, shall make available to Shareholders reports which reflect the information contained in those interim reports. Such reports shall be made available to Shareholders either before or as soon as practicable following filing with the appropriate regulatory authority. If the form of the interim report provided to Shareholders differs from that filed with the regulatory authority, the Company shall file one (1) copy of the report to Shareholders with the Exchange in addition to the report to the regulatory authority that is filed with the Exchange pursuant to TXSE Rule 16.207(c)(1).

(B) Each Company that is a limited partnership that is not subject to Rule 13a-13 under the Act and is required to file with the Commission, or Other Regulatory Authority, interim reports relating primarily to operations and financial position, shall make available to limited partners reports which reflect the information contained in those interim reports. Such reports shall be distributed to limited partners if required by statue or regulation in the state in which the limited partnership is formed or doing business or by the terms of the partnership's limited partnership agreement. Such reports shall be distributed to limited partners either before or as soon as practicable following filing with the appropriate regulatory authority. If the form of the interim report provided to limited partners differs from that filed with the regulatory authority, the Company shall file one (1) copy of the report to limited partners with the Exchange in addition to the report to the regulatory authority that is filed with the Exchange pursuant to TXSE Rule 16.207(c)(1).

(5) A Foreign Private Issuer may follow its home country practice in lieu of the requirements of TXSE Rule 16.207(d)(1), (2), (3) or (4) by utilizing the process described in TXSE Rule 16.407(a)(3).

(6) The Company shall comply with any obligation of any person regarding filing or disclosure of information material to the Company or the security, whether such obligation arises under the securities laws of the United States or the Company's Country of Domicile, or other applicable federal or state statutes or rules.

(e) Exchange Notification Requirements. Various corporate events resulting in material changes will trigger the requirement for Companies to submit certain forms and applicable fees to the Exchange as specified below. All applicable forms can be found on the Exchange's website.

(1) Change in Number of Shares Outstanding. The Company shall file, on a form designated by the Exchange no later than 10 calendar days after the

occurrence, any aggregate increase or decrease of any class of securities listed on the Exchange that exceeds 5% of the amount of securities of the class outstanding.

(2) Listing of Additional Shares. A Company shall be required to notify the Exchange, except for a Company solely listing ADRs, at least 15 calendar days prior to:

(A) establishing or materially amending a stock option plan, purchase plan or other equity compensation arrangement pursuant to which stock may be acquired by Executive Officers, directors, employees or consultants without Shareholder approval; however the Exchange recognizes that when a Company makes an equity grant to induce an individual to accept employment, as permitted by the exception contained in TXSE Rule 16.412(c)(4), it may not be practical to provide the advance notice otherwise required by this TXSE Rule. Therefore, when a Company relies on that exception to make such an inducement grant without Shareholder approval, it is sufficient to notify the Exchange about the grant and the use of the exception no later than the earlier of: (x) five (5) calendar days after entering into the agreement to issue the securities; or (y) the date of the public announcement of the award required by TXSE Rule 16.412(c)(4); or

(B) issuing securities that may potentially result in a change of control of the Company; or

(C) issuing any common stock or security convertible into common stock in connection with the acquisition of the stock or assets of another company, if any Executive Officer or director or Substantial Shareholder of the Company has a 5% or greater interest (or if such persons collectively have a 10% or greater interest) in the Company to be acquired or in the consideration to be paid; or

(D) issuing any common stock, or any security convertible into common stock in a transaction that may result in the potential issuance of common stock (or securities convertible into common stock) greater than 10% of either the total shares outstanding or the voting power outstanding on a pre-transaction basis.

The notifications required by this paragraph must be made on the Notification Form: Listing of Additional Shares and the Exchange encourages Companies to file this form as soon as practicable, even if all of the relevant terms are not yet known. The Exchange reviews these forms to determine compliance with applicable TXSE Rules, including the Shareholder approval requirements. Therefore, if a Company fails to file timely the form required by this paragraph, the Exchange may issue either a Public Reprimand Letter or a Delisting Determination (pursuant to TXSE Rule 16.500).

(3) Record Keeping Change

(A) The Company shall file on a form designated by the Exchange notification of any change to its name, the par value or title of its security, its symbol or a similar change, no later than 10 calendar days after the change.

(B) The Company shall also notify the Exchange promptly in writing of any change in the general character or nature of its business and any change in the address of its principal executive offices.

(4) Substitution Listing. The Company shall notify the Exchange of a Substitution Listing Event (other than a reincorporation or a change to a Company's place of organization) no later than 15 calendar days prior to the implementation of such event by filing the appropriate form as designated by the Exchange. For a reincorporation or change to a Company's place of organization, a Company shall notify the Exchange as soon as practicable after such event has been implemented by filing the appropriate form as designated by the Exchange.

(5) Transfer Agent, Registrar, ADR Bank Changes. The issuer of any class of securities listed on the Exchange, except for ADRs, shall notify the Exchange promptly in writing of any change in the Company's transfer agent or registrar.

(6) Dividend Action or Stock Distribution. In the case of any dividend action or action relating to a stock distribution of a listed stock the Company shall, no later than 10 calendar days prior to the record date of such action:

(A) Notify the Exchange by filing the appropriate form as designated by the Exchange; and

(B) Provide public notice using a Regulation FD compliant method.

(C) Notice to the Exchange should be given as soon as possible after declaration and, in any event, no later than simultaneously with the public notice.

(7) Reverse Stock Split. In the case of a reverse stock split, a Company must file a complete Company Event Notification Form no later than 12:00 p.m. Eastern Time 10 calendar days prior to the proposed market effective date. The submission must include all information required by the form and a draft of the disclosure required by TXSE Rule 16.207(b)(4). TXSE will not process a reverse stock split unless the requirements set forth in this subparagraph (7) and TXSE Rule 16.207(b)(4) have been timely satisfied. If a Company takes legal action to effect a reverse stock split notwithstanding its failure to timely satisfy these requirements, or provides incomplete or inaccurate

information about the timing or ratio of the reverse stock split in its public disclosure, TXSE will halt the stock in accordance with the procedure set forth in TXSE Rule 11.020H(b)(1)(B)(i)(d).

(f) Obligation to Pay Fees. The Company is required to pay all applicable fees as described in the TXSE Rule Series 16.600.

• • • Supplementary Material • • •

.01 Disclosure of Material Information

General Disclosure Requirements

TXSE Rule 16.207(b)(1) requires that, except in unusual circumstances, TXSE Companies disclose promptly to the public through any Regulation FD compliant method (or combination of methods) of disclosure any material information that would reasonably be expected to affect the value of their securities or influence investors' decisions. TXSE Companies must notify the Exchange at least ten (10) minutes prior to the release to the public of material information that involves any of the events set forth below when the public release of the information is made between 8:00 a.m. to 5:00 p.m. Eastern Time. If the public release of the material information is made outside of 8:00 a.m. to 5:00 p.m. Eastern Time, TXSE Companies must notify TXSE Regulation of the material information prior to 7:50 a.m. Eastern Time. Under unusual circumstances Companies may not be required to make public disclosure of material events; for example, where it is possible to maintain confidentiality of those events and immediate public disclosure would prejudice the ability of the Company to pursue its legitimate corporate objectives. However, the TXSE Companies remain obligated to disclose this information to the Exchange upon request pursuant to TXSE Rule 16.207(a).

Whenever unusual market activity takes place in a TXSE Company's securities, the Company normally should determine whether there is material information or news which should be disclosed. If rumors or unusual market activity indicate that information on impending developments has become known to the investing public, or if information from a source other than the Company becomes known to the investing public, a clear public announcement may be required as to the state of negotiations or development of Company plans. Such an announcement may be required, even though the Company may not have previously been advised of such information or the matter has not yet been presented to the Company's board of directors for consideration. In certain circumstances, it may also be appropriate to publicly deny false or inaccurate rumors, which are likely to have, or have had, an effect on the trading in its securities or would likely have an influence on investment decisions.

Notification to TXSE Regulation

Companies must notify TXSE Regulation prior to the distribution of certain material news at least ten (10) minutes prior to public announcement of the news when the public release of the information is made between 8:00 a.m. to 5:00 p.m. Eastern Time. If the public release of the material information is made outside of 8:00 a.m. to 5:00 p.m. Eastern Time, the Company must notify TXSE Regulation of the material information prior to 7:50 a.m. Eastern Time. Except in emergency situations, this notification must be made through the Exchange's electronic disclosure submission system available on the Exchange's website. In emergency situations, Companies may instead provide notification by telephone or facsimile. Examples of an emergency situation include: lack of computer or internet access; technical problems on the Exchange or at the Company and a material development such that no draft disclosure document exists, but immediate notification to TXSE Regulation is important based on the material event.

If a Company repeatedly fails to either notify the Exchange at least ten (10) minutes prior to the distribution of material news between 8:00 a.m. to 5:00 p.m. Eastern Time or prior to 7:50 a.m. for material news distributed outside of 8:00 a.m. to 5:00 p.m. Eastern Time, or repeatedly fails to use the electronic disclosure submission system when the Exchange finds no emergency situation existed, the Exchange may issue a Public Reprimand Letter (as defined in TXSE Rule 16.500(b)(6)) or, in extreme cases, a Staff Delisting Determination (as defined in TXSE Rule 16.500(b)(8)). In determining whether to issue a Public Reprimand Letter, the Exchange will consider whether the Company has demonstrated a pattern of failures, whether the Company has been contacted concerning previous violations, and whether the Company has taken steps to assure that future violations will not occur.

Trading Halts

A trading halt benefits current and potential Shareholders by halting all trading in any Exchange securities until there has been an opportunity for the information to be disseminated to the public. This decreases the possibility of some investors acting on information known only to them. A trading halt provides the public with an opportunity to evaluate the information and consider it in making investment decisions. It also alerts the marketplace to the fact that news has been released.

TXSE Regulation monitors real time trading in all Exchange securities during the trading day for price and volume activity. In the event of certain price and volume movements, TXSE Regulation may contact a Company and its Market Makers in order to ascertain the cause of the unusual market activity. TXSE Regulation treats the information provided by the Company and other sources in a highly confidential manner, and uses it to assess market activity and assist in maintaining fair and orderly markets. An Exchange listing includes an obligation to disclose to TXSE Regulation information that the Company is not otherwise

disclosing to the investing public or the financial community. On, occasion, changes in market activity prior to the Company's release of material information may indicate that the information has become known to the investing public. Changes in market activity also may occur when there is a release of material information by a source other than the Company, such as when a TXSE Company is subject to an unsolicited take-over bid by another company. Depending on the nature of the event and the Company's views regarding the business advisability of disclosing the information, TXSE Regulation may work with the Company to accomplish a timely release of the information. Furthermore, depending on the materiality of the information and the anticipated effect of the information on the price of the Company's securities, TXSE Regulation may advise the Company that a temporary trading halt is appropriate to allow for full dissemination of the information and to maintain an orderly market. The institution of a temporary trading halt pending the release of information is not a reflection on the value of the securities halted. Such trading halts are instituted, among other reasons, to ensure that material information is fairly and adequately disseminated to the investing public and the marketplace, and to provide investors with the opportunity to evaluate the information in making investment decisions. A trading halt normally lasts one half (1/2) hour but may last longer if a determination is made that news has not been adequately disseminated or that the original or an additional basis under TXSE Rule 11.020H exists for continuing the trading halt.

TXSE Regulation is required to keep nonpublic information confidential and to use such information only for regulatory purposes.

Companies are required to notify TXSE Regulation of the release of material information included in the following list of events at least ten (10) minutes prior to the release of such information to the public when the public release of the information is made between 8:00 a.m. to 5:00 p.m. Eastern Time:

(1) Financial-related disclosures, including quarterly or yearly earnings, earnings restatements, pre-announcements or "guidance."

(2) Corporate reorganizations and acquisitions, including mergers, tender offers, asset transactions and bankruptcies or receiverships.

(3) New products or discoveries, or developments regarding customers or suppliers (e.g., significant developments in clinical or customer trials, and receipt or cancellation of a material contract or order).

(4) Senior management changes of a material nature or a change in control.

(5) Resignation or termination of independent auditors, or withdrawal of a previously issued audit report.

(6) Events regarding the Company's securities — e.g., defaults on senior securities, calls of securities for redemption, repurchase plans, stock splits or changes in dividends, changes to the rights of security holders or public or private sales of additional securities.

(7) Significant legal or regulatory developments.

(8) Any event requiring the filing of a Form 8-K.

If the public release of the material information is made outside of 8:00 a.m. to 5:00 p.m. Eastern Time, TXSE Companies must notify TXSE Regulation of the material information prior to 7:50 a.m. Eastern Time. It should also be noted that every development that might be reported to the Exchange in these areas would not necessarily be deemed to warrant a trading halt. In addition to the list of events set forth above, the Exchange encourages Companies to avail themselves of the opportunity for advance notification to TXSE Regulation in situations where they believe, based upon their knowledge of the significance of the information, that a temporary trading halt may be necessary or appropriate.

.02 Use of Regulation FD Compliant Methods in the Disclosure of Material Information

Regardless of the method of disclosure that a Company chooses to use, Companies are required to notify TXSE Regulation of the release of material information that involves any of the events set forth above at least ten (10) minutes prior to its release to the public when the public release of the information is made between 8:00 a.m. to 5:00 p.m. Eastern Time. If the public release of the material information is made outside of 8:00 a.m. to 5:00 p.m. Eastern Time, TXSE Companies must notify TXSE Regulation of the material information prior to 7:50 a.m. Eastern Time. When a Company chooses to utilize a Regulation FD compliant method for disclosure other than a press release or Form 8-K, the Company will be required to provide prior notice to TXSE Regulation of: 1) the press release announcing the logistics of the future disclosure event; and 2) a descriptive summary of the material information to be announced during the disclosure event if the press release does not contain such a summary.

Depending on the materiality of the information and the anticipated effect of the information on the price of the Company's securities, TXSE Regulation may advise the Company that a temporary trading halt is appropriate to allow for full dissemination of the information and to maintain an orderly market. TXSE Regulation will assess with Companies using methods of disclosure other than a press release or Form 8-K the timing within the disclosure event when the Company will cover the material information so that the halt can be commenced accordingly. Companies will be responsible for promptly alerting TXSE Regulation of any significant changes to the previously outlined disclosure timeline. Companies are reminded that the posting of information on the Company's website may not by itself be considered a sufficient method of public disclosure under Regulation FD and Commission *guidance and releases thereunder, and as a result, under TXSE Rules.*

.03 Disclosure of Third-Party Director and Nominee Compensation

TXSE Rule 16.207(b)(3) requires listed Companies to publicly disclose the material terms of all agreements and arrangements between any director or nominee and any person or entity (other than the Company) relating to compensation or other payment in connection with that person's candidacy or service as a director. The terms "compensation" and "other payment" as used in this rule are not limited to cash payments and are intended to be construed broadly.

Subject to exceptions provided in the rule, the disclosure must be made on or through the Company's website or in the proxy or information statement for the next Shareholders' meeting at which directors are elected in order to provide Shareholders with information and sufficient time to help them make meaningful voting decisions. A Company posting the requisite disclosure on or through its website must make it publicly available no later than the date on which the Company files a proxy or information statement in connection with such Shareholders' meeting (or, if they do not file proxy or information statements, no later than when the Company files its next Form 10-K or Form 20-F). Disclosure made available on the Company's website or through it by hyperlinking to another website, must be continuously accessible. If the website hosting the disclosure subsequently becomes inaccessible or that hyperlink inoperable, the Company must promptly restore it or make other disclosure in accordance with this rule.

TXSE Rule 16.207(b)(3) does not separately require the initial disclosure of newly entered into agreements or arrangements, provided that disclosure is made pursuant to this rule for the next Shareholders' meeting at which directors are elected. In addition, for publicly disclosed agreements and arrangements that existed prior to the nominee's candidacy and thus not required to be disclosed in accordance with TXSE Rule 16.207(b)(3)(A)(ii) but where the director or nominee's remuneration is thereafter materially increased specifically in connection with such person's candidacy or service as a director of the Company, only the difference between the new and previous level of compensation or other payment obligation needs be disclosed.

All references in this rule to proxy or information statements are to the definitive versions thereof.

Rule 16.208. Direct Registration Program

(a) Except as indicated in paragraph (c) below, all securities listed on the Exchange (except securities which are book entry only) must be eligible for a Direct Registration Program operated by a clearing agency registered under Section 17A of the Act.

(b) If a Company establishes or maintains a Direct Registration Program for its Shareholders, the Company shall, directly or through its transfer agent, participate in

an electronic link with a clearing agency registered under Section 17A of the Act to facilitate the electronic transfer of securities held pursuant to such program.

(c) Exemption

A foreign issuer, as defined under Rule 3b-4 under the Act, including a Foreign Private Issuer, shall not be subject to this requirement if it submits to the Exchange a written statement from an independent counsel in such Company's home country certifying that a law or regulation in its home country prohibits compliance.

Rule 16.209. Additional Requirements for Listed Securities Issued by TXSE Group, Inc. or its Affiliates

(a) For purposes of this TXSE Rule 16.209, the terms below are defined as follows:

(1) "TXSE Affiliate" means TXSE Group, Inc. and any entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with TXSE Group, Inc., where "control" means that the one entity possesses, directly or indirectly, voting control of the other entity either through ownership of capital stock or other equity securities or through majority representation on the board of directors or other management body of such entity.

(2) "Affiliate Security" means any security issued by a TXSE Affiliate, with the exception of Portfolio Depository Receipts as defined in TXSE Rule 17.105(a)(1)(A) and Index Fund Shares as defined in TXSE Rule 17.105(b)(1)(A).

(b) Upon initial and throughout continued listing and trading of the Affiliate Security on the Exchange, the Exchange shall:

(1) provide a quarterly report to the Exchange's Regulatory Oversight Committee detailing the Exchange's monitoring of:

(A) the TXSE Affiliate's compliance with the listing requirements contained in the listing requirements contained in Chapter 16; and

(B) the trading of the Affiliate Security, which shall include summaries of all related surveillance alerts, complaints, regulatory referrals, trades cancelled or adjusted pursuant to TXSE Rule 11.014, investigations, examinations, formal and informal disciplinary actions, exception reports and trading data of such security.

(2) engage an independent accounting firm once a year to review and prepare a report on the Affiliate Security to ensure that the TXSE Affiliate is in compliance with the listing requirements contained in Chapter 16 and promptly

provide the Exchange's Regulatory Oversight Committee with a copy of the report prepared by the independent accounting firm.

(c) In the event that the Exchange determines that the TXSE Affiliate is not in compliance with any of the listing requirements contained in Chapter 16, the Exchange shall file a report with the Commission within five business days of providing notice to the TXSE Affiliate of its non-compliance. The report shall identify the date of non-compliance, type of non-compliance and any other material information conveyed to the TXSE Affiliate in the notice of non-compliance. Within five business days of receipt of a plan of compliance from the TXSE Affiliate, the Exchange shall notify the Commission of such receipt, whether the plan of compliance was accepted by the Exchange or what other action was taken with respect to the plan and the time period provided to regain compliance with Chapter 16, if any.

Rule 16.300. Listings Requirements

Rule 16.301. General Listing Requirements

This section contains the initial and continued listing requirements and standards for listing a Company's common and preferred stock and convertible bonds on the Exchange.

In addition to meeting the quantitative requirements in this section, a Company must meet the requirements of TXSE Rule Series 16.200, including the disclosure obligations set forth in TXSE Rule 16.207, the corporate governance requirements set forth in the TXSE Rule Series 16.400, and pay any applicable fees in the TXSE Rule Series 16.600. A Company's failure to meet any of the continued listing requirements will be processed in accordance with the provisions set forth in TXSE Rule Series 16.500.

For the requirements relating to other securities listed on the Exchange, see Chapter 17.

Rule 16.310. Initial Listing Requirements for Common Stock of Domestic Companies

(a) A Company must meet one of the following distribution criteria:

Number of holders of 100 shares or more or of a unit of trading if less than 100 shares	400 (A)
and	
Number of Publicly Held Shares	1,100,000 shares (B)
Affiliated companies:	
Number of holders of 100 shares or more or of a unit of trading if less than 100 shares	400 (A)
and	
Number of Publicly Held Shares	1,100,000 shares (B)

Companies listing following emergence from bankruptcy:	
Number of holders of 100 shares or more or of a unit of trading if less than 100 shares	400 (A)
and	
Number of Publicly Held Shares	1,100,000 shares (B)
Companies listing in connection with a transfer or quotation	
Number of holders of 100 shares or more or of a unit of trading if less than 100 shares	400 (A)
or	
Total Shareholders	2,200 (A)
Together with average monthly trading volume	100,000 shares (for most recent 6 months)
or	
Total Shareholders	500 (A)
Together with average monthly trading volume	1,000,000 shares (for most recent 12 months)
and	
Number of Publicly Held Shares	1,100,000 shares (B)

(A) The number of beneficial holders of stock held in the name of Exchange member organizations will be considered in addition to holders of record. The Exchange will make any necessary check of such holdings.

(B) If the unit of trading is less than 100 shares, the requirements relating to number of Publicly Held Shares shall be reduced proportionately. Shares held by directors, Executive Officers or their Family Members and other concentrated holdings of 10 percent or more are excluded in calculating the number of Publicly Held Shares.

(b) A Company must demonstrate an aggregate Market Value of Publicly Held Shares of $40,000,000 for Companies that list either at the time of their IPO or as a result of spin-offs or under the affiliated company test or for Companies that list at the time of their Initial Firm Commitment Underwritten Public Offering (as defined in (C) below), and $100,000,000 for other Companies (D)(E). A Company must have a Bid Price or, if listing in connection with an IPO or Initial Firm Commitment Underwritten Public Offering, an IPO or Initial Firm Commitment Underwritten Public Offering price per share of at least $4 at the time of initial listing.

(C) For Companies that list at the time of their IPOs or Initial Firm Commitment Underwritten Public Offering, the Exchange will rely on a written commitment from the underwriter to represent the anticipated value

of the Company's offering in order to determine a Company's compliance with this listing standard. Similarly, for spin-offs, the Exchange will rely on a representation from the parent company's investment banker (or other financial advisor) in order to estimate the market value based upon the as-disclosed distribution ratio. For purpose of this paragraph, an IPO is an offering by an issuer which, immediately prior to its original listing, does not have a class of common stock registered under the Exchange Act. An IPO includes a carve-out, which is defined for purposes of this paragraph as the initial offering of an equity security to the public by a publicly traded company for an underlying interest in its existing business (which may be subsidiary, division or business unit). For purposes of this paragraph, a Company is listing in connection with its "Initial Firm Commitment Underwritten Public Offering" if (i) such Company has a class of common stock registered under the Exchange Act, (ii) such common stock has never been listed on a national securities exchange in the period since the commencement of its current registration under the Exchange Act and (iii) such Company is listing in connection with a firm commitment underwritten public offering that is its first firm commitment underwritten public offering of its common stock since the registration of its common stock under the Exchange Act.

(D) Shares held by directors, Executive Officers or their Family Members and other concentrated holding of 10 percent or more are excluded in calculating the number of Publicly Held Shares. If a Company either has a significant concentration of stock, or changing market forces have adversely impacted the Market Value of Publicly Held Shares of a Company which otherwise would qualify for listing on the Exchange, such that its Market Value of Publicly Held Shares is no more than 10 percent below $40,000,000 or $100,000,000, as applicable, the Exchange will generally consider $40,000,000 or $100,000,000, as applicable, in Shareholders' equity as an alternate measure of size and therefore as an alternate basis on which to list the Company.

(E) Generally, the Exchange expects to list Companies in connection with an Initial Firm Commitment Underwritten Public Offering, upon transfer from another market or pursuant to a spinoff. However, the Exchange recognizes that some Companies that have not previously had their common equity securities registered under the Exchange Act, but which have sold common equity securities in one or more private placements, may wish to list their common equity securities on the Exchange at the time of effectiveness of a registration statement filed solely for the purpose of allowing existing Shareholders to sell their shares, where such Company is listing without a related underwritten offering upon effectiveness of a registration statement registering only the resale of shares sold by the Company in earlier private placements (a "Selling Shareholder Direct Floor Listing"). In addition, in certain cases, a Company that has not previously had its common equity securities

registered under the Exchange Act may wish to list its common equity securities on the Exchange at the time of effectiveness of a registration statement pursuant to which the Company will sell shares itself in the opening auction on the first day of trading on the Exchange in addition to or instead of facilitating sales by selling Shareholders (any such listing in which either (i) only the Company itself is selling shares in the opening auction on the first day of trading or (ii) the Company is selling shares and selling Shareholders may also sell shares in such opening auction, is referred to herein as a "Primary Direct Floor Listing"). Consequently, the Exchange will, on a case by case basis, exercise discretion to list Companies that are listing in connection with a Selling Shareholder Direct Floor Listing or a Primary Direct Floor Listing.

In exercising this discretion with respect to selling Shareholder direct floor listings, the Exchange will determine that such Company has met the $100,000,000 aggregate Market Value of Publicly Held Shares requirement based on a combination of both (i) an independent third-party valuation (a "Valuation") of the Company and (ii) the most recent trading price for the Company's common stock in a Private Placement Market. The Exchange will attribute a Market Value of Publicly Held Shares to the Company equal to the lesser of (i) the value calculable based on the Valuation and (ii) the value calculable based on the most recent trading price in a Private Placement Market. Alternatively, in the absence of any recent trading in a Private Placement Market, the Exchange will determine that such Company has met its Market Value of Publicly Held Shares requirement if the Company provides a Valuation evidencing a Market Value of Publicly Held Shares of at least $250,000,000.

In exercising the above-referenced discretion with respect to a Primary Direct Floor Listing, the Exchange will deem such Company to have met the applicable aggregate Market Value of Publicly Held Shares requirement if the Company will sell at least $100,000,000 in market value of shares in the Exchange's opening auction on the first day of trading on the Exchange. Market value for this purpose will be calculated using a price per share equal to the lowest price of the price range established by the issuer in its effective registration statement minus an amount equal to 20% of the highest price of such price range (the "Primary Direct Floor Listing Minimum Price"). A Company offering securities for sale in connection with a Primary Direct Floor Listing must (1) register securities by specifying the quantity of shares registered, as permitted by Securities Act Rule 457(a) and (2) retain an underwriter with respect to the primary sales of shares by the Company and identify the underwriter in its effective registration statement.

Where a Company is conducting a Primary Direct Floor Listing and will sell shares in the opening auction with a market value of less than $100,000,000, the Exchange will determine that such Company has met

its Market Value of Publicly Held Shares requirement if the aggregate market value of the shares the Company will sell in the opening auction on the first day of trading and the shares that are publicly held immediately prior to the listing is at least $250,000,000 with such market value calculated using the Primary Direct Floor Listing Minimum Price.

Any Valuation used for this purpose must be provided by an entity that has significant experience and demonstrable competence in the provision of such Valuations. The Valuation must be of a recent date as of the time of the approval of the Company for listing and the evaluator must have considered, among other factors, the annual financial statements required to be included in the registration statement, along with financial statements for any completed fiscal quarters subsequent to the end of the last year of audited financials included in the registration statement. The Exchange will consider any market factors or factors particular to the listing applicant that would cause concern that the value of the Company had diminished since the date of the Valuation and will continue to monitor the Company and the appropriateness of relying on the Valuation up to the time of listing. In particular, the Exchange will examine the trading price trends for the stock in the Private Placement Market over a period of several months prior to listing and will only rely on a Private Placement Market price if it is consistent with a sustained history over that several month period evidencing a market value in excess of the Exchange's market value requirement. The Exchange may withdraw its approval of the listing at any time prior to the listing date if it believes that the Valuation no longer accurately reflects the Company's likely market value.*

** A valuation agent will not be deemed to be independent if:*

- *At the time it provides such Valuation, the valuation agent or any affiliated person or persons beneficially own in the aggregate as of the date of the Valuation, more than 5% of the class of securities to be listed, including any right to receive any such securities exercisable within 60 calendar days.*

- *The valuation agent or any affiliated entity has provided any investment banking services to the listing applicant within the 12 months preceding the date of the Valuation. For purposes of this provision, "investment banking services" includes, without limitation, acting as an underwriter in an offering for the issuer; acting as a financial adviser in a merger or acquisition; providing venture capital, equity lines of credit, PIPEs (private investment, public equity transactions) or similar investments; serving as placement agent for the issuer; or acting as a member of a selling group in a securities underwriting.*

- *The valuation agent or any affiliated entity has been engaged to provide investment banking services to the listing applicant in connection with the proposed listing or any related financings or other related transactions.*

(1) Calculations under the Distribution Criteria. When considering a listing application from a Company organized under the laws of Canada, Mexico or the United States ("North America"), the Exchange will include all North American holders and North American trading volume in applying the minimum Shareholder and trading volume requirements detailed above. When listing a Company from outside North America, the Exchange may, in its discretion, include holders and trading volume in the Company's home country or primary trading market outside the United States in applying the applicable listing standards, provided that such market is a regulated stock exchange. In exercising this discretion, the Exchange will consider all relevant factors including: (i) whether the information is derived from a reliable source, preferably either a government-regulated securities market or a transfer agent that is subject to governmental regulation; (ii) whether there exist efficient mechanisms for the transfer of securities between the Company's non-U.S. trading market and the United States; and (iii) the number of Shareholders and the extent of trading in the Company's securities in the United States prior to the listing. For securities that trade in the format of ADRs, volume in the ordinary shares will be adjusted to be on an ADR-equivalent basis.

(c) A Company must meet one of the following financial standards:

(1) **Earnings Test**

(A) Pre-tax earnings from continuing operations and after minority interest, amortization and equity in the earnings or losses of investees, adjusted for items specified in (C)(i) through (C)(x) below must total (x) at least $10,000,000 in the aggregate for the last three (3) fiscal years together with a minimum of $2,000,000 in each of the two (2) most recent fiscal years, and positive amounts in all three (3) years or (y) at least $12,000,000 in the aggregate for the last three (3) fiscal years together with a minimum of $5,000,000 in the most recent fiscal year and $2,000,000 in the next most recent fiscal year.

A Company that (i) qualifies as an emerging growth company as defined in Section 2(a)(19) of the Securities Act and Section 3(a)(80) of the Exchange Act and (ii) avails itself of the provisions of the Securities Act and the Exchange Act permitting emerging growth companies to report only two (2) years of audited financial statements, can qualify under this earnings test by meeting the following requirements: Pre-tax earnings from continuing operations and after minority interest, amortization and equity in the earnings or losses of investees, adjusted for items specified in (C)(i) through (C)(x) below must total at least $10,000,000 in the

aggregate for the last two (2) fiscal years together with a minimum of $2,000,000 in both years.

(B) Financial statements compliant with applicable Commission rules covering a period of nine (9) to twelve months shall satisfy the requirement for the most recent fiscal year in those cases where the Company has changed its fiscal year or where there has been a significant change in the Company's operations or capital structure. Financial statements compliant with applicable Commission rules covering a period of six (6) months shall satisfy the requirement for the most recent fiscal year in those cases where the Company has changed its fiscal year or where there has been a significant change in the Company's operations or capital structure, provided that the Company must include financial data as derived from financial statements that have been subject to an Statement of Auditing Standards No. 100 review in a public disclosure (either a Commission filing or a press release) prior to the date of listing that confirms that the Company continues to satisfy the applicable standard based on at least nine (9) completed months of the current fiscal year. When qualifying Companies for listing based on interim financial information from the current fiscal year, the Exchange must conclude that the Company can reasonably be expected to qualify under the regular earnings standard upon completion of its then current fiscal year. If the Company does not qualify under the regular earnings standard at the end of such current fiscal year or qualify at such time for original listing under another listing standard, the Exchange will promptly initiate suspension and delisting procedures with respect to the Company; and

(C) Adjustments (F)(G) that must be included in the calculation of the amounts required in paragraph (1)(A) are as follows:

(i) Application of Use of Proceeds - If a Company is in registration with the Commission and is in the process of an equity offering, adjustments should be made to reflect the net proceeds of that offering, and the specified intended application(s) of such proceeds to:

(a) Pay off existing debt or other financial instruments: The adjustment will include elimination of the actual historical interest expense on debt or other financial instruments classified as liabilities under generally accepted accounting principles being retired with offering proceeds of all relevant periods or by conversion into common stock at the time of an IPO occurring in conjunction with the Company's listing. If the event giving rise to the adjustment occurred during a time-period such that pro forma amounts are not set forth in the Commission registration statement (typically, the pro forma effect of repayment of debt will be

provided in the current registration statement only with respect to the last fiscal year plus any interim period in accordance with Commission rules), the Company must prepare the relevant adjusted financial data to reflect the adjustment to its historical financial data, and its outside audit firm must provide a report of having applied agreed-upon procedures with respect to such adjustments. Such report must be prepared in accordance with the standards established by the American Institute of Certified Public Accountants.

(b) Fund an acquisition:

The adjustments will include those applicable with respect to acquisition(s) to be funded with the proceeds. Adjustments will be made that are disclosed as such in accordance with Rule 3-05 “Financial Statements of Business Acquired or to be Acquired” and Article 11 of Regulation S-X. Adjustments will be made for all the relevant periods for those acquisitions for which historical financial information of the acquiree is required to be disclosed in the Commission registration statement; and

Adjustments applicable to any period for which pro forma numbers are not set forth in the registration statement shall be accompanied by the relevant adjusted financial data to combine the historical results of the acquiree (or relevant portion thereof) and acquiror, as disclosed in the Company’s Commission filing. Under Commission rules, the number of periods disclosed depends upon the significance level of the acquiree to the acquiror. The adjustments will include those necessary to reflect (a) the allocation of the purchase price, including adjusting assets and liabilities of the acquiree to fair value recognizing any intangibles (and associated amortization and depreciation) and (b) the effects of additional financing to complete the acquisition. The Company must prepare the relevant adjusted financial data to reflect the adjustment to its historical financial data, and its outside audit firm must provide a report of having applied agreed-upon procedures with respect to such adjustments. Such report must be prepared in accordance with the standards established by the American Institute of Certified Public Accountants;

(ii) Acquisitions and Dispositions:

In instances other than acquisitions (and related dispositions of part of the acquiree) funded with the use of proceeds, adjustments will be made for those acquisitions and dispositions that are disclosed as such in a Company's financial statements in accordance with Rule 3-05 "Financial Statements of Business Acquired or to be Acquired" and Article 11 of Regulation S-X. If the disclosure does not specify pre-tax earnings from continuing operations, minority interest, and equity in the earnings or losses of investees, then such data must be prepared by the Company's outside audit firm for the Exchange's consideration. In this regard, the audit firm would have to issue an independent accountant's report on applying agreed-upon procedures in accordance with the standards established by the American Institute of Certified Public Accountants;

(iii) Exclusion of merger or acquisition related costs recorded under pooling of interests;

(iv) Exclusion of nonrecurring charges or income specifically disclosed in the applicant's Commission filing for the following:

(a) In connection with exiting an activity for the following:

i. Costs of severance and termination benefits;

ii. Costs and associated revenues and expenses associated with the elimination and reduction of product lines;

iii. Costs to consolidate or relocate plant and office facilities;

(b) Loss or gain on disposal of long-lived assets;

(c) Environmental clean-up costs;

(d) Litigation settlements;

(e) Loss or gain from extinguishment of debt prior to its maturity;

(v) Exclusion of impairment charges on long-lived assets (goodwill, property, plant, and equipment, and other long-lived assets);

(vi) Exclusion of gains or losses associated with sales of a subsidiary's or investee's stock;

(vii) Exclusion of in-process purchased research and development charges;

(viii) Regulation S-X Article 11 adjustments

Adjustments will include those contained in a Company's pro forma financial statements provided in a current filing with the Commission pursuant to Commission rules and regulations governing Article 11 "Pro forma information of Regulation S-X Part 210-Form and Content of and Requirements for Financial Statements";

(ix) Exclusion of the cumulative effect of adoption of new accounting standards (APB Opinion No.20);

(x) Exclusion of the income statement effects for all periods of changes in fair value of financial instruments of the Company classified as liabilities, provided any such financial instrument is either being redeemed with the proceeds of an offering occurring in conjunction with the Company's listing or converted into or exercised for common equity securities of the Company at the time of such listing.

OR

(2) **Global Market Capitalization Test:*** At least $200,000,000 in global market capitalization.**

* Acquisition companies (as such term is defined in TXSE Rule 16.313) are not permitted to list under this global market capitalization test. Such companies will only be listed if they meet the requirements of TXSE Rule 16.313.

** In considering the listing under this global market capitalization test of current publicly-traded companies, the Exchange will require any such Company to meet the minimum $200,000,000 global market capitalization requirement and maintain a Bid Price of at least $4 per share in each case for a period of at least 90 consecutive trading days prior to receipt of clearance to make an application to list on the Exchange and will also consider whether the Company's business prospects and operating results indicate that the Company's market capitalization value is likely to be sustained or increase over time. In the case of Companies listing in connection with an IPO or an Initial Firm Commitment Underwritten Public Offering, any such Company's underwriter (or, in the case of a spin-off, the parent Company's investment banker or other financial advisor) must

provide a written representation that demonstrates the Company's ability to meet the $200,000,000 global market capitalization requirement based upon the completion of the offering (or distribution).

(F) Only adjustments arising from events specifically so indicated in the Company's Commission filing(s) as to both categorization and amount can and must be made. Any such adjustment applies only in the year in which the event occurred except with regard to the use of proceeds or acquisitions and dispositions. Any Company for which the Exchange relies on adjustments in granting clearance must include all relevant adjusted financial data in its listing application, and disclose the use of adjustments by including a statement in a press release (i) that additional information is available upon which the TXSE relied to list the Company and is included in the listing application and (ii) that such information is available to the public upon request. This press release must be issued concurrently with any listing announcement issued by the Company or, if a listing announcement is not issued, within 30 calendar days from the date the Company lists on the TXSE. The form of listing application and information regarding supporting documents required in connection with adjustments to historical financial data are available on the Exchange's website or from the Exchange upon request.

(G) Interested parties should apply the list of adjustments in accordance with any relevant accounting literature, such as that published by the Financial Accounting Standards Board ("FASB"), the Accounting Principles Board ("APB"), the Emerging Issues Task Force ("EITF"), the American Institute of Certified Public Accountants ("AICPA"), and the Commission. Any literature is intended to guide issuers and investors regarding the affected adjustment listed. If successor interpretations (or guidelines) are published with respect to any particular adjustment, the most recent relevant interpretations (or guidelines) should be consulted.

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Aside from the minimum numerical standards listed above, other factors are taken into consideration. The Company must be a going concern or be the successor to a going concern. Although the amount of assets and earnings and the aggregate market value are considerations, greater emphasis is placed on such questions as the degree of national interest in the Company, the character of the market for its products, its relative stability and position in its industry, and whether or not it is engaged in an expanding industry with prospects for maintaining its position.

Income deposit securities to be traded as a unit will as a general matter be listed if each of the component parts of the unit meets the applicable requirements for listing.

The Exchange is also concerned with such matters as voting rights of Shareholders, voting arrangements and pyramiding of control, and related party transactions.

When there is an indication of a lack of public interest in the securities of a Company evidenced, for example, by low trading volume on another exchange, lack of dealer interest in the over-the-counter market, unusual geographic concentration of holders of shares, slow growth in the number of Shareholders, low rate of transfers, etc., higher distribution criteria may apply. In this connection, particular attention will be directed to the number of holders of from 100 to 1,000 shares and the total number of shares in this category.

(d) For initial listing on the Exchange, a Company must have four (4) registered and active Market Makers unless it meets one of the following requirements below in which case it must have three (3) registered and active Market Makers:

(1) (i) Annual income from continuing operations before income taxes of at least $1 million in the most recently completed fiscal year or in two (2) of the three (3) most recently completed fiscal years; (ii) Shareholders' equity of at least $15 million; and (iii) Market Value of Publicly Held Shares of at least $8 million; or

(2) (i) Shareholders' equity of at least $30 million; (ii) two-year operating history; and (iii) Market Value of Publicly Held Shares of at least $18 million.

(e) Policy on restated financial statements due to change from an unacceptable to acceptable accounting principle or correction of errors.

If at any time following the Exchange's initial determination that a Company meets the Exchange's initial listing criteria, the Company restates its financial statements due to a change from an unacceptable to an acceptable accounting principle or a correction of errors, and the restatement encompasses financial statements included in its Commission filings at the time of application for listing on the Exchange, the Exchange will reevaluate the Company's listing status. In this regard, the Exchange will determine whether, at the time of the original clearance, the Company would have qualified under the Exchange's initial listing standards utilizing the restated financial data. If not, unless the Company meets initial listing standards at the time of the restatement, the Company will be notified that it does not meet the initial listing standards and, if its securities have been listed, such securities will be suspended from trading and the Company will immediately be subject to delisting procedures.

(f) Policy on reliance on the operating history of acquired companies.

In the event that a Company has less than three (3) years of operating history and is acquiring (either completed or committed) an entity with the requisite operating history, the Exchange will consider the combined operating history of the acquirer and acquiree for the preceding period(s) in conducting its financial eligibility review. If it is

necessary to combine historical financial statements of the acquiree and acquiror in order to enable the Exchange to conduct its analysis (e.g., overlapping fiscal years), then the combined data would need to be accompanied by an agreed upon procedures letter provided by the Company's outside audit firm at the request of the Company. The auditor's letter would state the procedures performed with respect to any necessary combination of historical data.

(g) Policy on Listing Reverse Merger Companies

For purposes of TXSE Rule 16.310(g), a "Reverse Merger" means any transaction whereby an operating company becomes an Exchange Act reporting company by combining directly or indirectly with a shell company which is an Exchange Act reporting company, whether through a reverse merger, exchange offer or otherwise. However, a Reverse Merger does not include the acquisition of an operating company by a listed company which qualified for initial listing as an acquisition company under TXSE Rule 16.313 or a business combination described in TXSE Rule 16.102(a). In determining whether a Company is a shell company, the Exchange will consider, among other factors: whether the Company is considered a "shell company" as defined in Rule 12b-2 under the Exchange Act; what percentage of the Company's assets are active versus passive; whether the Company generates revenues, and if so, whether the revenues are passively or actively generated; whether the Company's expenses are reasonably related to the revenues being generated; how many employees work in the Company's revenue-generating business operations; how long the Company has been without material business operations; and whether the Company has publicly announced a plan to begin operating activities or generate revenues, including through a near-term acquisition or transaction.

In order to qualify for initial listing, a Company that is formed by a Reverse Merger (a "Reverse Merger Company") must comply with one of the initial listing standards set forth in TXSE Rule 16.310(c) and the applicable requirements of TXSE Rule 16.310(a), TXSE Rule 16.310(b) and TXSE Rule 16.310(d). In addition to satisfying all of the Exchange's other initial listing requirements, a Reverse Merger Company shall be eligible to submit an application for initial listing only if the combined entity has, immediately preceding the filing of the initial listing application:

(1) traded for at least one (1) year in the U.S. over-the-counter market, on another national securities exchange, or on a regulated foreign exchange following the consummation of the Reverse Merger and (i) in the case of a domestic issuer, has filed with the Commission a Form 8-K containing all of the information required by Item 2.01(f) of Form 8-K, including all required audited financial statements or (ii) in the case of a foreign private issuer, has filed all of the information described in (i) above on Form 20-F;

(2) maintained a Bid Price of $4 or higher for a sustained period of time, but in no event for less than 30 of the most recent 60 trading days prior to the filing of the initial listing application, and

(3) filed with the Commission all required reports since the consummation of the Reverse Merger, including the filing of at least one (1) annual report containing all required audited financial statements for a full fiscal year commencing on a date after the date of filing with the Commission of the filing described in (1) above.

In addition, in order to qualify for listing, a Reverse Merger Company must have timely filed all required reports for the most recent 12-month period prior to the listing date, including at least one (1) annual report containing all required audited financial statements.

In addition, a Reverse Merger Company will be required to maintain a Bid Price of $4 or higher for a sustained period of time, but in no event for less than 30 of the most recent 60 trading days prior to the date of the Reverse Merger Company's listing.

The Exchange may in its discretion impose more stringent requirements than those set forth above if the Exchange believes it is warranted in the case of a particular Reverse Merger Company based on, among other things, an inactive trading market in the Reverse Merger Company's securities, the existence of a low number of Publicly Held Shares that are not subject to transfer restrictions, if the Reverse Merger Company has not had a Securities Act registration statement or other filing subjected to a comprehensive review by the Commission, or if the Reverse Merger Company has disclosed that it has material weaknesses in its internal controls which have been identified by management and/or the Reverse Merger Company's independent auditor and has not yet implemented an appropriate corrective action plan.

A Reverse Merger Company will not be subject to the requirements of TXSE Rule 16.310(g) if it is listing in connection with an Initial Firm Commitment Underwritten Public Offering (as defined in TXSE Rule 16.310(b)) where the proceeds to the Reverse Merger Company will be sufficient on a stand-alone basis to meet the aggregate Market Value of Publicly Held Shares requirement for Initial Firm Commitment Underwritten Public Offerings as set forth in TXSE Rule 16.310(b) and the offering is occurring subsequent to or concurrently with the Reverse Merger. In addition, a Reverse Merger Company will not be subject to the requirement of TXSE Rule 16.310(g) that it must maintain a Bid Price of $4 or higher for at least 30 of the most recent 60 trading days prior to each of the filing of the initial listing application and the date of the Reverse Merger Company's listing, if it has satisfied the one-year trading requirement contained in paragraph (1) above and has filed at least four (4) annual reports with the Commission which each contain all required audited financial statements for a full fiscal year commencing after filing the information described in paragraph (1) above. However, such Companies will be required to (i) comply with the stock price requirement of TXSE Rule 16.310(b) at the time of each of the filing of the initial listing application and the date of the Reverse Merger Company's listing and (ii) not be delinquent in their filing obligations with the Commission. In either of the cases described in this paragraph, the Reverse Merger Company will only need to meet the requirements of one of the financial initial listing standards in TXSE Rule 16.310(c), in addition to all other applicable non-financial listing standard requirements, including,

without limitation, the requirements of TXSE Rule 16.310(a), TXSE Rule 16.310(b), TXSE Rule 16.310(d), and TXSE Rule 16.400.

Rule 16.311. Alternative Listing Standards for Companies Operating Primarily to Provide Venture Capital for Small and Medium Sized Business Equity Listings

(Applicable only to Companies registered under the Investment Company Act of 1940 or the Small Business Investment Act of 1958.)

The Exchange believes that it is necessary to encourage the formation and growth of the private capital essential to finance the expansion of the U.S. economy. Companies operating primarily to provide venture capital for small and medium sized businesses help to serve such a purpose. These Companies seek long-term growth rather than current earnings and, as a result, are often unable to meet the minimal annual earnings standards of the Exchange.

Nevertheless, they require substantial working capital to do a significant and successful job of assisting small businesses. Therefore, the Exchange has adopted the following alternate size and earnings standards of such Companies.

The earnings requirement will be modified to the extent appropriate for Companies of this character.

Net tangible assets applicable to common stock shall be at least $18,000,000 including a minimum of $8,000,000 composed of paid-in capital or retained earnings.

The Company will be asked for an undertaking not to take action which would significantly reduce its net assets below the $18,000,000 level. In this connection, unusual and special circumstances will be considered on their merits.

All other initial listing standards will be applicable.

Rule 16.312. Foreign Private Issuers

(a) General.

(1) The Exchange welcomes listing inquiries from foreign private issuers.

(2) Foreign private issuers may elect to qualify for listing either under the alternate listing standards for foreign private issuers or the Exchange's domestic listing criteria. The foreign private issuer must meet all of the criteria within the standards under which it seeks to qualify for listing. For purposes of this TXSE Rulebook, the terms "foreign private issuer" and "non-U.S. company" have the same meaning and are defined in accordance with the Commission's definition of foreign private issuer set out in Rule 3b-4(c) of the Exchange Act.

(3) The alternate listing standards are designed to encourage major non-U.S. companies to list their shares on the Exchange.

(4) In addition to the minimum numerical standards for listing, the Exchange has established policies and requirements concerning certain corporate governance practices and the reporting of interim earnings. For example, in many foreign countries, controlling law or common practice compel or permit the non-U.S. company to issue interim earnings reports on a semi-annual, as opposed to quarterly, basis or to have a class or classes of common stock having more or less than one (1) vote per share.

(5) Other Exchange policies concerning the corporate governance practices required of domestic companies which may not be consistent with the home country laws or practices of non-U.S. companies include those which address the structure and composition of the board of directors, Shareholder approval, quorum requirements for Shareholders' meetings and related continued listing criteria.

(6) To assist the Exchange in considering the question of the listing or continued listing of the securities of a non-U.S. company whose interim earnings reporting or corporate governance practices are not in compliance with Exchange requirements for domestic companies, the non-U.S. company should furnish the Exchange with a written certification from independent counsel in the non-U.S. company's Country of Domicile as to whether or not the non-complying practices are prohibited by home country law. Notwithstanding the provisions of this TXSE Rule 16.312(a)(6), listed foreign private issuers must in all cases comply with the requirement of TXSE Rule 16.312(a)(7) hereof to disclose interim financial information in a Form 6-K on, at a minimum, a semi-annual basis.

(7) Each listed foreign private issuer must, at a minimum, submit to the Commission a Form 6-K that includes (i) an interim balance sheet as of the end of its second fiscal quarter and (ii) a semi-annual income statement that covers its first two (2) fiscal quarters. This Form 6-K must be submitted no later than six (6) months following the end of the Company's second fiscal quarter. The financial information included in the Form 6-K must be presented in English, but does not have to be reconciled to U.S. GAAP.

(8) The alternate listing standards for non-U.S. companies apply only where there is a broad, liquid market for the Company's shares in its Country of Domicile.

(b) Minimum Numerical Standards for Non-U.S. Companies Equity Listings.

(1) A Company must meet the following distribution, size and price requirements:

Number of holders of 100 or more shares	5,000 worldwide

Number of Publicly Held Shares	2.5 million worldwide
Market value of Publicly Held Shares (A)	$100 million worldwide (B)
or for companies under the affiliated company test	$60 million worldwide (B)

(A) Shares held by directors, Executive Officers, or their Family Members and other concentrated holdings of 10 percent or more are excluded in calculating the number of Publicly Held Shares. If a Company either has a significant concentration of stock, or if changing market forces have adversely impacted the Market Value of Publicly Held Shares of a Company which otherwise would qualify for listing on the Exchange such that its Market Value of Publicly Held Shares is no more than 10 percent below $100,000,000, the Exchange will generally consider $100,000,000 in Shareholders' equity as an alternate measure of size and therefore, as an alternative basis to list the Company.

(B) For Companies that list at the time of their IPOs or in connection with an Initial Firm Commitment Underwritten Public Offering, if necessary, the Exchange will rely on a written commitment from the underwriter to represent the anticipated value of the Company's offering in order to determine a Company's compliance with this listing standards. Similarly, for spin-offs, the Exchange will rely on a representation from the parent Company's investment banker (or other financial advisor) or transfer agent in order to estimate the market value based upon the as-disclosed distribution ratio. For purpose of this paragraph, an IPO include a spin-off and is an offering by an issuer which, immediately prior to its original listing, does not have a class of common stock registered under the Exchange Act. An IPO includes a carve-out, which is defined for purposed of this paragraph as the initial offering of an equity security to the publicly traded company for an underlying interest in its existing business (may be subsidiary, division or business unit).

A Company must have a Bid Price or, if listing in connection with an IPO or Initial Firm Commitment Underwritten Public Offering, a public offering price per share of at least $4 at the time of listing.

(2) A Company must meet one of the following financial standards:

(A) **Earnings Test**

(i) Pre-tax earnings from continuing operations and after minority interest, amortization and equity in the earnings or losses of investees, adjusted for items specified in TXSE Rule 16.310(c)(1)(C) and TXSE Rule 16.312(b)(2)(A)(ii) below, must

total at least $100,000,000 in the aggregate for the last three (3) fiscal years with a minimum of $25,000,000 in each of the most recent two (2) fiscal years.

A Company that (i) qualifies as an emerging growth company as defined in Section 2(a)(19) of the Securities Act and Section 3(a)(80) of the Exchange Act and (ii) avails itself of the provisions of the Securities Act and the Exchange Act permitting emerging growth companies to report only two (2) years of audited financial statements, can qualify under this earnings test by meeting the following requirements: Pre-tax earnings from continuing operations and after minority interest, amortization and equity in the earnings or losses of investees, adjusted for items specified in TXSE Rule 16.310(c)(1)(C) and TXSE Rule 16.312(b)(2)(A)(ii) below, must total at least $100,000,000 in the aggregate for the last two (2) fiscal years with a minimum of $25,000,000 in each year.

(ii) Additional Adjustment (C)(D) Available for Foreign Currency Devaluation. Non-operating adjustments when associated with translation adjustments representing a significant devaluation of a country's currency (e.g., the currency of a Company's Country of Domicile devalues by more than 10 percent against the U.S. dollar within a six-month period). Adjustments may not include those associated with normal currency gains or losses.

(iii) Reconciliation to U.S. GAAP of the third year back would only be required if the Exchange determines that reconciliation is necessary to demonstrate that the aggregate $100,000,000 threshold is satisfied.

OR

(B) **Valuation/Revenue Test:** Companies listing under this standard may satisfy either (a) the valuation/revenue with cash flow test or (b) the pure valuation/revenue test.

(i) Valuation/Revenue with Cash Flow Test:

(a) at least $500,000,000 in global market capitalization,

(b) at least $100,000,000 in revenues during the most recent twelve-month period, and

(c) at least $100,000,000 aggregate cash flows for the last three (3) fiscal years, where each of the two (2) most recent years is reported at a

minimum of $25,000,000, adjusted in accordance with (C)(D) TXSE Rule 16.310(c)(1)(C)(i)-(ii).

A Company that (i) qualifies as an emerging growth company as defined in Section 2(a)(19) of the Securities Act and Section 3(a)(80) of the Exchange Act and (ii) avails itself of the provisions of the Securities Act and the Exchange Act permitting emerging growth companies to report only two (2) years of audited financial statements, can qualify under this valuation/revenue test by meeting the requirements in (1) and (2) above and the following requirement in lieu of (3): at least $100,000,000 aggregate cash flows for the last two (2) fiscal years with a minimum of $25,000,000 in each year.

A Company must demonstrate cash flow based on the operating activity section of its cash flow statement. Cash flow represents net income adjusted to (a) reconcile such amounts to cash provided by operating activities and (b) exclude changes in operating assets and liabilities. With respect to reconciling amounts pursuant to this paragraph, all such amounts are limited to the amount included in the Company's income statement.

In the case of Companies listing in connection with an IPO or Initial Firm Commitment Underwritten Public Offering, the Company's underwriter (or, in the case of a spin-off, the parent Company's investment banker or other financial advisor) must provide a written representation that demonstrates the Company's ability to meet the $500,000,000 global market capitalization requirement based upon the completion of the offering (or distribution).

Reconciliation to U.S. GAAP of the third fiscal year back would only be required if the Exchange determines that reconciliation is necessary to demonstrate that the $100,000,000 aggregate cash flow threshold is satisfied.

(ii) Pure Valuation/Revenue Test:

(a) at least $750,000,000 in global market capitalization, and

(b) at least $75,000,000 in revenues during the most recent fiscal year.

In the case of Companies listing in connection with an IPO or Initial Firm Commitment Underwritten Public Offering, the Company's underwriter (or, in the case of a spin-off, the parent company's investment banker or other financial advisor) must provide a written representation that demonstrates the Company's ability to meet the $750,000,000 global market capitalization requirement upon completion of the offering (or distribution). For all other Companies, market capitalization valuation will be determined over **a six-month average.**

OR

(C) **Affiliated Company Test**

(i) at least $500,000,000 in global market capitalization;

(ii) at least 12 months of operating history (although a Company is not required to have been a separate corporate entity for such period); and

(iii) the Company's parent or affiliated company is a listed company in good standing (as evidenced by written representation from the Company or its financial advisor excluding that portion of the balance sheet attributable to the new entity); and

(iv) the Company's parent or affiliated company retains control of the entity or is under common control with the entity.

In the case of Companies listing in connection with an IPO or Initial Firm Commitment Underwritten Public Offering, the Company's underwriter (or, in the case of a spin-off, the parent company's investment banker or other financial advisor) must provide a written representation that demonstrates the Company's ability to meet the $500,000,000 global market capitalization requirement upon completion of the offering (or distribution).

"Control" for purposes of the test under this affiliated company test will mean having the ability to exercise significant influence over the operating and financial policies of the listing company, and will be presumed to exist where the parent or affiliated company holds 20% or more of the listing company's voting stock directly or indirectly. Other indicia that may be taken into account when determining whether control exists include board representation,

participation in policy making processes, material intercompany transactions, interchange of managerial personnel, and technological dependency. This affiliated company test is taken from and intended to be consistent with generally accepted accounting principles regarding use of the equity method of accounting for an investment in common stock.

(C) Only adjustments arising from events specifically so indicated in the Company's Commission filing(s) as to both categorization and amount can and must be made. Any such adjustments apply only in the year in which the event occurred except with regard to the use of proceeds or acquisitions and dispositions. Any Company for which the Exchange relies on adjustments in granting clearance must include all relevant adjusted financial data in its listing application, and disclose the use of adjustments by including a statement in a press release (i) that additional information is available upon which the TXSE relied to list the Company and is included in the listing application and (ii) that such information is available to the public upon request. This press release must be issued concurrently with any listing announcement issued by the Company or, if a listing announcement is not issued, within 30 calendar days from the date the Company lists on the TXSE. The form of listing application and information regarding supporting documents required in connection with adjustments to historical financial data are available on the Exchange's website or from the Exchange upon request.

(D) Interested parties should apply the list of adjustments in accordance with any relevant accounting literature, such as that published by the Financial Accounting Standards Board, the Accounting Principles Board, the Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Commission. Any literature is intended to guide issuers and investors regarding the affected adjustment listed. If successor interpretations (or guidelines) are published with respect to any particular adjustment, the most recent relevant interpretations (or guidelines) should be consulted.

(3) Policy on restated financial statements due to change from an unacceptable to acceptable accounting principle or a correction of errors

If at any time following the Exchange's initial determination that a Company meets the Exchange's initial listing criteria, the Company restates its financial statements due to a change from an unacceptable to an acceptable accounting principle or a correction of errors, and the restatement encompasses financial statements included in its Commission filings at the time of application for listing on the Exchange, the Exchange will reevaluate the Company's listing

status. In this regard, the Exchange will determine whether, at the time of the original clearance, the Company would have qualified under the Exchange's initial listing standards utilizing the restated financial data. If not, unless the Company meets initial listing standards at the time of the restatement, the Company will be notified that it does not meet the initial listing standards and, if its securities have been listed, such securities will be suspended from trading and the Company will immediately be subject to delisting procedures.

(4) Policy on reliance on the operating history of acquired companies

In the event that a Company has less than three (3) years of operating history and is acquiring (either completed or committed) an entity with the requisite operating history, the Exchange will consider the combined operating history of the acquirer and acquiree for the preceding period(s) in conducting its financial eligibility review. If it is necessary to combine historical financial statements of the acquiree and acquiror in order to enable the Exchange to conduct its analysis (e.g., overlapping fiscal years), then the combined data would need to be accompanied by an agreed upon procedures letter provided by the Company's outside audit firm at the request of the Company. The auditor's letter would state the procedures performed with respect to any necessary combination of historical data.

(5) Policy on Listing Reverse Merger Companies

For purposes of this TXSE Rule 16.312(b)(5), a "Reverse Merger" means any transaction whereby an operating company becomes an Exchange Act reporting company by combining directly or indirectly with a shell company which is an Exchange Act reporting company, whether through a reverse merger, exchange offer or otherwise. However, a Reverse Merger does not include the acquisition of an operating company by a listed company which qualified for initial listing as an acquisition company under TXSE Rule 16.313 or a business combination described in TXSE Rule 16.102(a). In determining whether a Company is a shell company, the Exchange will consider, among other factors: whether the Company is considered a "shell company" as defined in Rule 12b-2 under the Exchange Act; what percentage of the Company's assets are active versus passive; whether the Company generates revenues, and if so, whether the revenues are passively or actively generated; whether the Company's expenses are reasonably related to the revenues being generated; how many employees work in the Company's revenue-generating business operations; how long the Company has been without material business operations; and whether the Company has publicly announced a plan to begin operating activities or generate revenues, including through a near-term acquisition or transaction.

In order to qualify for initial listing, a Reverse Merger Company must comply with one of the initial listing standards set forth in TXSE Rule 16.312(b)(2) and the distribution, size and price requirements of TXSE Rule 16.312(b)(1). In addition to satisfying all of the Exchange's other initial listing requirements, a

Reverse Merger Company shall be eligible to submit an application for initial listing only if the combined entity has, immediately preceding the filing of the initial listing application:

(A) traded for at least one (1) year in the U.S. over-the-counter market, on another national securities exchange or on a regulated foreign exchange following the consummation of the Reverse Merger and has filed with the Commission on Form 20-F all of the information required to be filed by a domestic issuer after consummation of a Reverse Merger by Item 2.01(f) of Form 8-K, including all required audited financial statements;

(B) maintained a Bid Price of $4 or higher for a sustained period of time, but in no event for less than 30 of the most recent 60 trading days prior to the filing of the initial listing application, and

(C) timely filed with the Commission all required reports since the consummation of the Reverse Merger, including the filing of at least one (1) annual report containing all required audited financial statements for a full fiscal year commencing on a date after the date of filing with the Commission of the filing described in (A) above.

In addition, a Reverse Merger Company will be required to maintain a Bid Price of $4 or higher for a sustained period of time, but in no event for less than 30 of the most recent 60 trading days prior to the date of the Reverse Merger Company's listing.

The Exchange may in its discretion impose more stringent requirements than those set forth above if the Exchange believes it is warranted in the case of a particular Reverse Merger Company based on, among other things, an inactive trading market in the Reverse Merger Company's securities, the existence of a low number of Publicly Held Shares that are not subject to transfer restrictions, if the Reverse Merger Company has not had a Securities Act registration statement or other filing subjected to a comprehensive review by the Commission, or if the Reverse Merger Company has disclosed that it has material weaknesses in its internal controls which have been identified by management and/or the Reverse Merger Company's independent auditor and has not yet adopted an appropriate corrective action plan.

A Reverse Merger Company will not be subject to the requirements of this TXSE Rule 16.312(b)(5) if it is listing in connection with an Initial Firm Commitment Underwritten Public Offering (as defined in TXSE Rule 16.310(b)) where the proceeds received from the offering by the Reverse Merger Company are sufficient on a standalone basis to generate a minimum of $40,000,000 in aggregate Market Value of Publicly Held Shares and the offering is occurring either subsequent to or concurrently with the Reverse Merger. In addition, a Reverse Merger Company will not be subject to the requirement of this TXSE

Rule 16.312(b)(5) that it must maintain a Bid Price of $4 or higher for at least 30 of the most recent 60 trading days prior to each of the filing of the initial listing application and the date of the Reverse Merger Company's listing, if it has satisfied the one (1)-year trading requirement contained in paragraph (A) above and has filed at least four (4) annual reports with the Commission which each contain all required audited financial statements for a full fiscal year commencing after filing the information described in paragraph (A) above. However, such Companies will be required to (i) comply with the stock price requirement of TXSE Rule 16.312(b)(1) and (ii) not be delinquent in their filing obligations with the Commission. In either of the cases described in this paragraph, the Reverse Merger Company will only need to meet the requirements of one of the financial initial listing standards in TXSE Rule 16.312(b)(2), in addition to all other applicable non-financial listing standard requirements, including, without limitation, the requirements of TXSE Rule 16.312(b)(1) and TXSE Rule 16.400.

(c) For initial listing on the Exchange, a Company must have four (4) registered and active Market Makers unless it meets one of the following requirements below in which case it must have three (3) registered and active Market Makers:

(1) (i) Annual income from continuing operations before income taxes of at least $1 million in the most recently completed fiscal year or in two (2) of the three (3) most recently completed fiscal years; (ii) Shareholders' equity of at least $15 million; and (iii) Market Value of Publicly Held Shares of at least $8 million; or

(2) (i) Shareholders' equity of at least $30 million; (ii) two-year operating history; and (iii) Market Value of Publicly Held Shares of at least $18 million.

(d) Securities Exchange Act of 1934.

Aside from qualifying under Exchange standards, all corporate securities must be registered under the Exchange Act under Section 12(b) before admission to dealings on the Exchange.

(e) Sponsorship by an Exchange Member Firm.

Because of the widespread use of bearer shares outside the United States, some non-U.S. companies might have difficulty in demonstrating that they have the required number of Shareholders on a worldwide basis. In such cases, sponsorship by an Exchange member firm as to the liquidity and depth of the market for the Company's shares may substitute for documentation concerning the number of Shareholders. Nevertheless, the Exchange staff must be satisfied that a broad and independent market exists. For companies listing with minimal U.S. distribution, the primary non-U.S. market must provide the liquidity against which U.S. arbitrage transactions can be effected.

(f) Sponsored American Depositary Receipts or Shares.

In order to list ADRs, the Exchange requires that such ADRs be sponsored. Foreign private issuers sponsor their ADRs by entering into a deposit agreement with an American depository bank to provide such services as cash and stock dividend payments, transfer of ownership, and distribution of Company financial statements and notices, such as Shareholder meeting material. This agreement is a required supplement to the basic Listing Agreement. The form of Listing Agreement and information regarding supporting documents required in connection with listing ADRs are available on the Exchange's website or from the Exchange upon request.

Rule 16.313. Initial Listing Requirements for Acquisition Companies

(a) General

(1) The Exchange will consider on a case-by-case basis the appropriateness for listing of companies ("acquisition companies" or "ACs") with no prior operating history that conduct an IPO of which at least 90% of the proceeds, together with the proceeds of any other concurrent sales of the AC's equity securities, will be held in a trust account controlled by an independent custodian until consummation of a business combination in the form of a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more operating businesses or assets (a "Business Combination") with a fair market value equal to at least 80% of the net assets held in trust (net of amounts disbursed to management for working capital purposes and excluding the amount of any deferred underwriting discount held in trust) (the "Business Combination Condition").

(2) An AC must have a Bid Price or, if listing in connection with an IPO, an IPO price per share of at least $4 at the time of initial listing. ACs must demonstrate (i) an aggregate market value of $100,000,000; (ii) a Market Value of Publicly Held Shares of $80,000,000 (A); and (iii) one of the following distribution criteria:

(b) Distribution Criteria. ACs must meet one of the following distribution criteria as applicable:

Listing in connection with an IPO:

Number of holders of 100 shares or more or of a unit of trading if less than 100 shares	300 (B)

and

Number of Publicly Held Shares	1,100,000 shares (A)

ACs listing in connection with a transfer or quotation:

Number of holders of 100 shares or more or of a unit of trading if less than 100 shares	300 (B)
OR	
Total Shareholders	2,200 (B)
Together with average monthly trading volume	100,000 shares (for most recent 6 months)
OR	
Total Shareholders	500 (B)
Together with average monthly trading volume	1,000,000 shares (for most recent 12 months)
AND	
Number of Publicly Held Shares	1,100,000 shares (A)

(A) Shares held by directors, Executive Officers or their Family Members and other concentrated holdings of 10 percent or more are excluded in calculating the number of Publicly Held Shares. For ACs that list at the time of their IPOs, if necessary, the Exchange will rely on a written commitment from the underwriter to represent the anticipated value of the AC's offering in order to determine an AC's compliance with this listing standard. If the unit of trading is less than 100 shares, the requirements relating to number of Publicly Held Shares will be reduced proportionately.

(B) The number of beneficial holders of stock held in the name of Exchange member organizations will be considered in addition to holders of record. The Exchange will make any necessary check of such holdings.

(c) For initial listing on the Exchange, an AC must have three (3) registered and active Market Makers:

(d) Under the terms of its constitutive documents or by contract, any AC deemed suitable for listing will be subject to the following minimum requirements:

(1) if the AC holds a Shareholder vote on a Business Combination for which the AC must file and furnish a proxy or information statement subject to Regulation 14A or 14C under the Exchange Act in advance of the Shareholder meeting, the Business Combination must be approved by a majority of the votes cast at the Shareholder meeting at which the Business Combination is being considered;

(2) if a Shareholder vote on a Business Combination is held, each public Shareholder voting against the Business Combination will have the right

("Conversion Right") to convert its shares of common stock into a pro rata share of the aggregate amount then on deposit in the trust account (net of taxes payable, and amounts disbursed to management for working capital purposes), provided that the Business Combination is approved and consummated. It will be permissible for an AC to establish a limit (set no lower than 10% of the shares sold in the AC's IPO) as to the maximum number of shares with respect to which any public Shareholder, together with any affiliate of such Shareholder or any person with whom such Shareholder is acting as a "group" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) may exercise Conversion Rights;

(3) if a Shareholder vote is not held on a Business Combination for which the Company must file and furnish a proxy or information statement subject to Regulation 14A or 14C under the Exchange Act, the Company must provide all Shareholders with the opportunity to redeem all their shares for cash equal to their pro rata share of the aggregate amount then in the deposit account (net of taxes payable, and amounts disbursed to management for working capital purposes), pursuant to Rule 13e-4 and Regulation 14E under the Exchange Act, which regulates issuer tender offers. The Company must file tender offer documents with the Securities and Exchange Commission containing substantially the same financial and other information about the Business Combination and the redemption rights as would be required under Regulation 14A of the Exchange Act, which regulates the solicitation of proxies;

(4) until the Company has satisfied the Business Combination Condition, each Business Combination must be approved by a majority of the AC's Independent Directors;

(5) the AC will be liquidated if no Business Combination has been consummated within a specified time period not to exceed three (3) years. The Exchange will promptly commence delisting procedures with respect to any AC that fails to consummate its Business Combination within (i) the time period specified by its constitutive documents or by contract or (ii) three (3) years, whichever is shorter; and

(6) the AC's founding Shareholders must waive their rights to participate in any liquidation distribution with respect to all shares of common stock owned by each of them prior to the IPO or purchased in any private placement occurring in conjunction with the IPO, including the common stock underlying any founders' warrants. In addition, the underwriters of the IPO must agree to waive their rights to any deferred underwriting discount deposited in the trust account in the event the AC liquidates prior to the completion of a Business Combination.

(e) In the event that AC securities are listed as units, the components of the units (other than common stock) will be required to meet the applicable initial listing standards for the security types represented by the components.

(f) In determining the suitability for listing of an AC, the Exchange will consider:

(1) the experience and track record of management;

(2) the amount of time permitted for the completion of the Business Combination prior to the mandatory dissolution of the AC;

(3) the nature and extent of management compensation;

(4) the extent of management's equity ownership in the AC and any restrictions on management's ability to sell AC stock;

(5) the percentage of the contents of the trust account that must be represented by the fair market value of the Business Combination;

(6) the percentage of voting Publicly Held Shares whose votes are needed to approve the Business Combination;

(7) the percentage of the proceeds of sales of the AC's securities that is placed in the trust account; and

(8) such other factors as the Exchange believes are consistent with the goals of investor protection and the public interest.

Rule 16.314. Initial Listing Requirements for Preferred Stock

(a) Listing Policy

The Exchange has not set any minimum numerical criteria for the listing of preferred stock. The issue must be of sufficient size and distribution, however, to warrant trading in the Exchange market system. The Exchange has set certain numerical delisting criteria for preferred stock. The Exchange will normally give consideration to suspending or removing a preferred stock if the aggregate Market Value of Publicly Held Shares is less than $2,000,000 and the number of Publicly Held Shares is less than 100,000. The Exchange will also consider suspending or removing a preferred stock if the number of registered and active Market Makers is less than three.

The Exchange expects that a preferred stock will have voting provisions and other provisions normally found in a security designated as preferred stock. (See TXSE Rule 16.314(e) below) While the minimum redemption rights set forth below are acceptable under Exchange policy, they should not be regarded as an expression of opinion by the Exchange as to the adequacy of protective provisions under all circumstances.

The Exchange is concerned about the issuance of preferred stock which by its terms would vote separately as a class from the common stock on the approval of mergers and acquisitions, unless required by law.

(b) Clearance of Terms. Before a Company applies for the listing of a preferred stock, it should first submit the terms of the preferred stock to the Exchange for clearance. In order to be called preference or preferred stock, the issue should be preferred as to dividends and on liquidation. After the terms have been reviewed and cleared by the Exchange, the Company will be given permission to use a “listing intention statement” in the offering prospectus.

(c) Title of Issue. The Exchange recommends that the following attributes of the preferred stock be disclosed in the title of issue even if the preferred stock is not listed:

(1) The dividend rate should be shown.

(2) The seniority of the security in relation to other preferred issues should be indicated.

(3) If dividends are non-cumulative, the title should indicate it.

(4) If an issue is convertible for life, the title should indicate it. If there is a limitation on the conversion feature, it should be shown parenthetically.

(5) If the issue is one series of a class of preferred stock, the title should indicate it.

(d) Redemption Rights. The following describes the redemption rights of preferred Shareholders.

(1) Redemption provisions should provide for a redemption date which is no less than 30 calendar days nor more than 90 calendar days following notification to holders.

(2) Rights of preferred Shareholders may be terminated in advance of the redemption date provided that adequate notice has been published that sufficient funds will be made available to Shareholders within 90 calendar days. No rights should be terminated, even if the redemption date has passed, if there is a default in funds available for redemption.

(3) If an issue is convertible, conversion privileges should continue for a reasonable period after the redemption notice is published.

(4) Partial redemption should be pro rata or by lot.

(e) Minimum Voting Rights Required

(1) Preferred stock, voting as a class, should have the right to elect a minimum of two (2) directors upon default of the equivalent of six (6) quarterly dividends. The right to elect directors should accrue regardless of whether defaulted dividends occurred in consecutive periods.

(2) The right to elect directors should remain in effect until cumulative dividends have been paid in full or until non-cumulative dividends have been paid regularly for at least a year. The preferred stock quorum should be low enough to ensure that the right to elect directors can be exercised as soon as it accrues. In no event should the quorum exceed the percentage required for a quorum of the common stock required for the election of directors. The Exchange prefers that no quorum requirement be fixed in respect of the right of a preferred stock, voting as a class, to elect directors when dividends are in default.

(3) The Exchange recommends that preferred stock should have minimum voting rights even if the preferred stock is not listed.

(4) Increase in Authorized Amount or Creation of a Pari Passu Issue. An increase in the authorized amount of a class of preferred stock or the creation of a pari passu issue should be approved by a majority of the holders of the outstanding shares of the class or classes to be affected. The board of directors may increase the authorized amount of a series or create an additional series ranking pari passu without a vote by the existing series if Shareholders authorized such action by the board of directors at the time the class of preferred stock was created.

(5) Creation of a Senior Issue.

(A) Creation of a senior equity security should require approval of at least two-thirds of the outstanding preferred shares. The board of directors may create a senior series without a vote by the existing series if Shareholders authorized such action by the board of directors at the time of the existing series of preferred stock was created.

(B) A vote by an existing class of preferred stock is not required for the creation of a senior issue if the existing class has previously received adequate notice of redemption to occur within 90 calendar days. However, the vote of the existing class should not be denied if all or part of the existing issue is being retired with proceeds from the sale of the new stock.

(6) Alteration of Existing Provisions.

(A) Approval by the holders of at least two-thirds of the outstanding shares of a preferred stock should be required for adoption of any charter or by-law amendment that would materially affect existing terms of the preferred stock.

(B) If all series of a class of preferred stock are not equally affected by the proposed changes, there should be a two-thirds approval of the class and a two-thirds approval of the series that will have a diminished status.

(C) The charter should not hinder the Shareholders' right to alter the terms of a preferred stock by limiting modification to specific items, e.g., interest rate, redemption price.

(f) Exceptions to Minimum Voting Rights

In the application of the policy relating to the above-stated minimum voting provisions for preferred stock, the Exchange may make exception in a case where the laws of the state of incorporation preclude or make virtually impossible, the conferring of exclusive voting rights upon any particular class of stock.

Exception may also be made in cases where the preferred stock has provisions which, while not conforming exactly to the above-stated minimum provisions, give the stock the practical equivalent of those minimum provisions.

Exception may also be made in a case where the Company agrees to submit to its Shareholders at a reasonably early date, a proposal to amend the voting provisions of the preferred stock to conform, at the least, to the minimum provisions stated above, along with the management's recommendation to Shareholders that the proposal be adopted.

However, such exceptions are made only after consideration of the circumstances of the particular case, and it should not be assumed, in any case, that they will be made. Any Company contemplating issuance of a preferred stock which it desires to list on the Exchange, and which, for any reason, does not have, at the least, the voting provisions described above, is urged to discuss the matter with the Company's Exchange representative at an early date and, if at all possible, before definitive steps are taken to fix the provisions of the class.

(g) Filing a Listing Application Relating to Preferred Stock Offerings

The general instructions for preparation and filing of a listing application are described in TXSE Rule 16.202. The form of listing application and information regarding supporting documents required in connection with the listing application for preferred stock are available on the Exchange's website or from the Exchange upon request.

Rule 16.315. Initial Listing Requirements for Convertible Bonds

(a) Convertible Bonds. Debt securities convertible into equity securities may be listed only if the underlying equity securities are subject to real-time last sale reporting in the United States. The convertible debt issue must:

(1) have an aggregate market value or principal amount of no less than $10,000,000,

(2) have at least three registered and active Market Makers, and

(3) be characterized by one of the following conditions:

(A) the issuer of the debt must have an equity security that is listed on TXSE, Nasdaq, NYSE American or the New York Stock Exchange (“NYSE”),

(B) an issuer whose equity security is listed on TXSE, Nasdaq, NYSE American or NYSE, directly or indirectly owns a majority interest in, or is under common control with, the issuer of the debt security, or has guaranteed the debt security,

(C) a nationally recognized securities rating organization (an "NRSRO") has assigned a current rating to the debt security that is no lower than an S&P Corporation "B" rating or equivalent rating by another NRSRO, or

(D) if no NRSRO has assigned a rating to the issue, an NRSRO has currently assigned:

(i) an investment grade rating to an immediately senior issue, or

(ii) a rating that is no lower than an S&P Corporation "B" rating, or an equivalent rating by another NRSRO, to a pari passu or junior issue.

Rule 16.320. Continued Listing Requirements and Standards for Common Stock

The Exchange would normally give consideration to the prompt initiation of suspension and delisting procedures with respect to a security of either a domestic or non-U.S. issuer when:

(a) Distribution Criteria for Capital or Common Stock

Number of total Shareholders (A) is less than	400
OR	
Number of total Shareholders (A) is less than	1,200
AND	
Average monthly trading volume is less than	100,000 shares (for most recent 12 months)
OR	
Number of Publicly Held Shares (B) is less than	600,000 (C)

(A) The number of beneficial holders of stock held in the name of Exchange member organizations will be considered in addition to holders of record.

(B) Shares held by directors, Executive Officers or their Family Members and other concentrated holdings of 10% or more are excluded in calculating the number of Publicly Held Shares.

(C) If the unit of trading is less than 100 shares, the requirement relating to the number of Publicly Held Shares shall be reduced proportionately.

(b) Numerical Criteria for Capital or Common Stock

(1) A Company will be considered to be below compliance standards if the average Bid Price of a security as reported on the consolidated tape is less than $1.00 over a consecutive 30 trading-day period.

(A) Notwithstanding the foregoing, if the subject security is not the primary trading common stock of the Company (e.g., a preferred class) or is a stock listed under the affiliated company test where the parent remains in "control" as that term is used in that test, the Exchange may determine whether to apply the price criteria to such security after evaluating the financial status of the Company and/or the parent/affiliated company, as the case may be.

(2) A Company will be considered to be below compliance if its average global market capitalization over a consecutive 30 trading-day period is less than $50,000,000 and, at the same time Shareholders' equity is less than $50,000,000.

(A) If a Company is initially listed under any of the Exchange's financial standards on the basis of financial statements covering a period of nine (9) to twelve months and the Company does not qualify under the regular standard at the end of such fiscal year or qualify at such time for initial listing under another listing standard, the Exchange will promptly initiate suspension and delisting procedures with respect to the Company. Any such Company will be subject to delisting procedures.

(B) Notwithstanding the preceding two (2) paragraphs, the Exchange will promptly initiate suspension and delisting procedures with respect to a Company that is listed under any financial standard set out in TXSE Rules 16.310(c) or 16.312(b)(2) if a Company is determined to have average global market capitalization over a consecutive 30 trading-day period of less than $15,000,000, regardless of the original standard under which it listed.

(C) When applying the market capitalization test in any of the above standards, the Exchange will generally look to the total common stock outstanding (excluding treasury shares) as well as any common

stock that would be issued upon conversion of another outstanding equity security. The Exchange deems these securities to be reflected in market value to such an extent that the security is a "substantial equivalent" of common stock. In this regard, the Exchange will only consider securities (1) publicly traded (or quoted) or (2) convertible into a publicly traded (or quoted) security. For partnerships, the Exchange will analyze the creation of the current capital structure to determine whether it is appropriate to include other publicly-traded securities in the calculation.

(3) A Company will be considered to be below compliance if it has less than three (3) registered and active Market Makers.

Rule 16.323. Continued Listing Requirements and Standards for Acquisition Companies

(a) Prior to Consummation of Business Combination.

Prior to the consummation by a listed Acquisition Company of its Business Combination (as defined in TXSE Rule 16.313(a)(1)), the Exchange will promptly initiate suspension and delisting procedures:

(1) if the AC's average aggregate global market capitalization is below $50,000,000 or the average aggregate global market capitalization attributable to its Publicly Held Shares* is below $40,000,000, in each case over 30 consecutive trading days. The Exchange will notify the AC if its average aggregate global market capitalization falls below $75,000,000 or the average aggregate global market capitalization attributable to its Publicly Held Shares* falls below $60,000,000 and will advise the AC of the delisting standard.

** Shares held by directors, Executive Officers or their Family Members and other concentrated holding of 10 percent or more are excluded in calculating the number of Publicly Held Shares.*

(2) if the AC securities initially listed (either common equity securities or units, as the case may be), fall below the following distribution criteria (the distribution standards set forth in TXSE Rule 16.320(a) are not applied to ACs):

The number of Publicly Held Shares (A)(B) is less than	300
OR	
The number of total Shareholders (A) is less than	1,200
AND	
Average monthly trading volume is less than	100,000 shares (for the most recent 12 months)

OR

The number of Publicly Held Shares (B) is less than	600,000 (C)

(A) The number of beneficial holders of stock held in the name of Exchange member organizations will be considered in addition to holders of record.

(B) Shares held by directors, Executive Officers or their Family Members and other concentrated holdings of 10% or more are excluded in calculating the number of Publicly Held Shares. "Public Shareholders" exclude holders that are directors, Executive Officers or their Family Members and holders of other concentrated holdings of 10% or more.

(C) If the unit of trading is less than 100 shares, the requirement relating to the number of Publicly Held Shares shall be reduced proportionately.

In the case of AC securities traded as a unit, such securities will be subject to suspension and delisting if any of the component parts do not meet the applicable listing standards. However, if one or more of the components is otherwise qualified for listing, such component(s) may remain listed.

For the purposes of determining whether an individual component satisfies the applicable distribution criteria, the units that are intact and freely separable into their component parts shall be counted toward the total numbers required for continued listing of the component.

Notwithstanding the foregoing, the Exchange will consider the suspension of trading in, or removal from listing of, any individual component or unit when, in the opinion of the Exchange, it appears that the extent of public distribution or the aggregate market value of such component or unit has become so reduced as to make continued listing on the Exchange inadvisable. In its review of the advisability of the continued listing of an individual component or unit, the Exchange will consider the trading characteristics of such component or unit and whether it would be in the public interest for trading to continue.

(3) If the AC fails to consummate its Business Combination within the time period specified by its constitutive documents or required by contract, or as provided by TXSE Rule 16.313, whichever is shorter.

(4) If the AC has less than two (2) registered and active Market Makers.

(b) At the Time of the Business Combination

After Shareholder approval of a Business Combination, the Exchange will consider whether the continued listing of the AC after consummation of the Business Combination will be in the best interests of the Exchange and the public interest and will have the discretion to suspend and commence delisting proceedings with respect to the AC prior to consummation of the Business Combination.

(c) After Consummation of Business Combination

After consummation of its Business Combination, a Company that had originally listed as an AC will be subject to TXSE Rule 16.320 in its entirety and will be required immediately upon consummation of the Business Combination to meet the following requirements:

(1) A Bid Price of at least $4.00;

(2) a global market capitalization of at least $150,000,000;

(3) an aggregate Market Value of Publicly Held Shares* of at least $40,000,000*;

(4) at least three (3) registered and active Market Makers; and

(5) the requirements with respect to Shareholders and Publicly Held Shares* set forth in TXSE Rule 16.310(a) for Companies listing in connection with an IPO.

** Shares held by directors, Executive Officers or their Family Members and other concentrated holding of 10 percent or more are excluded in calculating the number of Publicly Held Shares.*

*** "Back Door Listing"*

The Exchange will refuse to list additional equity securities of a listed company in a transaction considered to be a "back door listing," i.e. resulting from a merger, acquisition or consolidation which has the effect of circumventing its standards for initial listing. Accordingly, when an unlisted company proposes to combine with, or into, a listed company under circumstances which, in the opinion of the Exchange, constitute an acquisition of a listed company by an unlisted company, the resulting company must meet the standards for initial listing. If the resulting company would not qualify for initial listing, the Exchange will refuse to list additional shares of the listed company for the transaction.

In applying the above policy, consideration will be given to all factors including changes in ownership of the listed company, changes in management, whether the size of the company being "acquired" is larger than the listed company and whether the two (2) businesses are related

on a horizontal or a vertical basis. All circumstances will be considered collectively and weight may be given to compensating factors.

When a listed AC consummates its Business Combination, the Exchange will require the AC to submit an initial listing application which must be approved by the Exchange prior to consummation of the Business Combination. The Exchange will also consider whether the Business Combination gives rise to a "back door listing" as described above. If the resulting company would not qualify for initial listing, the Exchange will promptly initiate suspension and delisting of the AC.

If the resulting company would not meet the foregoing requirements, the Exchange will promptly initiate suspension and delisting of the AC.

Rule 16.324. Continued Listing Requirements and Standards for Preferred Stock

(a) The Exchange will promptly initiate suspension and delisting procedures with respect to Preferred Stock if:

(1) the aggregate Market Value of Publicly Held Shares is less than $2,000,000,

(2) the number of Publicly Held Shares is less than 100,000, or

(3) the number of registered and active Market Makers is less than three.

Rule 16.325. Continued Listing Requirements for Convertible Bonds

(a) Listing Policy. The Exchange has set minimum numerical criteria for the listing of convertible debt securities in TXSE Rule 16.315. The Exchange has also set certain numerical delisting criteria. The Exchange will delist a convertible debt security if:

(1) the aggregate market value or principal amount that is publicly-held is less than $5,000,000, or

(2) the number of registered and active Market Makers is less than two (one of which may be a Market Maker entering a stabilizing bid).

Rule 16.400. Corporate Governance Requirements

Rule 16.401. Background

(a) In addition to meeting applicable quantitative requirements in TXSE Rule Series 16.300, Companies applying to list and listed on the Exchange must meet the qualitative requirements outlined in this TXSE Rule Series 16.400. These requirements include rules relating to a Company's board of directors, including audit committees and

Independent Director oversight of executive compensation and the director nomination process; recovery of erroneously awarded compensation; code of conduct; Shareholder meetings, including proxy solicitation and quorum; review of related party transactions; and Shareholder approval, including voting rights. Exemptions to these rules, including phase-in schedules, are set forth in TXSE Rule 16.407.

(b) The TXSE maintains a website that provides guidance on the applicability of the corporate governance requirements by FAQs and published summaries of anonymous versions of previously issued Staff interpretative letters. Companies are encouraged to contact TXSE Regulation to discuss any complex issues or transactions. Companies can also submit a request for a written interpretation pursuant to paragraph (c) below.

(c) Listed Companies may request from TXSE a written interpretation of the TXSE Rules contained in Chapter 16. A response to such request will generally be provided within one (1) week following receipt by TXSE Regulation of all information necessary to respond to the request.

(d) TXSE shall publish on its website a summary of each interpretation within 90 calendar days from the date such interpretation is issued.

Rule 16.405. Board of Directors and Committees

(a) Definitions

(1) “Executive Officer” means those officers covered in Rule 16a-1(f) under the Act.

(2) “Independent Director” means a director who the Company’s board of directors affirmatively determines has no material relationship with the listed Company (either directly or as a partner, Shareholder or Executive Officer of an organization that has a relationship with the Company). For purposes of this TXSE Rule, “Family Member” means a person’s spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than domestic employees) who shares such person’s home. The following persons shall not be considered independent:

(A) a director who is, or at any time during the past three (3) years was, employed by the Company;

(B) a director who accepted or who has a Family Member who accepted any compensation from the Company in excess of $120,000 during any period of twelve consecutive months within the three (3) years preceding the determination of independence, other than the following:

(i) compensation for board or board committee service;

(ii) compensation paid to a Family Member who is an employee (other than an Executive Officer) of the Company; or

(iii) benefits under a tax-qualified retirement plan, or non-discretionary compensation.

Provided, however, that in addition to the requirements contained in this paragraph (B), audit committee members are also subject to additional, more stringent requirements under TXSE Rule 16.405(c)(2).

(C) a director who is a Family Member of an individual who is, or at any time during the past three (3) years was, employed by the Company as an Executive Officer;

(D) a director who is, or has a Family Member who is, a partner in, or a controlling Shareholder or an Executive Officer of, any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three (3) fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or $200,000, whichever is more, other than the following:

(i) payments arising solely from investments in the Company's securities; or

(ii) payments under non-discretionary charitable contribution matching programs.

(E) a director of the Company who is, or has a Family Member who is, employed as an Executive Officer of another entity where at any time during the past three (3) years any of the Executive Officers of the Company serve on the compensation committee of such other entity; or

(F) a director who is, or has a Family Member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the past three (3) years.

(G) in the case of an Investment Company, in lieu of paragraphs (A)-(F), a director who is an "interested person" of the Company as defined in Section 2(a)(19) of the Investment Company Act of 1940, other than in his or her capacity as a member of the board of directors or any board committee.

• • • Supplementary Material • • •

.01 Definition of Independence

It is important for investors to have confidence that individuals serving as Independent Directors do not have a relationship with the listed Company that would impair their independence. The board has a responsibility to make an affirmative determination that no such relationships exist through the application of TXSE Rule 16.405(a)(2). TXSE Rule 16.405(a)(2) also provides a list of certain relationships that preclude a board finding of independence. These objective measures provide transparency to investors and Companies, facilitate uniform application of the rules, and ease administration. Because TXSE does not believe that ownership of Company stock by itself would preclude a board finding of independence, it is not included in the aforementioned objective factors. It should be noted that there are additional, more stringent requirements that apply to directors serving on audit committees, as specified in TXSE Rule 16.405(c).

For purposes of this TXSE Rule 16.405, the TXSE Rule's reference to the "Company" includes any parent or subsidiary of the Company. The term "parent or subsidiary" is intended to cover entities the Company controls and consolidates with the Company's financial statements as filed with the Commission (but not if the Company reflects such entity solely as an investment in its financial statements). The reference to Executive Officer means those officers covered in Rule 16a-1(f) under the Act. In the context of the definition of Family Member under TXSE Rule 16.405(a)(2), the reference to marriage is intended to capture relationships specified in the TXSE Rule (parents, children and siblings) that arise as a result of marriage, such as "in-law" relationships.

The three (3) year look-back periods referenced in paragraphs (A), (C), (E) and (F) of the TXSE Rule commence on the date the relationship ceases. For example, a director employed by the Company is not independent until three (3) years after such employment terminates.

For purposes of paragraph (A) of the TXSE Rule, employment by a director as an Executive Officer on an interim basis shall not disqualify that director from being considered independent following such employment, provided the interim employment did not last longer than one (1) year. A director would not be considered independent while serving as an interim Executive Officer. Similarly, for purposes of paragraph (B) of the TXSE Rule, compensation received by a director for former service as an interim Executive Officer need not be considered as compensation in determining independence after such service, provided such interim employment did not last longer than one (1) year. Nonetheless, the Company's board of directors still must consider whether such former employment and any compensation received would interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director.

Paragraph (B) of the TXSE Rule is generally intended to capture situations where a compensation is made directly to (or for the benefit of) the director or a Family Member of the director. For example, consulting or personal service contracts with a director or Family Member of the director would be analyzed under paragraph (B) of the TXSE Rule. In addition, political contributions to the campaign of a director or a Family Member of the director would be considered indirect compensation under paragraph (B). Non-preferential payments made in the ordinary course of providing business services (such as payments of interest or proceeds related to banking services or loans by a Company that is a financial institution or payment of claims on a policy by a Company that is an insurance company), payments arising solely from investments in the Company's securities and loans permitted under Section 13(k) of the Act will not preclude a finding of director independence as long as the payments are non-compensatory in nature. Depending on the circumstances, a loan or payment could be compensatory if, for example, it is not on terms generally available to the public.

Paragraph (D) of the TXSE Rule is generally intended to capture payments to an entity with which the director or Family Member of the director is affiliated by serving as a partner, controlling Shareholder or Executive Officer of such entity. Under exceptional circumstances, such as where a director has direct, significant business holdings, it may be appropriate to apply the corporate measurements in paragraph (D), rather than the individual measurements of paragraph (B). Issuers should contact TXSE Regulation if they wish to apply the TXSE Rule in this manner. The reference to a partner in paragraph (D) is not intended to include limited partners. It should be noted that the independence requirements of paragraph (D) of the TXSE Rule are broader than Rule 10A-3(e)(8) under the Act.

Under paragraph (D), a director who is, or who has a Family Member who is, an Executive Officer of a charitable organization may not be considered independent if the Company makes payments to the charity in excess of the greater of 5% of the charity's revenues or $200,000. However, TXSE encourages Companies to consider other situations where a director or their Family Member and the Company each have a relationship with the same charity when assessing director independence.

For purposes of determining whether a lawyer is eligible to serve on an audit committee, Rule 10A-3 under the Act generally provides that any partner in a law firm that receives payments from the issuer is ineligible to serve on that issuer's audit committee. In determining whether a director may be considered independent for purposes other than the audit committee, payments to a law firm would generally be considered under TXSE Rule 16.405(a)(2)(D), which looks to whether the payment exceeds the greater of 5% of the recipient's gross revenues or $200,000; however, if the firm is a sole proprietorship, TXSE Rule 16.405(a)(2)(B), which looks to whether the payment exceeds $120,000, applies.

Paragraph (G) of the TXSE Rule provides a different measurement for independence for investment companies in order to harmonize with the Investment Company Act of 1940. In particular, in lieu of paragraphs (A)-(F), a director who is an

"interested person" of the Company as defined in Section 2(a)(19) of the Investment Company Act of 1940, other than in his or her capacity as a member of the board of directors or any board committee, shall not be considered independent.

(b) Independent Directors

(1) Majority Independent Board

A majority of the board of directors must be comprised of Independent Directors as defined in TXSE Rule 16.405(a)(2). The Company, other than a Foreign Private Issuer, must comply with the disclosure requirements set forth in Item 407(a) of Regulation S-K. A Foreign Private Issuer must disclose in its next annual report (e.g., Form 20-F or 40-F) those directors that the board of directors has determined to be independent under TXSE Rule 16.405(a)(2).

(A) Cure Period for Majority Independent Board

If a Company fails to comply with this requirement due to one (1) vacancy, or one (1) director ceases to be independent due to circumstances beyond their reasonable control, except as provided in paragraph (B) below, the Company shall regain compliance with the requirement by the earlier of its next annual Shareholders meeting or one (1) year from the occurrence of the event that caused the failure to comply with this requirement; provided, however, that if the annual Shareholders meeting occurs no later than 180 calendar days following the event that caused the failure to comply with this requirement, the Company shall instead have 180 calendar days from such event to regain compliance. A Company relying on this provision shall provide notice to TXSE immediately upon learning of the event or circumstance that caused the noncompliance.

(B) Prior Reliance on a Phase-In Period

A Company is not eligible for the cure period provided for in paragraph (A) above, immediately following the expiration of a phase-in period under TXSE Rule 16.407(b) upon which the Company was relying, unless:

(i) the Company complied with the majority independent board requirement during the phase-in period; and

(ii) the Company fell out of compliance with the majority independent board requirement after having complied with the requirement before the end of the phase-in period.

In these circumstances, as provided in TXSE Rule 16.407(b), the Company will not be considered non-compliant with the

requirement until the end of the phase-in period. For purposes of computing the applicable cure period, the event that caused the failure to comply shall be the event causing the Company to fall out of compliance after having complied with the requirement, and not the end of the phase-in period.

• • • Supplementary Material • • •

.02 Majority Independent Board

Independent Directors (as defined in TXSE Rule 16.405(a)(2)) play an important role in assuring investor confidence. Through the exercise of independent judgment, they act on behalf of investors to maximize Shareholder value in the Companies they oversee and guard against conflicts of interest. Requiring that the board be comprised of a majority of Independent Directors empowers such directors to carry out more effectively these responsibilities.

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(2) Executive Sessions

To empower non-management directors to serve as a more effective check on management, the non-management directors of each listed Company must meet at regularly scheduled executive sessions without management.

• • • Supplementary Material • • •

.03 Executive Sessions

To promote open discussion among the non-management directors, Companies must schedule regular executive sessions in which those directors meet without management participation. "Non-management" directors are all those who are not Executive Officers, and includes such directors who are not independent by virtue of a material relationship, former status or family membership, or for any other reason.

Regular scheduling of such meetings is important not only to foster better communication among non-management directors, but also to prevent any negative inference from attaching to the calling of executive sessions. A non-management director must preside over each executive session, although the same director is not required to preside at all executive sessions.

While this TXSE Rule 16.405(b)(2) refers to meetings of non-management directors, listed Companies may instead choose to hold regular executive sessions of Independent Directors only. An Independent Director must preside over each executive session of the Independent Directors, although the same director is not required to preside at all executive sessions of the Independent Directors.

If a listed Company chooses to hold regular meetings of all non-management directors, such listed Company should hold an executive session including only Independent Directors at least once a year.

In order that all interested parties (not just Shareholders) may be able to make their concerns known to the non-management or Independent Directors, a listed Company must also disclose a method for such parties to communicate directly with the presiding director or with those directors as a group either on or through the listed Company's website or in its annual proxy statement or, if the listed Company does not file an annual proxy statement, in its annual report on Form 10-K filed with the Commission. If this disclosure is made on or through the listed Company's website, the listed Company must disclose that fact in its annual proxy statement or annual report, as applicable, and provide the website address. Companies may, if they wish, utilize for this purpose the same procedures they have established to comply with the requirement of Rule 10A-3 (b)(3) under the Exchange Act regarding complaints to the audit committee, as applied to listed Companies through TXSE Rule 16.405(c).

(c) Audit Committee Requirements

(1) Audit Committee Charter. Each Company must have a written charter that addresses:

(A) the committee's purpose – which, at minimum, must be to:

(i) assist board oversight of (1) the integrity of the listed Company's financial statements, (2) the listed Company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence and (4) the performance of the listed Company's internal audit function and independent auditors (if the listed Company does not yet have an internal audit function because it is availing itself of a transition period pursuant to TXSE Rule 16.414(b), the charter must provide that the committee will assist board oversight of the design and implementation of the internal audit function); and

(ii) prepare the disclosure required by Item 407(d)(3)(i) of Regulation S-K;

(B) an annual performance evaluation of the audit committee; and

(C) the duties and responsibilities of the audit committee – which, at a minimum, must include those set out in Rule 10A-3(b)(2), (3), (4) and (5) of the Exchange Act , as well as to:

(i) at least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five (5) years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the listed Company;

(ii) meet to review and discuss the listed Company's annual audited financial statements and quarterly financial statements with management and the independent auditor, including reviewing the listed Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations";

(iii) discuss the listed Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;

(iv) discuss policies with respect to risk assessment and risk management;

(v) meet separately, periodically, with management, with internal auditors (or other personnel responsible for the internal audit function) and with independent auditors;

(vi) review with the independent auditor any audit problems or difficulties and management's response;

(vii) set clear hiring policies for employees or former employees of the independent auditors; and

(viii) report regularly to the board of directors.

• • • Supplementary Material • • •

.04 Audit Committee Charter

After reviewing the foregoing TXSE Rule 16.405(c)(1)(C)(i) report and the independent auditor's work throughout the year, the audit committee will be in a position to evaluate the auditor's qualifications, performance and independence. This evaluation should include the review and evaluation of the lead partner of the independent auditor. In making its evaluation, the audit committee should take into account the opinions of management and the listed Company's internal auditors (or

other personnel responsible for the internal audit function). In addition to assuring the regular rotation of the lead audit partner as required by law, the audit committee should further consider whether, in order to assure continuing auditor independence, there should be regular rotation of the audit firm itself. The audit committee should present its conclusions with respect to the independent auditor to the full board.

Meetings may be telephonic if permitted under applicable corporate law; polling of audit committee members, however, is not permitted in lieu of meetings.

The audit committee's responsibility to discuss earnings releases, as well as financial information and earnings guidance, may be done generally (i.e., discussion of the types of information to be disclosed and the type of presentation to be made). The audit committee need not discuss in advance each earnings release or each instance in which a listed Company may provide earnings guidance.

While it is the job of the CEO and senior management to assess and manage the listed Company's exposure to risk, the audit committee must discuss guidelines and policies to govern the process by which this is handled. The audit committee should discuss the listed Company's major financial risk exposures and the steps management has taken to monitor and control such exposures. The audit committee is not required to be the sole body responsible for risk assessment and management, but, as stated above, the committee must discuss guidelines and policies to govern the process by which risk assessment and management is undertaken. Many companies, particularly financial companies, manage and assess their risk through mechanisms other than the audit committee. The processes these companies have in place should be reviewed in a general manner by the audit committee, but they need not be replaced by the audit committee.

To perform its oversight functions most effectively, the audit committee must have the benefit of separate sessions with management, the independent auditors and those responsible for the internal audit function. As noted herein, all listed Companies must have an internal audit function. These separate sessions may be more productive than joint sessions in surfacing issues warranting committee attention. If the listed Company does not yet have an internal audit function because it is availing itself of a transition period pursuant to TXSE Rule 16.414(b), the committee must meet periodically with the Company personnel primarily responsible for the design and implementation of the internal audit function.

The audit committee must regularly review with the independent auditor any difficulties the auditor encountered in the course of the audit work, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management. Among the items the audit committee may want to review with the auditor are: any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise); any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement; and any "management" or "internal control" letter

issued, or proposed to be issued, by the audit firm to the listed Company. The review should also include discussion of the responsibilities, budget and staffing of the listed Company's internal audit function. If the listed Company does not yet have an internal audit function because it is availing itself of a transition period pursuant to TXSE Rule 16.414(b), the review should include discussion of management's plans with respect to the responsibilities, budget and staffing of the internal audit function and its plans for the implementation of the internal audit function.

Employees or former employees of the independent auditor are often valuable additions to corporate management. Such individuals' familiarity with the business, and personal rapport with the employees, may be attractive qualities when filling a key opening. However, the audit committee should set hiring policies taking into account the pressures that may exist for auditors consciously or subconsciously seeking a job with the listed Company they audit.

The audit committee should review with the full board any issues that arise with respect to the quality or integrity of the listed Company's financial statements, the listed Company's compliance with legal or regulatory requirements, the performance and independence of the listed Company's independent auditors, or the performance of the internal audit function. If the listed Company does not yet have an internal audit function because it is availing itself of a transition period pursuant to TXSE Rule 16.414(b), the committee should review with the board management's activities with respect to the design and implementation of the internal audit function.

While the fundamental responsibility for the listed Company's financial statements and disclosures rests with management and the independent auditor, the audit committee must review: (A) major issues regarding accounting principles and financial statement presentations, including any significant changes in the listed Company's selection or application of accounting principles, and major issues as to the adequacy of the listed Company's internal controls and any special audit steps adopted in light of material control deficiencies; (B) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; (C) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the listed Company; and (D) the type and presentation of information to be included in earnings press releases (paying particular attention to any use of "pro forma," or "adjusted" non-GAAP, information), as well as review any financial information and earnings guidance provided to analysts and rating agencies.

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(2) Audit Committee Composition

(A) Each Company must have, and certify that it has and will continue to have, an audit committee of at least three (3) members, each of whom must: (i) be an Independent Director as defined under TXSE

Rule 16.405(a)(2); (ii) meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Act (subject to the exemptions provided in Rule 10A-3(c) under the Act); (iii) be able to read and understand fundamental financial statements, including a Company's balance sheet, income statement, and cash flow statement; and (iv) be financially literate, as such qualification is interpreted by the listed Company's board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the audit committee. At least one (1) member of the audit committee must have accounting or related financial management expertise, as the listed Company's board interprets such qualification in its business judgment. While the Exchange does not require that a listed Company's audit committee include a person who satisfies the definition of audit committee financial expert set out in Item 407(d)(5)(ii) of Regulation S-K, a board may presume that such a person has accounting or related financial management expertise.

(B) Non-Independent Director for Exceptional and Limited Circumstances

Notwithstanding paragraph (2)(A)(i), one (1) director who: (i) is not an Independent Director as defined in TXSE Rule 16.405(a)(2); (ii) meets the criteria set forth in Section 10A(m)(3) under the Act and the rules thereunder; and (iii) is not currently an Executive Officer or employee or a Family Member of an Executive Officer, may be appointed to the audit committee, if the board, under exceptional and limited circumstances, determines that membership on the committee by the individual is required by the best interests of the Company and its Shareholders. A Company, other than a Foreign Private Issuer, that relies on this exception must comply with the disclosure requirements set forth in Item 407(d)(2) of Regulation S-K. A Foreign Private Issuer that relies on this exception must disclose in its next annual report (e.g., Form 20-F or 40-F) the nature of the relationship that makes the individual not independent and the reasons for the board's determination. A member appointed under this exception may not serve longer than two (2) years and may not chair the audit committee.

(C) Simultaneous Service on Multiple Audit Committees

If an audit committee member simultaneously serves on the audit committees of more than three (3) public companies, the board must determine that such simultaneous service would not impair the ability of such member to effectively serve on the listed Company's audit committee and must disclose such determination either on or through the listed Company's website or in its annual proxy statement or, if the listed Company does not file an annual proxy statement, in its annual report on Form 10-K filed with the Commission. If this disclosure is made on or through the listed Company's website, the listed Company must disclose

that fact in its annual proxy statement or annual report, as applicable, and provide the website address.

• • Supplementary Material • • •

.05 Audit Committee Composition

Audit committees are required to have a minimum of three (3) members and be comprised only of Independent Directors. In addition to satisfying the Independent Director requirements under TXSE Rule 16.405(a)(2), audit committee members must meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Act (subject to the exemptions provided in Rule 10A-3(c) under the Act): they must not accept any consulting, advisory, or other compensatory fee from the Company other than for board service, and they must not be an affiliated person of the Company. As described in Rule 10A-3(d)(1) and (2), a Company must disclose reliance on certain exceptions from Rule 10A-3 and disclose an assessment of whether, and if so, how, such reliance would materially adversely affect the ability of the audit committee to act independently and to satisfy the other requirements of Rule 10A-3. It is recommended also that a Company disclose in its annual proxy (or, if the Company does not file a proxy, in its Form 10-K or 20-F) if any director is deemed eligible to serve on the audit committee but falls outside the safe harbor provisions of Rule 10A-3(e)(1)(ii) under the Act.

Each member of the audit committee must be financially literate, as such qualification is interpreted by the listed Company's board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the audit committee. In addition, at least one (1) member of the audit committee must have accounting or related financial management expertise, as the listed Company's board interprets such qualification in its business judgment. While TXSE does not require that a listed Company's audit committee include a person who satisfies the definition of audit committee financial expert set out in Item 407(d)(5)(ii) of Regulation S-K, a board may presume that such a person has accounting or related financial management expertise.

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(3) Audit Committee Responsibilities and Authority

The audit committee must have the specific audit committee responsibilities and authority necessary to comply with Rule 10A-3(b)(2), (3), (4) and (5) under the Act (subject to the exemptions provided in Rule 10A-3(c) under the Act), concerning responsibilities relating to: (i) registered public accounting firms, (ii) complaints relating to accounting, internal accounting controls or auditing matters, (iii) authority to engage advisers and (iv) funding as determined by the audit committee. Audit committees for Investment Companies must also establish procedures for the confidential, anonymous submission of concerns regarding

questionable accounting or auditing matters by employees of the investment adviser, administrator, Principal Underwriter, or any other provider of accounting related services for the Investment Company, as well as employees of the Investment Company.

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.06 The Audit Committee Responsibilities and Authority

Audit committees must have the specific audit committee responsibilities and authority necessary to comply with Rule 10A-3(b)(2), (3), (4) and (5) under the Act (subject to the exemptions provided in Rule 10A-3(c) under the Act), concerning responsibilities relating to registered public accounting firms; complaints relating to accounting; internal accounting controls or auditing matters; authority to engage advisers; and funding. Audit committees for investment companies must also establish procedures for the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters by employees of the investment adviser, administrator, Principal Underwriter, or any other provider of accounting related services for the Investment Company, as well as employees of the Investment Company.

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(4) Cure Periods for Audit Committee.

(A) If a Company fails to comply with the audit committee composition requirement under Rule 10A-3(b)(1) under the Act and TXSE Rule 16.405(c)(2)(A) because an audit committee member ceases to be independent for reasons outside the member's reasonable control, except as provided in paragraph (C) below, the audit committee member may remain on the audit committee until the earlier of its next annual Shareholders meeting or one (1) year from the occurrence of the event that caused the failure to comply with this requirement. A Company relying on this provision must provide notice to TXSE immediately upon learning of the event or circumstance that caused the noncompliance.

(B) If a Company fails to comply with the audit committee composition requirement under TXSE Rule 16.405(c)(2)(A) due to one (1) vacancy on the audit committee, and the cure period in paragraph (A) above is not otherwise being relied upon for another member, except as provided in paragraph (C) below, the Company will have until the earlier of the next annual Shareholders meeting or one (1) year from the occurrence of the event that caused the failure to comply with this requirement; provided, however, that if the annual Shareholders meeting occurs no later than 180 calendar days following the event that caused the vacancy, the Company shall instead have 180 calendar days from such event to regain compliance. A Company relying on this provision must provide

notice to TXSE immediately upon learning of the event or circumstance that caused the noncompliance.

(C) A Company is not eligible for the cure periods provided for under TXSE Rule 16.405(c)(4)(A) or (B) immediately following the expiration of a phase-in period under TXSE Rule 16.407(b) upon which the Company was relying, unless:

(i) the Company complied with the audit committee composition requirement during the phase-in period; and

(ii) the Company fell out of compliance with the audit committee composition requirement after having complied with the requirement before the end of the phase-in period.

In these circumstances, as provided in TXSE Rule 16.407(b), the Company will not be considered non-compliant with the requirement until the end of the phase-in period. For purposes of computing the applicable cure period, the event that caused the failure to comply shall be the event causing the Company to fall out of compliance after having complied with the requirement, and not the end of the phase-in period.

(5) Exception. At any time when a Company has a class of common equity securities (or similar securities) that is listed on another national securities exchange or national securities association subject to the requirements of Rule 10A-3 under the Act, the listing of classes of securities of a direct or indirect consolidated subsidiary or an at least 50% beneficially owned subsidiary of the Company (except classes of equity securities, other than nonconvertible, non-participating preferred securities, of such subsidiary) shall not be subject to the requirements of TXSE Rule 16.405(c).

(d) Compensation Committee Requirements

(1) Compensation Committee Charter. Each Company must have a written charter that addresses:

(A) the committee's purpose and responsibilities – which, at minimum, must be to have direct responsibility to:

(i) review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and, either as a committee or together with the other Independent Directors (as directed by the board), determine and approve the CEO's compensation level based on this evaluation;

(ii) make recommendations to the board with respect to non-CEO Executive Officer compensation, and incentive-compensation and equity-based plans that are subject to board approval; and

(iii) prepare the disclosure required by Item 407(e)(5) of Regulation S-K;

(B) an annual performance evaluation of the compensation committee;

(C) the rights and responsibilities of the compensation committee set forth in TXSE Rule 16.405(d)(3); and

(D) committee member qualifications; committee member appointment and removal; committee structure and operations (including authority to delegate to subcommittees); and committee reporting to the board.

(2) Compensation Committee Composition

(A) Each Company must have, and certify that it has and will continue to have, a compensation committee of at least two (2) members. Each committee member must be an Independent Director as defined under TXSE Rule 16.405(a)(2). In addition, in affirmatively determining the independence of any director who will serve on the compensation committee of a board of directors, the board of directors must consider all factors specifically relevant to determining whether a director has a relationship to the Company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including, but not limited to:

(i) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director; and

(ii) whether such director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company.

(B) Non-Independent Committee Member under Exceptional and Limited Circumstances

Notwithstanding TXSE Rule 16.405(d)(2)(A) above, if the compensation committee is comprised of at least three (3) members, one (1) director who does not meet the requirements of TXSE Rule 16.405(d)(2)(A) above and is not currently an Executive Officer or employee or a Family Member of an Executive Officer,

may be appointed to the compensation committee if the board, under exceptional and limited circumstances, determines that such individual's membership on the committee is required by the best interests of the Company and its Shareholders. A Company that relies on this exception must disclose either on or through the Company's website or in the proxy statement for the next annual meeting subsequent to such determination (or, if the Company does not file a proxy, in its Form 10-K or 20-F), the nature of the relationship and the reasons for the determination. In addition, the Company must provide any disclosure required by Instruction 1 to Item 407(a) of Regulation S-K regarding its reliance on this exception. A member appointed under this exception may not serve longer than two (2) years.

(3) Compensation Committee Responsibilities and Authority

As required by Rule 10C-1(b)(2), (3) and (4)(i)-(vi) under the Act, the compensation committee must have the following specific responsibilities and authority.

(A) The compensation committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, independent legal counsel or other adviser.

(B) The compensation committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel and other adviser retained by the compensation committee.

(C) The Company must provide for appropriate funding, as determined by the compensation committee, for payment of reasonable compensation to a compensation consultant, independent legal counsel or any other adviser retained by the compensation committee.

(D) The compensation committee may select, or receive advice from, a compensation consultant, independent legal counsel or other adviser to the compensation committee, other than in-house legal counsel, only after taking into consideration the following factors:

(i) the provision of other services to the Company by the person that employs the compensation consultant, independent legal counsel or other adviser;

(ii) the amount of fees received from the Company by the person that employs the compensation consultant, independent legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, independent legal counsel or other adviser;

(iii) the policies and procedures of the person that employs the compensation consultant, independent legal counsel or other adviser that are designed to prevent conflicts of interest;

(iv) any business or personal relationship of the compensation consultant, independent legal counsel or other adviser with a member of the compensation committee;

(v) any stock of the Company owned by the compensation consultant, independent legal counsel or other adviser; and

(vi) any business or personal relationship of the compensation consultant, independent legal counsel, other adviser or the person employing the adviser with an Executive Officer of the Company.

Nothing in this TXSE Rule shall be construed: (i) to require the compensation committee to implement or act consistently with the advice or recommendations of the compensation consultant, independent legal counsel or other adviser to the compensation committee; or (ii) to affect the ability or obligation of a compensation committee to exercise its own judgment in fulfillment of the duties of the compensation committee.

The compensation committee is required to conduct the independence assessment outlined in this TXSE Rule with respect to any compensation consultant, legal counsel or other adviser that provides advice to the compensation committee, other than in-house legal counsel. However, nothing in this TXSE Rule requires a compensation consultant, legal counsel or other compensation adviser to be independent, only that the compensation committee consider the enumerated independence factors before selecting, or receiving advice from, a compensation adviser. Compensation committees may select, or receive advice from, any compensation adviser they prefer, including ones that are not independent, after considering the six (6) independence factors outlined above.

For purposes of this TXSE Rule, the compensation committee is not required to conduct an independence assessment for a compensation adviser that acts in a role limited to the following activities for which no disclosure is required under Item 407(e)(3)(iii) of Regulation S-K:
(a) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of Executive Officers or directors of the Company, and that is available generally to all salaried employees; and/or
(b) providing information that either is not customized for a particular issuer or that is customized based on parameters that are not developed by the adviser, and about which the adviser does not provide advice.

(4) Cure Period for Compensation Committee

(A) If a Company fails to comply with the compensation committee composition requirement under TXSE Rule 16.405(d)(2)(A) due to one (1) vacancy, or one (1) compensation committee member ceases to be independent due to circumstances beyond the member's reasonable control, except as provided in paragraph (B) below, the Company shall regain compliance with the requirement by the earlier of its next annual Shareholders meeting or one (1) year from the occurrence of the event that caused the failure to comply with this requirement; provided, however, that if the annual Shareholders meeting occurs no later than 180 calendar days following the event that caused the failure to comply with this requirement, the Company shall instead have 180 calendar days from such event to regain compliance. A Company relying on this provision shall provide notice to TXSE immediately upon learning of the event or circumstance that caused the noncompliance.

(B) A Company is not eligible for the cure period provided for in paragraph (A) above, immediately following the expiration of a phase-in period under TXSE Rule 16.407(b) upon which the Company was relying, unless:

(i) the Company complied with the compensation committee composition requirement during the phase-in period; and

(ii) the Company fell out of compliance with the compensation committee composition after having complied with the requirement before the end of the phase-in period.

In these circumstances, as provided in TXSE Rule 16.407(b), the Company will not be considered non-compliant with the requirement until the end of the phase-in period. For purposes of computing the applicable cure period, the event that caused the failure to comply shall be the event causing the Company to fall out of compliance after having complied with the requirement, and not the end of the phase-in period.

(5) Smaller Reporting Companies

A "Smaller Reporting Company", as defined in Rule 12b-2 under the Act, is not subject to the requirements of this TXSE Rule 16.405(d), except that a Smaller Reporting Company must have, and certify that it has and will continue to have, a compensation committee of at least two (2) members, each of whom must be an Independent Director as defined under TXSE Rule 16.405(a)(2). A Smaller Reporting Company may rely on the exception in TXSE Rule 16.405(d)(2)(B) and the cure period in TXSE Rule 16.405(d)(4). In addition, a Smaller Reporting Company must

have a formal written compensation committee charter or board resolution that specifies the content set forth in TXSE Rules 16.405(d)(1)(A) through (D). A Smaller Reporting Company does not need to include in its formal written compensation committee charter or board resolution the specific compensation committee responsibilities and authority set forth in TXSE Rule 16.405(d)(3).

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.07 Independent Director Oversight of Executive Compensation

Independent oversight of Executive Officer compensation helps assure that appropriate incentives are in place, consistent with the board's responsibility to act in the best interests of the corporation. Compensation committees are required to have a minimum of two members and be comprised only of Independent Directors as defined under TXSE Rule 16.405(a)(2).

In addition, TXSE Rule 16.405(d)(2)(A) includes an additional independence test for compensation committee members. When considering the sources of a director's compensation for this purpose, the board should consider whether the director receives compensation from any person or entity that would impair the director's ability to make independent judgments about the Company's executive compensation. Similarly, when considering any affiliate relationship a director has with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company, in determining independence for purposes of compensation committee service, the board should consider whether the affiliate relationship places the director under the direct or indirect control of the Company or its senior management, or creates a direct relationship between the director and members of senior management, in each case of a nature that would impair the director's ability to make independent judgments about the Company's executive compensation. In that regard, while a board may conclude differently with respect to individual facts and circumstances, TXSE does not believe that ownership of Company stock by itself, or possession of a controlling interest through ownership of Company stock by itself, precludes a board finding that it is appropriate for a director to serve on the compensation committee. In fact, it may be appropriate for certain affiliates, such as representatives of significant Shareholders, to serve on compensation committees since their interests are likely aligned with those of other Shareholders in seeking an appropriate executive compensation program.

For purposes of the additional independence test for compensation committee members described in TXSE Rule 16.405(d)(2)(A), any reference to the "Company" includes any parent or subsidiary of the Company. The term "parent or subsidiary" is intended to cover entities the Company controls and consolidates with the Company's financial statements as filed with the Commission (but not if the Company reflects such entity solely as an investment in its financial statements).

A Smaller Reporting Company must have a compensation committee with a minimum of two members. Each compensation committee member of a Smaller Reporting Company must be an Independent Director as defined under TXSE Rule 16.405(a)(2). In addition, each Smaller Reporting Company must have a formal written compensation committee charter or board resolution that specifies the committee's responsibilities and authority set forth in TXSE Rule 16.405(d)(1)(A)-(C). However, in recognition of the fact that Smaller Reporting Companies may have fewer resources than larger Companies, Smaller Reporting Companies are not required to adhere to the additional compensation committee eligibility requirements in TXSE Rule 16.405(d)(2)(A), or to incorporate into their formal written compensation committee charter or board resolution the specific compensation committee responsibilities and authority set forth in TXSE Rule 16.405(d)(3).

(e) Independent Director Oversight of Director Nominations

(1) Director nominees must either be selected, or recommended for the board's selection, either by:

(A) Independent Directors constituting a majority of the board's Independent Directors in a vote in which only Independent Directors participate, or

(B) a nominations committee comprised solely of Independent Directors.

(2) Each Company must have a written charter or board resolution, as applicable, addressing the nominations process and such related matters as may be required under the federal securities laws.

(3) Non-Independent Committee Member under Exceptional and Limited Circumstances

Notwithstanding TXSE Rule 16.405(e)(1)(B) above, if the nominations committee is comprised of at least three (3) members, one (1) director, who is not an Independent Director as defined in TXSE Rule 16.405(a)(2) and is not currently an Executive Officer or employee or a Family Member of an Executive Officer, may be appointed to the nominations committee if the board, under exceptional and limited circumstances, determines that such individual's membership on the committee is required by the best interests of the Company and its Shareholders. A Company that relies on this exception must disclose either on or through the Company's website or in the proxy statement for next annual meeting subsequent to such determination (or, if the Company does not file a proxy, in its Form 10-K or 20-F), the nature of the relationship and the reasons for the determination. In addition, the Company must provide any disclosure required by Instruction 1 to Item 407(a) of Regulation S-K regarding its

reliance on this exception. A member appointed under this exception may not serve longer than two (2) years.

(4) Independent Director oversight of director nominations shall not apply in cases where the right to nominate a director legally belongs to a third-party. However, this does not relieve a Company's obligation to comply with the committee composition requirements under TXSE Rules 16.405(c), (d) and (e).

(5) This TXSE Rule 16.405(e) is not applicable to a Company if the Company is subject to a binding obligation that requires a director nomination structure inconsistent with this TXSE Rule and such obligation pre-dates the approval date of this TXSE Rule.

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.08 Independent Director Oversight of Director Nominations

Independent Director oversight of nominations enhances investor confidence in the selection of well-qualified director nominees, as well as independent nominees as required by the rules. This TXSE Rule is also intended to provide flexibility for a Company to choose an appropriate board structure and reduce resource burdens, while ensuring that Independent Directors approve all nominations.

This TXSE Rule does not apply in cases where the right to nominate a director legally belongs to a third-party. For example, investors may negotiate the right to nominate directors in connection with an investment in the Company, holders of preferred stock may be permitted to nominate or appoint directors upon certain defaults, or the Company may be a party to a Shareholder's agreement that allocates the right to nominate some directors. Because the right to nominate directors in these cases does not reside with the Company, Independent Director approval would not be required. This TXSE Rule is not applicable if the Company is subject to a binding obligation that requires a director nomination structure inconsistent with the rule and such obligation pre-dates the approval date of this TXSE Rule.

Rule 16.406. Code of Conduct

Each Company shall adopt a code of conduct applicable to all directors, Executive Officers and employees, which shall be publicly available. A code of conduct satisfying this TXSE Rule must comply with the definition of a "code of ethics" set out in Section 406(c) of the Sarbanes-Oxley Act of 2002 ("the Sarbanes-Oxley Act") and any regulations promulgated thereunder by the Commission. See 17 C.F.R. 228.406 and 17 C.F.R. 229.406. In addition, the code must provide for an enforcement mechanism. Any waivers of the code for directors or Executive Officers must be approved by the board or a board committee. Companies, other than Foreign Private Issuers, shall disclose such waivers within four (4) business days by filing a current report on Form 8-K with the

Commission or, in cases where a Form 8-K is not required, by distributing a press release. Foreign Private Issuers shall disclose such waivers within four (4) business days either by distributing a press release or including disclosure in a Form 6-K. Alternatively, within four (4) business days, a Company, including a Foreign Private Issuer, may disclose waivers on the Company's website in a manner that satisfies the requirements of Item 5.05(c) of Form 8-K.

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.01 Code of Conduct

Ethical behavior is required and expected of every corporate director, Executive Officer and employee whether or not a formal code of conduct exists. The requirement of a publicly available code of conduct applicable to all directors, Executive Officers and employees of a Company is intended to demonstrate to investors that the board and management of TXSE Companies have carefully considered the requirement of ethical dealing and have put in place a system to ensure that they become aware of and take prompt action against any questionable behavior. For Company personnel, a code of conduct with enforcement provisions provides assurance that reporting of questionable behavior is protected and encouraged, and fosters an atmosphere of self-awareness and prudent conduct.

TXSE Rule 16.406 requires Companies to adopt a code of conduct complying with the definition of a "code of ethics" under Section 406(c) of the Sarbanes-Oxley Act and any regulations promulgated thereunder by the Commission. See 17 C.F.R. 228.406 and 17 C.F.R. 229.406. Thus, the code must include such standards as are reasonably necessary to promote the ethical handling of conflicts of interest, full and fair disclosure, and compliance with laws, rules and regulations, as specified by the Sarbanes-Oxley Act. However, the code of conduct required by TXSE Rule 16.406 must apply to all directors, Executive Officers and employees. Companies can satisfy this obligation by adopting one or more codes of conduct, such that all directors, Executive Officers and employees are subject to a code that satisfies the definition of a "code of ethics."

As the Sarbanes-Oxley Act recognizes, investors are harmed when the real or perceived private interest of a director, Executive Officer or employee is in conflict with the interests of the Company, as when the individual receives improper personal benefits as a result of his or her position with the Company, or when the individual has other duties, responsibilities or obligations that run counter to his or her duty to the Company. Also, the disclosures a Company makes to the Commission are the essential source of information about the Company for regulators and investors — there can be no question about the duty to make them fairly, accurately and timely. Finally, illegal action must be dealt with swiftly and the violators reported to the appropriate authorities. Each code of conduct must require that any waiver of the code for Executive Officers or directors may be made only by the board or a board committee and must be disclosed to Shareholders, along with

the reasons for the waiver. All Companies, other than Foreign Private Issuers, must disclose such waivers within four (4) business days by filing a current report on Form 8-K with the Commission, providing website disclosure that satisfies the requirements of Item 5.05(c) of Form 8-K, or, in cases where a Form 8-K is not required, by distributing a press release. Foreign Private Issuers must disclose such waivers within four (4) business days either by providing website disclosure that satisfies the requirements of Item 5.05(c) of Form 8-K, by including disclosure in a Form 6-K or by distributing a press release. This disclosure requirement provides investors the comfort that waivers are not granted except where they are truly necessary and warranted, and that they are limited and qualified so as to protect the Company and its Shareholders to the greatest extent possible.

Each code of conduct must also contain an enforcement mechanism that ensures prompt and consistent enforcement of the code, protection for persons reporting questionable behavior, clear and objective standards for compliance, and a fair process by which to determine violations.

Rule 16.407. Exemptions from Certain Corporate Governance Requirements

This TXSE Rule provides the exemptions from the corporate governance rules afforded to certain types of Companies, including Controlled Companies, and sets forth the phase-in schedules for Companies listing in connection with IPOs, Companies emerging from bankruptcy, Companies transferring from other markets and national securities exchanges, Companies listing in connection with a spin-off transaction, and Companies ceasing to be Smaller Reporting Companies, Foreign Private Issuers, or Controlled Companies.

(a) Exemptions to the Corporate Governance Requirements

(1) Asset-backed Issuers and Other Passive Issuers

(A) The following are exempt from the requirements related to Majority Independent Board (TXSE Rule 16.405(b)), Audit Committee (TXSE Rule 16.405(c)), Compensation Committee (TXSE Rule 16.405(d)), Director Nominations (TXSE Rule 16.405(e)), the Controlled Company Exemption (TXSE Rule 16.407(a)(7)(B)) and Code of Conduct (TXSE Rule 16.406):

(i) asset-backed issuers; and

(ii) issuers, such as unit investment trusts, including Portfolio Depository Receipts, which are organized as trusts or other unincorporated associations that do not have a board of directors or persons acting in a similar capacity and whose activities are limited to passively owning or holding (as well as administering and distributing amounts in respect of) securities,

rights, collateral or other assets on behalf of or for the benefit of the holders of the listed securities.

(B) Shareholder Approval: Issuers of Portfolio Depository Receipts as defined in TXSE Rule 17.105(a), shall not be required to comply with TXSE Rule 16.412(a) in connection with the acquisition of the stock or assets of an affiliated registered Investment Company in a transaction that complies with Rule 17a-8 under the Investment Company Act of 1940 and does not otherwise require Shareholder approval under the Investment Company Act of 1940 and the rules thereunder or any other Exchange rule.

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.01 Asset-backed Issuers Supplemental

Because of their unique attributes, TXSE Rules 16.405(b), (c), (d), (e) and 16.406 do not apply to asset-backed issuers and issuers, such as unit investment trusts, that are organized as trusts or other unincorporated associations that do not have a board of directors or persons acting in a similar capacity and whose activities are limited to passively owning or holding (as well as administering and distributing amounts in respect of) securities, rights, collateral or other assets on behalf of or for the benefit of the holders of the listed securities.

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(2) Cooperatives

Cooperative entities, such as agricultural cooperatives, that are structured to comply with relevant state law and federal tax law and that do not have a publicly traded class of common stock are exempt from TXSE Rules 16.405(b), (d), and (e). However, such entities must comply with all federal securities laws, including without limitation those rules required by Section 10A(m) of the Act and Rule 10A-3 thereunder.

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.02 Cooperatives Supplemental

Certain member-owned cooperatives that list their preferred stock are required to have their common stock owned by their members. Because of their unique structure and the fact that they do not have a publicly traded class of common stock, such entities are exempt from TXSE Rules 16.405(b), (d) and (e).

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(3) Foreign Private Issuers

(A) A Foreign Private Issuer may follow its home country practice in lieu of the requirements of the TXSE Rule Series 16.400, the requirement to disclose third-party director and nominee compensation set forth in TXSE Rule 16.207(b)(3), and the requirement to distribute annual and interim reports set forth in TXSE Rule 16.207(d), provided, however, that such a Company shall: comply with the recovery of erroneously awarded compensation requirement (TXSE Rule 16.409), the notification of noncompliance requirement (TXSE Rule 16.410), the voting rights requirement (TXSE Rule 16.413), have an audit committee that satisfies TXSE Rule 16.405(c)(3), and ensure that such audit committee's members meet the independence requirement in TXSE Rule 16.405(c)(2)(A)(ii). Except as provided in this paragraph, a Foreign Private Issuer must comply with the requirements of Chapter 16.

(B) Disclosure Requirements

(i) A Foreign Private Issuer that follows a home country practice in lieu of one or more of the TXSE listing rules shall disclose in its annual reports filed with the Commission each requirement that it does not follow and describe the home country practice followed by the Company in lieu of such requirements. Alternatively, a Foreign Private Issuer that is not required to file its annual report with the Commission on Form 20-F may make this disclosure only on its website. A Foreign Private Issuer that follows a home country practice in lieu of the requirement in TXSE Rule 16.405(d)(2) to have an independent compensation committee must disclose in its annual reports filed with the Commission the reasons why it does not have such an independent committee.

(ii) A Foreign Private Issuer making its IPO or first U.S. listing on TXSE shall disclose in its registration statement or on its website each requirement that it does not follow and describe the home country practice followed by the Company in lieu of such requirements.

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.03 Foreign Private Issuer Supplemental

A Foreign Private Issuer (as defined in TXSE Rule 16.002) listed on TXSE may follow the practice in such Company's home country (as defined in General Instruction F of Form 20-F) in lieu of the provisions of the TXSE Rule Series 16.400, 16.207(b)(3) and TXSE Rule 16.207(d), subject to several important exceptions. First, such an issuer shall comply with TXSE Rule 16.410 (Notification of Noncompliance). Second, such a Company shall have an audit committee that satisfies TXSE Rule 16.405(c)(3). Third, members of such audit committee shall

meet the criteria for independence referenced in TXSE Rule 16.405(c)(2)(A)(ii) (the criteria set forth in Rule 10A-3(b)(1) under the Act, subject to the exemptions provided in Rule 10A-3(c) under the Act). Finally, a Foreign Private Issuer that elects to follow home country practice in lieu of a requirement of TXSE Rules 16.400, 16.207(b)(3) or 16.207(d) shall submit to TXSE a written statement from an independent counsel in such Company's home country certifying that the Company's practices are not prohibited by the home country's laws. In the case of new listings, this certification is required at the time of listing. For existing Companies, the certification is required at the time the Company seeks to adopt its first noncompliant practice. In the interest of transparency, the rule requires a Foreign Private Issuer to make appropriate disclosures in the Company's annual filings with the Commission (typically Form 20-F or 40-F), and at the time of the Company's original listing in the United States, if that listing is on TXSE, in its registration statement (typically Form F-1, 20-F or 40-F); alternatively, a Company that is not required to file an annual report on Form 20-F may provide these disclosures in English on its website in addition to, or instead of, providing these disclosures on its registration statement or annual report. The Company shall disclose each requirement that it does not follow and include a brief statement of the home country practice the Company follows in lieu of these corporate governance requirement(s). If the disclosure is only available on the website, the annual report and registration statement should so state and provide the web address at which the information may be obtained. Companies that must file annual reports on Form 20-F are encouraged to provide these disclosures on their websites, in addition to the required Form 20-F disclosures, to provide maximum transparency about their practices.

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(4) Limited Partnerships

A limited partnership is not subject to the requirements of the TXSE Rule Series 16.400, except as provided in this TXSE Rule 16.407(a)(4). A limited partnership may request a written interpretation pursuant to TXSE Rule 16.401(c).

(A) No provision of this TXSE Rule shall be construed to require any foreign Company that is a partnership to do any act that is contrary to a law, rule or regulation of any public authority exercising jurisdiction over such Company or that is contrary to generally accepted business practices in the Company's Country of Domicile. TXSE shall have the ability to provide exemptions from applicability of these provisions as may be necessary or appropriate to carry out this intent.

(B) Corporate General Partner

Each Company that is a limited partnership shall maintain a corporate general partner or co-general partner, which shall have the authority to manage the day-to-day affairs of the partnership.

(C) Independent Directors/Audit Committee

The corporate general partner or co-general partner shall maintain a sufficient number of Independent Directors on its board to satisfy the audit committee requirements set forth in TXSE Rule 16.405(c).

(D) Partner Meetings

A Company that is a limited partnership shall not be required to hold an annual meeting of limited partners unless required by statute or regulation in the state in which the limited partnership is formed or doing business or by the terms of the partnership's limited partnership agreement.

(E) Quorum

(i) In the event that a meeting of limited partners is required pursuant to paragraph (D), the quorum for such meeting shall be not less than 33-1/3 percent of the limited partnership interests outstanding.

(ii) Notwithstanding the quorum requirements in paragraph (i) above, TXSE will accept any quorum requirement for a non-U.S. Company, that is not a Foreign Private Issuer, if the Company's home country law mandates such quorum for the Shareholders' meeting and prohibits the Company from establishing a higher quorum required by paragraph (i) above. A Company relying on this provision shall submit to TXSE a written statement from an independent counsel in such Company's home country describing the home country law that conflicts with TXSE's quorum requirement and certifying that, as the result, the Company is prohibited from complying with the quorum requirements in paragraph (i) above and cannot obtain an exemption or waiver from that law. Any Company relying on this exception from the quorum requirements must:

(a) make a public announcement as promptly as possible but not more than four (4) business days following the submission of the independent counsel's statement to TXSE, as described above, on or through the Company's website and either by filing a Form 8-K, where required by Commission rules or by issuing a press release explaining the Company's reliance on the exception;

(b) maintain the website disclosure for the period of time the Company continues to rely on this exception from the quorum requirements; and

(c) update the website disclosure at least annually to indicate that the Company is prohibited under its home country law from complying with TXSE's quorum requirements as of such date.

(F) Solicitation of Proxies

In the event that a meeting of limited partners is required pursuant to paragraph (D), the Company shall provide all limited partners with proxy or information statements and if a vote is required, shall solicit proxies thereon.

(G) Review of Related Party Transactions

Each Company that is a limited partnership shall conduct an appropriate review of all related party transactions on an ongoing basis and shall utilize the Audit Committee or a comparable body of the board of directors for the review of potential material conflict of interest situations where appropriate.

(H) Shareholder Approval

Each Company that is a limited partnership must obtain Shareholder approval when a stock option or purchase plan is to be established or materially amended or other equity compensation arrangement made or materially amended, pursuant to which stock may be acquired by Executive Officers, directors, employees or consultants, as would be required under TXSE Rule 16.412(c) and Supplementary Material .01 to TXSE Rule 16.412(c)

(I) Auditor Registration

Each Company that is a limited partnership must be audited by an independent public accountant that is registered as a public accounting firm with the Public Company Accounting Oversight Board, as provided for in Section 102 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7212).

(J) Notification of Noncompliance.

Each Company that is a limited partnership must provide TXSE with prompt notification after an Executive Officer of the Company, or a person performing an equivalent role, becomes aware of any noncompliance by the Company with the requirements of this TXSE Rule Series 16.400.

(5) Management Investment Companies

Management investment companies are subject to all the requirements of the TXSE Rule Series 16.400, except that such management investment companies registered under the Investment Company Act of 1940 are exempt from the requirements relating to Independent Directors (as set forth in TXSE Rule 16.405(b)), compensation committees (as set forth in TXSE Rule 16.405(d)), Independent Director oversight of director nominations (as set forth in TXSE Rule 16.405(e)), and codes of conduct (as set forth in TXSE Rule 16.406).

Management investment companies that are Index Fund Shares (as defined in TXSE Rule 17.105(b)), Managed Fund Shares (as defined in TXSE Rule 17.135), Managed Portfolio Shares (as defined in TXSE Rule 17.160), Exchange Traded Fund Shares (as defined in TXSE Rule 17.104), and Proxy Portfolio Shares (as defined in TXSE Rule 17.150), respectively, shall not be required to comply with TXSE Rule 16.412(a) in connection with the acquisition of the stock or assets of an affiliated registered investment company in a transaction that complies with Rule 17a-8 under the Investment Company Act of 1940 and does not otherwise require shareholder approval under the Investment Company Act of 1940 and the rules thereunder or any other Exchange rule.

Management investment companies defined as Derivative Securities are exempt from additional requirements of the TXSE Rule Series 16.400 as outlined in TXSE Rule 16.407(a)(6)(A) below.

• • • Supplementary Material • • •

.04 Management Investment Companies Supplemental

Management investment companies registered under the Investment Company Act of 1940 are already subject to a pervasive system of federal regulation in certain areas of corporate governance covered by the TXSE Rule Series 16.400. In light of this, the Exchange exempts from TXSE Rules 16.405(b), (d) and (e) and 16.406 management investment companies registered under the Investment Company Act of 1940.

Management investment companies defined as Derivative Securities are exempt from additional requirements of the TXSE Rule Series 16.400 as outlined in TXSE Rule 16.407(a)(6)(A) below.

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(6) Issuers of Non-Voting Preferred Securities, Debt Securities and Derivative Securities

(A) Issuers whose only securities listed on TXSE are non-voting preferred securities, debt securities or Derivative Securities, are exempt from the requirements relating to Independent Directors (as set forth in TXSE Rule 16.405(b)), Compensation Committees (as set forth in TXSE Rule 16.405(d)), Director Nominations (as set forth in TXSE Rule

16.405(e)), Code of Conduct (as set forth in TXSE Rule 16.406) and Meetings of Shareholders (as set forth in TXSE Rule 16.408). In addition, these issuers are exempt from the requirements relating to Audit Committees (as set forth in TXSE Rule 16.405(c)), except for the applicable requirements of Rule 10A-3 under the Act. Notwithstanding, if the issuer also lists its common stock or voting preferred stock, or their equivalent on TXSE it will be subject to all the requirements of the TXSE Rule 16.400.

(B) For the purposes of TXSE Rule Series 16.400 only, the term "Derivative Securities" is defined as the following: Exchange Traded Fund Shares (TXSE Rule 17.104), Portfolio Depository Receipts and Index Fund Shares (TXSE Rule 17.105); Equity Index-Linked Securities (TXSE Rule 17.110(k)(1)), Commodity-Linked Securities (TXSE Rule 17.110(k)(2)), Fixed Income Index-Linked Securities (TXSE Rule 17.110(k)(3)), Futures-Linked Securities (TXSE Rule 17.110(k)(4)), Multifactor Index-Linked Securities (TXSE Rule 17.110(k)(5)), Index-Linked Exchangeable Notes (TXSE Rule 17.111(a)), Equity Gold Shares (TXSE Rule 17.111(b)), Trust Certificates (TXSE Rule 17.111(c)), Commodity-Based Trust Shares (TXSE Rule 17.111(d)), Currency Trust Shares (TXSE Rule 17.111(e)), Commodity Index Trust Shares (TXSE Rule 17.111(f)), Commodity Futures Trust Shares (TXSE Rule 17.111(g)), Partnership Units (TXSE Rule 17.111(h)), Managed Trust Securities (TXSE Rule 17.111(j)), SEEDS (TXSE Rule 17.115), Trust Issued Receipts (TXSE Rule 17.120), Managed Fund Shares (TXSE Rule 17.135) and Proxy Portfolio Shares (TXSE Rule 17.150). Derivative Securities are subject to certain exemptions to the TXSE Rule Series 16.100 as described in TXSE Rule 16.407(a)(6).

(7) Controlled Companies

(A) Definition

A "Controlled Company" is a Company of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company.

(B) Exemptions Afforded to a Controlled Company

A Controlled Company is exempt from the requirements of TXSE Rules 16.405(b), (d) and (e), except for the requirements of subsection (b)(2) which pertain to executive sessions of Independent Directors. A Controlled Company, other than a Foreign Private Issuer, relying upon this exemption must comply with the disclosure requirements set forth in Instruction 1 to Item 407(a) of Regulation S-K. A Foreign Private Issuer must disclose in its next annual report (e.g., Form 20-F or 40-F) that it is a Controlled Company and the basis for that determination.

(b) Phase-In Schedules

As set forth in this TXSE Rule 16.407(b), certain Companies initially listing on TXSE, or undergoing changes in their reporting requirements, are eligible for phase-in periods before they are required to fully comply with provisions of the majority independent board requirement of TXSE Rule 16.405(b), the audit committee requirements for TXSE Rule 16.405(c)(2), and the independent nominations and compensation committee requirements of TXSE Rules 16.405 (d)(2) and 16.405 (e)(1)(B). This section describes the applicable phase-in periods. If a Company demonstrates compliance with a requirement during a phase-in period but subsequently falls out of compliance before the end of the phase-in period, the Company will not be considered deficient with the requirement until the end of the phase-in period.

(1) A Company Listing in Connection with IPO

A Company listing on TXSE in connection with its IPO shall be permitted to phase in its compliance as provided in this TXSE Rule 16.407(b)(1). Except as set forth below related to the audit committee requirements, for purposes of the TXSE Rule Series 16.400 a Company shall be considered to be listing in conjunction with an IPO if, immediately prior to listing, it does not have a class of common stock registered under the Act.

(A) A Company shall have twelve months from the date the Company's securities first trade on TXSE (the "Listing Date") to comply with the majority independent board requirement set forth in TXSE Rule 16.405(b).

(B) A Company shall be permitted to phase in its compliance with the audit committee requirements set forth in TXSE Rule 16.405(c)(2) as follows: (1) one member must satisfy the requirements by the Listing Date; (2) a majority of members must satisfy the requirements within 90 days of the effective date of its registration statement; and (3) all members must satisfy the requirements within one year of the effective date of its registration statement. Regarding the requirement to have at least three members on the audit committee, the Company must have at least one member on its audit committee by the Listing Date, at least two members within 90 calendar days of the Listing Date and at least three members within one year of the Listing Date.

Pursuant to Rule 10A-3(b)(1)(iii) under the Act management investment companies registered under the Investment Company Act of 1940 are not afforded the exemptions under Rule 10A-3(b)(1)(iv) under the Act and therefore cannot rely on the phase-in periods in this TXSE Rule 16.407(b).

For purposes of TXSE Rule 16.405(c)(2)(A)(ii), which requires each member of the audit committee to meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Act (subject to the exemptions provided in Rule 10A-3(c) under the Act), a Company shall be considered to be listing in conjunction with an IPO only if it meets the conditions in Rule 10A-3(b)(1)(iv)(A) under the Act, namely, that the Company was not, immediately prior to the effective date of a registration statement, required to file reports with the Commission pursuant to Section 13(a) or 15(d) of the Act.

(C) A Company shall be permitted to phase in its compliance with the independent compensation and nominations committee requirements set forth in TXSE Rules 16.405(d)(2) and (e)(1)(B) on the same schedule as it is permitted to phase in its compliance with the independent audit committee requirement pursuant to Rule 10A-3(b)(1)(iv)(A) under the Act. Accordingly, a Company listing in connection with its IPO shall be permitted to phase in its compliance with the committee composition requirements set forth in TXSE Rules 16.405(d)(2) and (e)(1)(B) as follows: (1) one member must satisfy the requirements by the earlier of the date the IPO closes or five business days from the Listing Date; (2) a majority of members must satisfy the requirements within 90 calendar days of the Listing Date; and (3) all members must satisfy the requirements within one year of the Listing Date. Regarding the requirement to have at least a two-member compensation committee, the Company must have at least one member on its compensation committee by the Listing Date and at least two members within one year of the Listing Date. A Company may choose not to adopt a nominations committee and may instead rely upon a majority of the Independent Directors to discharge responsibilities under TXSE Rule 16.405(e).

(2) Companies Emerging from Bankruptcy

A Company that is emerging from bankruptcy shall be permitted to phase-in the majority independent board and independent nominations and compensation committees requirements on the same schedule as described in TXSE Rule 16.407(b)(1)(A) and (C) for Companies listing in conjunction with their initial public offering, except that the applicable phase-in periods will be computed beginning on the Listing Date. A Company emerging from bankruptcy must comply with the audit committee requirements set forth in TXSE Rule 16.405(c)(2) by the Listing Date unless an exemption is available pursuant to Rule 10A-3 under the Act.

(3) A Company Transferring from a National Securities Exchange or Other Market

(A) A Company that transfers securities registered pursuant to Section 12(b) of the Act from another national securities exchange with a

substantially similar requirements to those in TXSE Rule 16.405 shall be afforded the balance of any grace period afforded by the other exchange. A Company transferring securities registered pursuant to Section 12(b) of the Act from another national securities exchange that does not have substantially similar requirements to those in TXSE Rule 16.405 shall be afforded one year from the date of listing on TXSE to comply with such requirements. This transition period is not intended to supplant any applicable requirements of Rule 10A-3 under the Act.

(B) A Company whose securities were registered pursuant to Section 12(g) of the Act immediately prior to listing on TXSE shall be permitted the following phase-in periods:

(i) The Company shall have twelve months from its Listing Date to comply with the majority independent board requirement set forth in TXSE Rule 16.405(b);

(ii) The Company must satisfy the audit committee requirements set forth in TXSE Rule 16.405(c) by the Listing Date, unless an exemption is available pursuant to Rule 10A-3 under the Act. However, with respect only to the requirement to have at least three members on the audit committee, as set forth in TXSE Rule 16.405(c)(2)(A), the Company must have at least one member on its audit committee by the Listing Date, at least two members within 90 calendar days of the Listing Date and at least three members within one year of the Listing Date; and

(iii) The Company must satisfy the independent compensation and nominations committee composition requirements set forth in TXSE Rules 16.405(d)(2) and (e)(1)(B) as follows: (1) one member must satisfy the requirements by the Listing Date; (2) a majority of members must satisfy the requirements within 90 calendar days of the Listing Date; and (3) all members must satisfy the requirements within one year of the Listing Date. Regarding the requirement to have two members on the compensation committee set forth in TXSE Rule 16.405(d)(2)(A), the Company must have at least one member on its compensation committee by the Listing Date and at least two members within one year of the Listing Date.

(4) A Company Listing in Connection with a Carve-out or Spin-off Transaction

(A) A Company listing in connection with a carve-out or spin-off transaction shall have twelve months from its Listing Date to comply with the majority independent board requirement set forth in TXSE Rule 16.405(b);

(B) The Company shall be permitted to phase in its compliance with the audit committee requirements set forth in TXSE Rule 16.405(c) as follows: (1) one member must satisfy the requirements by the Listing Date; (2) a majority of members must satisfy the requirements within 90 calendar days of the effective date of its registration statement; and (3) all members must satisfy the requirements within one year of the effective date of its registration statement. Regarding the requirement to have at least three members on the audit committee, the Company must have at least one member on its audit committee by the Listing Date, at least two members within 90 calendar days of the Listing Date and at least three members within one year of the Listing Date; and

(C) The Company must satisfy the independent compensation and nominations committee composition requirements set forth in TXSE Rules 16.405(d)(2) and (e)(1)(B) as follows: (1) one member must satisfy the requirements by the date the transaction closes; (2) a majority of members must satisfy the requirements within 90 calendar days of the Listing Date; and (3) all members must satisfy the requirements within one year of the Listing Date. Regarding the requirement to have at least two members on the compensation committee set forth in TXSE Rule 16.405(d)(2)(A), the Company must have at least one member on its compensation committee by the date the transaction closes and at least two members within one year of the Listing Date.

(5) A Company Ceasing to be a Smaller Reporting Company

A Company that ceases to qualify as a Smaller Reporting Company under SEC rules shall be permitted to phase in its compliance as provided in this TXSE Rule 16.407(b)(5). Pursuant to Rule 12b-2 under the Act, a Company tests its status as a Smaller Reporting Company on an annual basis as of the last business day of its most recently completed second fiscal quarter (for purposes of this Rule, the "Determination Date"). A Company which ceases to meet the requirements for smaller reporting company status as of the Determination Date will cease to be a Smaller Reporting Company as of the beginning of the fiscal year following the Determination Date (the "Start Date").

By six (6) months from the Start Date, a Company must comply with TXSE Rule 16.405(d)(3) and certify to TXSE that: (i) it has complied with the requirement in TXSE Rule 16.405(d)(1) to adopt a formal written compensation committee charter including the content specified in TXSE Rule 16.405(d)(1)(A)-(D); and (ii) it has complied, or within the applicable phase-in schedule will comply, with the additional requirements in TXSE Rule 16.405(d)(2)(A) regarding compensation committee composition.

A Company shall be permitted to phase in its compliance with the additional compensation committee eligibility requirements of TXSE Rule 16.405(d)(2)(A) relating to compensatory fees and affiliation as follows: (i) one (1)

member must satisfy the requirements by six (6) months from the Start Date; (ii) a majority of members must satisfy the requirements by nine (9) months from the Start Date; and (iii) all members must satisfy the requirements by one (1) year from the Start Date.

Since a Smaller Reporting Company is required to have a compensation committee comprised of at least two Independent Directors, a Company that has ceased to be a Smaller Reporting Company may not use the phase-in schedule for the requirements of TXSE Rule 16.405(d)(2)(A) relating to minimum committee size or that the committee consist only of Independent Directors as defined under TXSE Rule 16.405(a)(2).

During this phase-in schedule, a Company that has ceased to be a Smaller Reporting Company must continue to comply with TXSE Rule 16.405(d)(5).

(6) A Company Ceasing to be a Foreign Private Issuer

A Company that ceases to qualify as a Foreign Private Issuer under Commission rules shall be permitted to phase in its compliance as provided in this TXSE Rule 16.407(b). Rule 3b-4 under the Act requires a Foreign Private Issuer to test on an annual basis at the end of its most recently completed second fiscal quarter whether it continues to qualify a Foreign Private Issuer (for purposes of this TXSE Rule, the “Foreign Private Issuer Determination Date”).

If a Company ceases to qualify as a Foreign Private Issuer, the Company will have six (6) months from the Foreign Private Issuer Determination Date to comply with the majority independent board and executive sessions requirements set forth in TXSE Rule 16.405(b); the independent compensation and nominations committee requirements set forth in TXSE Rules 16.405(d)(2) and (e)(1)(B); and the audit committee requirements set forth in TXSE Rule 16.405(c)(2) except for the requirement set forth in TXSE Rule 16.405(c)(2)(A)(ii), including the requirement to have three (3) members on the audit committee. During the phase-in period, the Company must continue to have an audit committee that satisfies TXSE Rule 16.405(c)(3) and members of such audit committee must meet the criteria for independence referenced in TXSE Rule 16.405(c)(2)(A)(ii) (the criteria set forth in Rule 10A-3(b)(1) under the Act, subject to the exemptions provided in Rule 10A-3(c) under the Act).

(7) A Company Ceasing to be a Controlled Company

A Company that has ceased to be a Controlled Company within the meaning of TXSE Rule 16.407(a)(7)(A) shall be permitted to phase in its independent nominations and compensation committees and majority independent board on the same schedule as Companies listing in conjunction with their IPO, except that the applicable phase-in periods will be computed beginning on the date the Company ceases to be a Controlled Company. It

should be noted, however, that a Company that has ceased to be a Controlled Company within the meaning of TXSE Rule 16.407(a)(7)(A) must comply with the audit committee requirements of TXSE Rule 16.405(c) as of the date it ceases to be a Controlled Company. Furthermore, the executive sessions requirement of TXSE Rule 16.405(b)(2) applies to Controlled Companies as of the date of listing and continues to apply after it ceases to be controlled.

• • • Supplementary Material • • •

.05 Controlled Company Exemption

This exemption recognizes that majority Shareholders, including parent companies, have the right to select directors and control certain key decisions, such as Executive Officer compensation, by virtue of their ownership rights. In order for a group to exist for purposes of this TXSE Rule, the Shareholders must have publicly filed a notice that they are acting as a group (e.g., a Schedule 13D). A Controlled Company not relying upon this exemption need not provide any special disclosures about its controlled status. It should be emphasized that this controlled company exemption does not extend to the audit committee requirements under TXSE Rule 16.405(c) or the requirement for executive sessions of Independent Directors under TXSE Rule 16.405(b)(2).

Rule 16.408. Meetings of Shareholders

(a) Each Company listing common stock or voting preferred stock, and their equivalents, shall hold an annual meeting of Shareholders no later than one (1) year after the end of the Company's fiscal year-end, unless such Company is a limited partnership that meets the requirements of TXSE Rule 16.407(a)(4)(D).

• • • Supplementary Material • • •

.01 Meetings of Shareholders or Partners

TXSE Rule 16.408 requires that each Company listing common stock or voting preferred stock, and their equivalents, hold an annual meeting of Shareholders within one (1) year of the end of each fiscal year. At each such meeting, Shareholders must be afforded the opportunity to discuss Company affairs with management and, if required by the Company's governing documents, to elect directors. A new listing that was not previously subject to a requirement to hold an annual meeting is required to hold its first meeting within one (1) year after its first fiscal year-end following listing. Of course, TXSE's meeting requirement does not supplant any applicable state or federal securities laws concerning annual meetings.

This requirement is not applicable to Companies whose only securities listed on TXSE are non-voting preferred securities, debt securities, Derivative Securities as

defined in TXSE Rule 16.407(a)(6)(B) or securities listed pursuant to TXSE Rule 17.130(a) and TXSE Rule 17.132 (such as Trust Preferred Securities and Contingent Value Rights), unless the listed security is a common stock or voting preferred stock equivalent (e.g., a callable common stock). Notwithstanding, if the Company also lists common stock or voting preferred stock, or their equivalent, the Company must still hold an annual meeting for the holders of that common stock or voting preferred stock, or their equivalent.

(b) Proxy Solicitation

Each Company that is not a limited partnership shall solicit proxies and provide proxy statements for all meetings of Shareholders and shall provide copies of such proxy solicitation to the Exchange. Limited partnerships that are required to hold an annual meeting of partners are subject to the requirements of TXSE Rule 16.407(a)(4)(F).

(c) Quorum

(1) Each Company that is not a limited partnership shall provide for a quorum as specified in its bylaws for any meeting of the holders of common stock; provided, however, that in no case shall such quorum be less than 33 1/3 % of the outstanding shares of the Company's common voting stock. Limited partnerships that are required to hold an annual meeting of partners are subject to the requirements of TXSE Rule 16.407(a)(4)(E).

(2) Notwithstanding the quorum requirements in paragraph (1) above, TXSE will accept any quorum requirement for a non-U.S. Company, that is not a Foreign Private Issuer, if the Company's home country law mandates such quorum for the Shareholders' meeting and prohibits the Company from establishing a higher quorum required by paragraph (1) above, and the Company cannot obtain an exemption or waiver from that law. A Company relying on this provision shall submit to TXSE a written statement from an independent counsel in such Company's home country describing the home country law that conflicts with TXSE's quorum requirement and certifying that, as the result, the Company is prohibited from complying with the quorum requirements in paragraph (1) above, and the Company cannot obtain an exemption or waiver from that law. Any Company relying on this exception from the quorum requirements must:

(A) make a public announcement as promptly as possible but not more than four (4) business days following the submission of the independent counsel's statement to TXSE, as described above, on or through the Company's website and either by filing a Form 8-K, where required by Commission rules, or by issuing a press release explaining the Company's reliance on the exception;

(B) maintain the website disclosure for the period of time the Company continues to rely on this exception from the quorum requirements; and

(C) update the website disclosure at least annually to indicate that the Company is prohibited under its home country law from complying with TXSE's quorum requirements as of such date.

Rule 16.409. Recovery of Erroneously Awarded Compensation

(a) Preamble. As required by Rule 10D-1 under the Act, this TXSE Rule 16.409 requires Companies to adopt a compensation recovery policy, comply with that policy, and provide the compensation recovery policy disclosures required by this rule and in the applicable Commission filings.

(b) Recovery of Erroneously Awarded Compensation. Each Company must:

(1) Adopt and comply with a written policy providing that the Company will recover reasonably promptly the amount of erroneously awarded incentive-based compensation in the event that the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

(A) The Company's recovery policy must apply to all incentive-based compensation received by a person:

(i) After beginning service as an Executive Officer;

(ii) Who served as an Executive Officer at any time during the performance period for that incentive-based compensation;

(iii) While the Company has a class of securities listed on a national securities exchange or a national securities association; and

(iv) During the three (3) completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement as described in paragraph (b)(1) of this TXSE Rule. In addition to these last three (3) completed fiscal years, the recovery policy must apply to any transition period (that results from a change in the Company's fiscal year) within or immediately following those three (3) completed fiscal years. However, a transition period between the last day of

the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine (9) to 12 months would be deemed a completed fiscal year. A Company's obligation to recover erroneously awarded compensation is not dependent on if or when the restated financial statements are filed.

(B) For purposes of determining the relevant recovery period, the date that a Company is required to prepare an accounting restatement as described in paragraph (b)(1) of this TXSE Rule is the earlier to occur of:

(i) The date the Company's board of directors, a committee of the board of directors or the Executive Officer or Executive Officers of the Company authorized to take such action if board action is not required, concludes or reasonably should have concluded, that the Company is required to prepare an accounting restatement as described in paragraph (b)(1) of this TXSE Rule; or

(ii) The date a court, regulator or other legally authorized body directs the Company to prepare an accounting restatement as described in paragraph (b)(1) of this TXSE Rule.

(C) The amount of incentive-based compensation that must be subject to the Company's recovery policy ("erroneously awarded compensation") is the amount of incentive-based compensation received that exceeds the amount of incentive-based compensation that otherwise would have been received had it been determined based on the restated amounts, and must be computed without regard to any taxes paid. For incentive-based compensation based on stock price or total Shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement:

(i) The amount must be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total Shareholder return upon which the incentive-based compensation was received; and

(ii) The Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to TXSE.

(D) The Company must recover erroneously awarded compensation in compliance with its recovery policy except to the extent that the conditions of paragraphs (b)(1)(D)(i), (ii) or (iii) of this TXSE Rule are met, and the Company's Compensation Committee or in the absence of such a committee, a majority of the Independent Directors serving on

the board, has made a determination that recovery would be impracticable.

(i) The direct expense paid to a third-party to assist in enforcing the policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover, and provide that documentation to TXSE.

(ii) Recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to TXSE, that recovery would result in such a violation, and must provide such opinion to TXSE.

(iii) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

(E) The Company is prohibited from indemnifying any Executive Officer or former Executive Officer against the loss of erroneously awarded compensation.

(2) File all disclosures with respect to such recovery policy in accordance with the requirements of the Federal securities laws, including the disclosure required by the applicable Commission filings.

(c) General Exemptions. The requirements of this TXSE Rule 16.409 do not apply to the listing of:

(1) Any security issued by a unit investment trust, as defined in 15 U.S.C. 80a-4(2); and

(2) Any security issued by a management company, as defined in 15 U.S.C. 80a-4(3), that is registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8), if such management company has not awarded incentive-based compensation to any Executive Officer of the company in any of the last three (3) fiscal years, or in the case of a company that has been listed for less than three (3) fiscal years, since the listing of the company.

(d) Definitions. Unless the context otherwise requires, the following definitions apply for purposes of this TXSE Rule 16.409 (and only for purposes of this TXSE Rule 16.409):

(1) Executive Officer. An Executive Officer is the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive Officers of the Company's parent(s) or subsidiaries are deemed Executive Officers of the Company if they perform such policy making functions for the Company. In addition, when the Company is a limited partnership, officers or employees of the general partner(s) who perform policy-making functions for the limited partnership are deemed officers of the limited partnership. When the Company is a trust, officers, or employees of the trustee(s) who perform policy-making functions for the trust are deemed officers of the trust. Policy-making function is not intended to include policy-making functions that are not significant. Identification of an Executive Officer for purposes of this TXSE Rule would include at a minimum Executive Officers identified pursuant to 17 CFR 229.401(b).

(2) Financial Reporting Measures. Financial reporting measures are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total Shareholder return are also financial reporting measures. A financial reporting measure need not be presented within the financial statements or included in a filing with the Commission.

(3) Incentive-Based Compensation. Incentive-based compensation is any compensation that is granted, earned or vested based wholly or in part upon the attainment of a financial reporting measure.

(4) Received. Incentive-based compensation is deemed received in the Company's fiscal period during which the financial reporting measure specified in the incentive-based compensation award is attained, even if the payment or grant of the incentive-based compensation occurs after the end of that period.

Rule 16.410. Notification of Noncompliance

A Company must provide the Exchange with prompt notification after an Executive Officer of the Company becomes aware of any noncompliance by the Company with the requirements of this TXSE Rule Series 16.400.

Rule 16.411. Review of Related Party Transactions

(a) Each Company that is not a limited partnership shall conduct an appropriate review and oversight of all related party transactions for potential conflict of interest situations on an ongoing basis by the Company's audit committee or another independent body of the board of directors. For purposes of this TXSE Rule, the term "related party transaction" shall refer to transactions required to be disclosed pursuant to Item 404 of Regulation S-K under the Act. However, in the case of non-U.S. issuers, the term "related party transactions" shall refer to transactions required to be disclosed pursuant to Form 20-F, Item 7.B.

(b) Limited partnerships shall comply with the requirements of TXSE Rule 16.407(a)(4)(G).

Rule 16.412. Shareholder Approval

This TXSE Rule sets forth the circumstances under which Shareholder approval is required prior to an issuance of securities in connection with: (1) the acquisition of the stock or assets of another company; (2) a change of control; (3) equity-based compensation of Executive Officers, directors, employees or consultants and (4) transactions other than public offerings. General provisions relating to Shareholder approval are set forth in TXSE Rule 16.412(e), and the financial viability exception to the Shareholder approval requirement is set forth in TXSE Rule 16.412(f). TXSE-listed Companies and their representatives are encouraged to use the interpretative letter process described in TXSE Rule 16.401(c).

(a) Acquisition of Stock or Assets of Another Company

Shareholder approval is required prior to the issuance of securities in connection with the acquisition of the stock or assets of another company if:

(1) where, due to the present or potential issuance of common stock, including shares issued pursuant to an earnout provision or similar type of provision or securities convertible into or exercisable for common stock, other than a public offering for cash:

(A) the common stock has or will have upon issuance voting power equal to or in excess of 20% of the voting power outstanding before the issuance of stock or securities convertible into or exercisable for common stock; or

(B) the number of shares of common stock to be issued is or will be equal to or in excess of 20% of the number of shares of common stock outstanding before the issuance of the stock or securities; or

(2) any director, Executive Officer or Substantial Shareholder (as defined by TXSE Rule 16.412(e)(3)) of the Company has a 5% or greater interest (or such persons collectively have a 10% or greater interest), directly or

indirectly, in the Company or assets to be acquired or in the consideration to be paid in the transaction or series of related transactions and the present or potential issuance of common stock or securities convertible into or exercisable for common stock, could result in an increase in outstanding common shares or voting power of 5% or more.

(b) Change of Control

Shareholder approval is required prior to the issuance of securities when the issuance or potential issuance will result in a change of control of the Company.

(c) Equity Compensation

Shareholder approval is required prior to the issuance of securities when a stock option or purchase plan is to be established or materially amended or other equity compensation arrangement made or materially amended, pursuant to which stock may be acquired by Executive Officers, directors, employees or consultants, except for:

(1) warrants or rights issued generally to all security holders of the Company or stock purchase plans available on equal terms to all security holders of the Company (such as a typical dividend reinvestment plan);

(2) tax qualified, non-discriminatory employee benefit plans (e.g., plans that meet the requirements of Section 401(a) or 423 of the Internal Revenue Code) or parallel nonqualified plans, provided such plans are approved by the Company's independent compensation committee or a majority of the Company's Independent Directors; or plans that merely provide a convenient way to purchase shares on the open market or from the Company at market value;

(3) plans or arrangements relating to an acquisition or merger as permitted under Supplementary Material .01 to TXSE Rule 16.412; or

(4) issuances to a person not previously an employee or director of the Company, or following a bona fide period of non-employment, as an inducement material to the individual's entering into employment with the Company, provided such issuances are approved by either the Company's independent compensation committee or a majority of the Company's Independent Directors. Promptly following an issuance of any employment inducement grant in reliance on this exception, a Company must disclose in a press release the material terms of the grant, including the recipient(s) of the grant and the number of shares involved.

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.01 Shareholder Approval for Stock Option Plans or Other Equity Compensation Arrangements

Employee ownership of Company stock can be an effective tool to align employee interests with those of other Shareholders. Stock option plans or other equity compensation arrangements can also assist in the recruitment and retention of employees, which is especially critical to young, growing Companies or Companies with insufficient cash resources to attract and retain highly qualified employees. However, these plans can potentially dilute Shareholder interests. TXSE Rule 16.412(c) ensures that Shareholders have a voice in these situations, given this potential for dilution.

TXSE Rule 16.412(c) requires Shareholder approval when a plan or other equity compensation arrangement is established or materially amended. For these purposes, a material amendment would include, but not be limited to, the following:

(1) any material increase in the number of shares to be issued under the plan (other than to reflect a reorganization, stock split, merger, spinoff or similar transaction);

(2) any material increase in benefits to participants, including any material change to: (i) permit a repricing (or decrease in exercise price) of outstanding options, (ii) reduce the price at which shares or options to purchase shares may be offered or (iii) extend the duration of a plan;

(3) any material expansion of the class of participants eligible to participate in the plan; and

(4) any expansion in the types of options or awards provided under the plan.

While general authority to amend a plan would not obviate the need for Shareholder approval, if a plan permits a specific action without further Shareholder approval, then no such approval would generally be required. However, if a plan contains a formula for automatic increases in the shares available (sometimes called an "evergreen formula"), or for automatic grants pursuant to a dollar based formula (such as annual grants based on a certain dollar value, or matching contributions based upon the amount of compensation the participant elects to defer), such plans cannot have a term in excess of ten (10) years unless Shareholder approval is obtained every ten (10) years. However, plans that do not contain a formula and do not impose a limit on the number of shares available for grant would require Shareholder approval of each grant under the plan. A requirement that grants be made out of treasury shares or repurchased shares will not alleviate these additional Shareholder approval requirements.

As a general matter, when preparing plans and presenting them for Shareholder approval, Companies should strive to make plan terms easy to understand. In that regard, it is recommended that plans meant to permit repricing use explicit terminology to make this clear.

TXSE Rule 16.412(c) provides an exception to the requirement for Shareholder approval for warrants or rights offered generally to all Shareholders. In addition, an exception is provided for tax qualified, non-discriminatory employee benefit plans as well as parallel nonqualified plans as these plans are regulated under the Internal Revenue Code and Treasury Department regulations. An equity compensation plan that provides non-U.S. employees with substantially the same benefits as a comparable tax qualified, non-discriminatory employee benefit plan or parallel nonqualified plan that the Company provides to its U.S. employees, but for features necessary to comply with applicable foreign tax law, is also exempt from Shareholder approval under this section.

Further, the rule provides an exception for inducement grants to new employees because in these cases a Company has an arm's length relationship with the new employees. Inducement grants for these purposes include grants of options or stock to new employees in connection with a merger or acquisition. The rule requires that such issuances be approved by the Company's independent compensation committee or a majority of the Company's Independent Directors. The rule further requires that promptly following an issuance of any employment inducement grant in reliance on this exception, a Company must disclose in a press release the material terms of the grant, including the recipient(s) of the grant and the number of shares involved.

In addition, plans or arrangements involving a merger or acquisition do not require Shareholder approval in two (2) situations. First, Shareholder approval will not be required to convert, replace or adjust outstanding options or other equity compensation awards to reflect the transaction. Second, shares available under certain plans acquired in acquisitions and mergers may be used for certain post-transaction grants without further Shareholder approval. This exception applies to situations where the party which is not a listed Company following the transaction has shares available for grant under pre-existing plans that meet the requirements of this

TXSE Rule 16.412(c). These shares may be used for post-transaction grants of options and other equity awards by the listed Company (after appropriate adjustment of the number of shares to reflect the transaction), either under the pre-existing plan or arrangement or another plan or arrangement, without further Shareholder approval, provided: (1) the time during which those shares are available for grants is not extended beyond the period when they would have been available under the pre-existing plan, absent the transaction and (2) such options and other awards are not granted to individuals who were employed by the granting Company or its subsidiaries at the time the merger or acquisition was consummated. TXSE would view a plan or arrangement adopted in contemplation of the merger or acquisition

transaction as not pre-existing for purposes of this exception. This exception is appropriate because it will not result in any increase in the aggregate potential dilution of the combined enterprise. In this regard, any additional shares available for issuance under a plan or arrangement acquired in connection with a merger or acquisition would be counted by TXSE in determining whether the transaction involved the issuance of 20% or more of the Company's outstanding common stock, thus triggering the Shareholder approval requirements under TXSE Rule 16.412(a).

Inducement grants, tax qualified non-discriminatory benefit plans, and parallel nonqualified plans are subject to approval by either the Company's independent compensation committee or a majority of the Company's Independent Directors. It should also be noted that a Company would not be permitted to use repurchased shares to fund option plans or grants without prior Shareholder approval.

For purposes of TXSE Rule 16.412(c) and Supplementary Material .01, the term "parallel nonqualified plan" means a plan that is a "pension plan" within the meaning of the Employee Retirement Income Security Act, 29 U.S.C. §1002 (1999), that is designed to work in parallel with a plan intended to be qualified under Internal Revenue Code Section 401(a), to provide benefits that exceed the limits set forth in Internal Revenue Code Section 402(g) (the section that limits an employee's annual pre-tax contributions to a 401(k) plan), Internal Revenue Code Section 401(a)(17) (the section that limits the amount of an employee's compensation that can be taken into account for plan purposes) and/or Internal Revenue Code Section 415 (the section that limits the contributions and benefits under qualified plans) and/or any successor or similar limitations that may thereafter be enacted. However, a plan will not be considered a parallel nonqualified plan unless: (i) it covers all or substantially all employees of an employer who are participants in the related qualified plan whose annual compensation is in excess of the limit of Code Section 401(a)(17) (or any successor or similar limitation that may hereafter be enacted); (ii) its terms are substantially the same as the qualified plan that it parallels except for the elimination of the limitations described in the preceding sentence; and, (iii) no participant receives employer equity contributions under the plan in excess of 25% of the participant's cash compensation.

(d) Transactions other than Public Offerings

(1) For purposes of TXSE Rule 16.412(d):

(A) "Minimum Price" means a price that is the lower of: (i) the Bid Price (as reflected on www.txse.com) immediately preceding the signing of a binding agreement; or (ii) the average Bid Price of the common stock (as reflected on www.txse.com) for the five (5) trading days immediately preceding the signing of a binding agreement.

(B) "20% Issuance" means a transaction, other than a public offering as defined in Supplementary Material .03, involving the sale,

issuance or potential issuance by the Company of common stock (or securities convertible into or exercisable for common stock), which alone or together with sales by Executive Officers, directors or Substantial Shareholders of the Company, equals 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance.

(2) Shareholder approval is required prior to a 20% Issuance at a price that is less than the Minimum Price.

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.02 Interpretative Material Regarding the Use of Share Caps to Comply with TXSE Rule 16.412

TXSE Rule 16.412 limits the number of shares or voting power that can be issued or granted without Shareholder approval prior to the issuance of certain securities. (An exception to this TXSE Rule is available to Companies when the delay in securing Shareholder approval would seriously jeopardize the financial viability of the enterprise as set forth in TXSE Rule 16.412(f). However, a share cap is not permissible in conjunction with the financial viability exception provided in TXSE Rule 16.412(f), because the application to the Exchange and the notice to Shareholders required in the rule must occur prior to the issuance of any common stock or securities convertible into or exercisable for common stock.) Generally, this limitation applies to issuances of 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance. (While the Exchange notes that this issue is generally implicated with respect to these situations, it may also arise with respect to the 5% threshold set forth in TXSE Rule 16.412(a)(2)). Companies sometimes comply with the 20% limitation by placing a "cap" on the number of shares that can be issued in the transaction, such that there cannot, under any circumstances, be an issuance of 20% or more of the common stock or voting power previously outstanding without prior Shareholder approval. If a Company determines to defer a Shareholder vote in this manner, shares that are issuable under the cap (in the first part of the transaction) must not be entitled to vote to approve the remainder of the transaction. In addition, a cap must apply for the life of the transaction, unless Shareholder approval is obtained. For example, caps that no longer apply if a Company is not listed on the Exchange are not permissible under the TXSE Rule. Of course, if Shareholder approval is not obtained, then the investor will not be able to acquire 20% or more of the common stock or voting power outstanding before the transaction and would continue to hold the balance of the original security in its unconverted form.

Companies have also attempted to cap the issuance of shares at below 20% but have also provided an alternative outcome based upon whether Shareholder approval is obtained, including, but not limited to a "penalty" or a "sweetener." Instead, if the terms of a transaction can change based upon the outcome of the Shareholder vote, no common shares may be issued prior to the approval of the

Shareholders. Companies that engage in transactions with defective caps may be subject to delisting. For example, a Company issues a convertible preferred stock or debt instrument that provides for conversions of up to 20% of the total shares outstanding with any further conversions subject to Shareholder approval. However, the terms of the instrument provide that if Shareholders reject the transaction, the coupon or conversion ratio will increase or the Company will be penalized by a specified monetary payment, including a rescission of the transaction. Likewise, a transaction may provide for improved terms if Shareholder approval is obtained. The Exchange believes that in such situations the cap is defective because the presence of the alternative outcome has a coercive effect on the Shareholder vote, and thus may deprive Shareholders of their ability to freely exercise their vote. Accordingly, the Exchange will not accept a cap that defers the need for Shareholder approval in such situations.

Companies having questions regarding this policy are encouraged to contact TXSE Regulation, which will provide a written interpretation of the application of TXSE Rules to a specific transaction, upon prior written request of the Company.

.03 Definition of a Public Offering

TXSE Rule 16.412(d) provides that Shareholder approval is required for a 20% Issuance at a price that is less than the Minimum Price. Under this TXSE Rule, however, Shareholder approval is not required for a "public offering."

Companies are encouraged to consult with TXSE Regulation in order to determine if a particular offering is a "public offering" for purposes of the Shareholder approval rules. Generally, a firm commitment underwritten securities offering registered with the Securities and Exchange Commission will be considered a public offering for these purposes. Likewise, any other securities offering which is registered with the Securities and Exchange Commission and which is publicly disclosed and distributed in the same general manner and extent as a firm commitment underwritten securities offering will be considered a public offering for purposes of the Shareholder approval rules. However, the Exchange staff will not treat an offering as a "public offering" for purposes of the Shareholder approval rules merely because they are registered with the Commission prior to the closing of the transaction.

When determining whether an offering is a "public offering" for purposes of these rules, TXSE Regulation will consider all relevant factors, including but not limited to:

(a) the type of offering (including whether the offering is conducted by an underwriter on a firm commitment basis, or an underwriter or placement agent on a best-efforts basis, or whether the offering is self-directed by the Company);

(b) the manner in which the offering is marketed (including the number of investors offered securities, how those investors were chosen, and the breadth of the marketing effort);

(c) the extent of the offering's distribution (including the number and identity of the investors who participate in the offering and whether any prior relationship existed between the Company and those investors);

(d) the offering price (including the extent of any discount to the market price of the securities offered); and

(e) the extent to which the Company controls the offering and its distribution.

(e) Definitions and Computations Relating to the Shareholder Approval Requirements

(1) For purposes of making any computation in this TXSE Rule 16.412, when determining the number of shares issuable in a transaction, all shares that could be issued are included, regardless of whether they are currently treasury shares. When determining the number of shares outstanding, only shares issued and outstanding are considered. Treasury shares, shares held by a subsidiary, and unissued shares reserved for issuance upon conversion of securities or upon exercise of options or warrants are not considered outstanding.

(2) Voting power outstanding as used in this TXSE Rule refers to the aggregate number of votes which may be cast by holders of those securities outstanding which entitle the holders thereof to vote generally on all matters submitted to the Company's security holders for a vote.

(3) An interest consisting of less than either 5% of the number of shares of common stock or 5% of the voting power outstanding of a Company or party shall not be considered a substantial interest or cause the holder of such an interest to be regarded as a "Substantial Shareholder."

(4) Where Shareholder approval is required, the minimum vote that will constitute Shareholder approval shall be a majority of the total votes cast on the proposal. These votes may be cast in person, by proxy at a meeting of Shareholders or by written consent in lieu of a special meeting to the extent permitted by applicable state and federal law and rules (including interpretations thereof), including, without limitation, Regulations 14A and 14C under the Act. Nothing contained in this TXSE Rule 16.412(e)(4) shall affect a Company's obligation to hold an annual meeting of Shareholders as required by TXSE Rule 16.408.

(5) Shareholder approval shall not be required for any share issuance if such issuance is part of a court-approved reorganization under the federal bankruptcy laws or comparable foreign laws.

(f) Financial Viability Exception

An exception applicable to a specified issuance of securities may be made upon prior written application to TXSE Regulation when:

(1) the delay in securing Shareholder approval would seriously jeopardize the financial viability of the enterprise; and

(2) reliance by the Company on this exception is expressly approved by the audit committee or a comparable body of the board of directors comprised solely of independent, disinterested directors. TXSE Regulation shall respond to each application for such an exception in writing.

A Company that receives such an exception must mail to all Shareholders not later than ten (10) calendar days before issuance of the securities a letter alerting them to its omission to seek the Shareholder approval that would otherwise be required. Such notification shall disclose the terms of the transaction (including the number of shares of common stock that could be issued and the consideration received), the fact that the Company is relying on a financial viability exception to the Shareholder approval rules, and that the audit committee or a comparable body of the board of directors comprised solely of independent, disinterested directors has expressly approved reliance on the exception. The Company shall also make a public announcement by filing a Form 8-K, where required by Commission rules, or by issuing a press release disclosing the same information as promptly as possible, but no later than ten (10) calendar days before the issuance of the securities.

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.04 Interpretive Material Regarding Future Priced Securities and Other Securities with Variable Conversion Terms

Summary

Provisions of this Supplementary Material .04 would apply to any security with variable conversion terms. For example, "Future Priced Securities" are private financing instruments which were created as an alternative means of quickly raising capital for Companies. The security is generally structured in the form of a convertible security and is often issued via a private placement. Companies will typically receive all capital proceeds at the closing. The conversion price of the Future Priced Security is generally linked to a percentage discount to the market price of the underlying common stock at the time of conversion and accordingly the conversion rate for Future Priced Securities floats with the market price of the common stock. As such, the lower the price of the Company's common stock at the

time of conversion, the more shares into which the Future Priced Security is convertible. The delay in setting the conversion price is appealing to Companies who believe that their stock will achieve greater value after the financing is received. However, the issuance of Future Priced Securities may be followed by a decline in the common stock price, creating additional dilution to the existing holders of the common stock. Such a price decline allows holders to convert the Future Priced Security into large amounts of the Company's common stock. As these shares are issued upon conversion of the Future Priced Security, the common stock price may tend to decline further.

For example, a Company may issue $10 million of convertible preferred stock (the Future Priced Security), which is convertible by the holder or holders into $10 million of common stock based on a conversion price of 80% of the Bid Price of the common stock on the date of conversion. If the Bid Price is $5 on the date of conversion, the Future Priced Security holders would receive 2,500,000 shares of common stock. If, on the other hand, the Bid Price is $1 on the date of conversion, the Future Priced Security holders would receive 12,500,000 shares of common stock.

Unless the Company carefully considers the terms of the securities in connection with several TXSE Rules, the issuance of Future Priced Securities could result in a failure to comply with the Exchange listing standards and the concomitant delisting of the Company's securities from the Exchange. The Exchange understands that Companies do not always appreciate this potential consequence. The TXSE Rules that bear upon the continued listing qualification of a Company and that must be considered when issuing Future Priced Securities include:

(a) the Shareholder approval rules (see TXSE Rule 16.412)

(b) the voting rights rules (see TXSE Rule 16.413)

(c) the Bid Price requirement (see TXSE Rule 16.501(d)(3)(A))

(d) the listing of additional shares rules (see TXSE Rule 16.207(e)(2))

(e) the change of control rules (see TXSE Rules 16.102 and 16.412(b))

(f) the Exchange's discretionary authority rules (see TXSE Rule Series 16.100)

It is important for Companies to clearly understand that failure to comply with any of these rules could result in the delisting of the Company's securities.

This notice is intended to be of assistance to Companies considering financings involving Future Priced Securities. By adhering to the above requirements, Companies can avoid unintended listing qualifications problems. Companies having any questions about this notice should contact TXSE Regulation. The Exchange will provide a Company with a written interpretation of the application of the TXSE Rules to a specific transaction, upon request of the Company.

How the TXSE Rules Apply

Shareholder Approval

TXSE Rule 16.412(d) requires Shareholder approval prior to a 20% Issuance at a price that is less than the Minimum Price.

(The Exchange may make exceptions to this requirement when the delay in securing Shareholder approval would seriously jeopardize the financial viability of the enterprise and reliance by the Company on this exception is expressly approved by the Audit Committee or a comparable body of the board of directors.)

When the Exchange staff is unable to determine the number of shares to be issued in a transaction, it looks to the maximum potential issuance of shares to determine whether there will be an issuance of 20 percent or more of the common stock outstanding. In the case of Future Priced Securities, the actual conversion price is dependent on the market price at the time of conversion and so the number of shares that will be issued is uncertain until the conversion occurs. Accordingly, Staff will look to the maximum potential issuance of common shares at the time the Future Priced Security is issued. Typically, with a Future Priced Security, the maximum potential issuance will exceed 20 percent of the common stock outstanding because the Future Priced Security could, potentially, be converted into common stock based on a share price of one cent per share, or less. Further, for purposes of this calculation, the lowest possible conversion price is below the Minimum Price of the stock for purposes of TXSE Rule 16.412(d) at the time of issuance of the Future Priced Security. Therefore, Shareholder approval must be obtained prior to the issuance of the Future Priced Security. Companies should also be cautioned that obtaining Shareholder ratification of the transaction after the issuance of a Future Priced Security does not satisfy the Shareholder approval requirements.

Some Future Priced Securities may contain features to obviate the need for Shareholder approval by: (1) placing a cap on the number of shares that can be issued upon conversion, such that the holders of the Future Priced Security cannot, without prior Shareholder approval, convert the security into 20% or more of the common stock or voting power outstanding before the issuance of the Future Priced Security (See Supplementary Material .02 to TXSE Rule 16.412, Interpretative Material Regarding the Use of Share Caps to Comply with TXSE Rule 16.412) or (2) placing a floor on the conversion price, such that the conversion price will always be at least as high as the Minimum Price prior to the issuance of the Future Priced Securities. Even when a Future Priced Security contains these features, however, Shareholder approval is still required under TXSE Rule 16.412(b) if the issuance will result in a change of control. Additionally, discounted issuances of common stock to Executive Officers, directors, employees or consultants require Shareholder approval pursuant to TXSE Rule 16.412(c).

Voting Rights

TXSE Rule 16.413 provides:

Voting rights of existing Shareholders of publicly traded common stock registered under Section 12 of the Act cannot be disparately reduced or restricted through any corporate action or issuance.

Supplementary Material .01 to TXSE Rule 16.413 also provides rules relating to voting rights of the TXSE Companies.

Under the voting rights rules, a Company cannot create a new class of security that votes at a higher rate than an existing class of securities or take any other action that has the effect of restricting or reducing the voting rights of an existing class of securities. The voting rights rules are typically implicated when the holders of the Future Priced Security are entitled to vote on an as-converted basis or when the holders of the Future Priced Security are entitled to representation on the board of directors. The percentage of the overall vote attributable to the Future Priced Security holders and the Future Priced Security holders' representation on the board of directors must not exceed their relative contribution to the Company based on the Minimum Price at the time of the issuance of the Future Priced Security. Staff will consider whether a voting rights violation exists by comparing the Future Priced Security holders' voting rights to their relative contribution to the Company based on the Minimum Price at the time of the issuance of the Future Priced Security. If the voting power or the board percentage exceeds that percentage interest, a violation exists because a new class of securities has been created that votes at a higher rate than an already existing class. Future Priced Securities that vote on an as-converted basis also raise voting rights concerns because of the possibility that, due to a decline in the price of the underlying common stock, the Future Priced Security holder will have voting rights disproportionate to its investment in the Company.

It is important to note that compliance with the Shareholder approval rules prior to the issuance of a Future Priced Security does not affect whether the transaction is in violation of the voting rights rule. Furthermore, Shareholders can not otherwise agree to permit a voting rights violation by the Company. Because a violation of the voting rights requirement can result in delisting of the Company's securities from the Exchange, careful attention must be given to this issue to prevent a violation of the rule.

The Bid Price Requirement

The Bid Price requirement establishes a minimum Bid Price for issues listed on the Exchange. The TXSE Rules provide that, for an issue to be eligible for continued listing on the Exchange, the minimum Bid Price per share shall be $1. An issue is subject to delisting from the Exchange, as described in TXSE Rule Series 16.500 if the average Bid Price of a security as reported on the consolidated tape is less than $1.00 over a consecutive 30 trading-day period.

The Bid Price rules must be thoroughly considered because the characteristics of Future Priced Securities often exert downward pressure on the price of the Company's common stock. Specifically, dilution from the discounted conversion of the Future Priced Security may result in a significant decline in the price of the common stock. Furthermore, there appear to be instances where short selling has contributed to a substantial price decline, which, in turn, could lead to a failure to comply with the Bid Price Requirement. (If used to manipulate the price of the stock, short selling by the holders of the Future Priced Security is prohibited by the antifraud provisions of the securities laws and by the TXSE Rules and may be prohibited by the terms of the placement.)

Listing of Additional Shares

TXSE Rule 16.207(e)(2) provides:

The Company shall be required to notify the Exchange on the appropriate form no later than 15 calendar days prior to: establishing or materially amending a stock option plan, purchase plan or other equity compensation arrangement pursuant to which stock may be acquired by Executive Officers, directors, employees or consultants without Shareholder approval; issuing securities that may potentially result in a change of control of the Company; issuing any common stock or security convertible into common stock in connection with the acquisition of the stock or assets of another company, if any Executive Officer or director or Substantial Shareholder of the Company has a 5% or greater interest (or if such persons collectively have a 10% or greater interest) in the Company to be acquired or in the consideration to be paid; or entering into a transaction that may result in the potential issuance of common stock (or securities convertible into common stock) greater than 10% of either the total shares outstanding or the voting power outstanding on a pre-transaction basis.

Companies should be cognizant that under this TXSE Rule notification is required at least 15 calendar days prior to issuing any security (including a Future Priced Security) convertible into shares of a class of securities already listed on the Exchange. Failure to provide such notice can result in a Company's removal from the Exchange.

Public Interest Concerns

TXSE Rule 16.101 provides:

The Exchange is entrusted with the authority to preserve and strengthen the quality of and public confidence in its market. The Exchange stands for integrity and ethical business practices in order to enhance investor confidence, thereby contributing to the financial health of the economy and supporting the capital formation process. The TXSE Companies, from new public Companies to Companies of international stature, are publicly recognized as sharing these important objectives.

The Exchange, therefore, in addition to applying the enumerated criteria set forth in the TXSE listing rules, has broad discretionary authority over the initial and continued listing of securities in the Exchange in order to maintain the quality, transparency and integrity of and public confidence in its market; to prevent fraudulent and manipulative acts and practices; to promote just and equitable principles of trade; and to protect investors and the public interest; and to protect the safety and security of the Exchange and its employees. The Exchange may use such discretion to deny initial listing, apply additional or more stringent criteria for the initial or continued listing of particular securities, or suspend or delist particular securities based on any event, condition or circumstance that exists or occurs that makes initial or continued listing of the securities on the Exchange inadvisable or unwarranted in the opinion of the Exchange, even though the securities meet all enumerated criteria for initial or continued listing on the Exchange.

The returns on Future Priced Securities may become excessive compared with those of public investors in the Company's common securities. In egregious situations, the use of a Future Priced Security may raise public interest concerns under TXSE Rule 16.101. In addition to the demonstrable business purpose of the transaction, other factors that the Exchange staff will consider in determining whether a transaction raises public interest concerns include: (1) the amount raised in the transaction relative to the Company's existing capital structure; (2) the dilutive effect of the transaction on the existing holders of common stock; (3) the risk undertaken by the Future Priced Security investor; (4) the relationship between the Future Priced Security investor and the Company; (5) whether the transaction was preceded by other similar transactions; and (6) whether the transaction is consistent with the just and equitable principles of trade.

Some Future Priced Securities may contain features that address the public interest concerns. These features tend to provide incentives to the investor to hold the security for a longer time period and limit the number of shares into which the Future Priced Security may be converted.

Such features may limit the dilutive effect of the transaction and increase the risk undertaken by the Future Priced Security investor in relationship to the reward available.

Business Combinations with non-TXSE Entities Resulting in a Change of Control

TXSE Rule 16.102(a) provides:

A Company must apply for initial listing in connection with a transaction whereby the Company combines with, or into, an entity that is not an TXSE Company, resulting in a change of control of the Company and potentially allowing such entity to obtain an Exchange listing. In determining whether a change of control has occurred, the Exchange shall consider all relevant factors including, but not limited to, changes in the management, board of directors, voting power, ownership, and financial structure of the Company. The Exchange shall also consider the nature of the

businesses and the relative size of the TXSE Company and entity that is not an TXSE Company. The Company must submit an application for the post-transaction entity with sufficient time to allow the Exchange to complete its review before the transaction is completed. If the Company's application for initial listing has not been approved prior to consummation of the transaction, the Exchange will issue a Staff Delisting Determination letter as set forth in TXSE Rule 16.501 and begin delisting proceedings pursuant to TXSE Rule 16.500.

This provision, which applies regardless of whether the Company obtains Shareholder approval for the transaction, requires Companies to qualify under the initial listing standards in connection with a combination that results in a change of control. It is important for Companies to realize that in certain instances, the conversion of a Future Priced Security may implicate this provision. For example, if there is no limit on the number of common shares issuable upon conversion, or if the limit is set high enough, the exercise of Conversion Rights under a Future Priced Security could result in the holders of the Future Priced Securities obtaining control of the listed Company. In such event, a Company may be required to re-apply for initial listing and satisfy all initial listing requirements.

Rule 16.413. Voting Rights

Voting rights of existing Shareholders of publicly traded common stock registered under Section 12 of the Act cannot be disparately reduced or restricted through any corporate action or issuance. Examples of such corporate action or issuance include, but are not limited to, the adoption of time-phased voting plans, the adoption of capped voting rights plans, the issuance of super-voting stock, or the issuance of stock with voting rights less than the per share voting rights of the existing common stock through an exchange offer.

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.01 Voting Rights Policy

The following Voting Rights Policy is based upon, but more flexible than, former Rule 19c-4 under the Act. Accordingly, the Exchange will permit corporate actions or issuances by the TXSE Companies that would have been permitted under former Rule 19c-4, as well as other actions or issuances that are not inconsistent with this policy. In evaluating such other actions or issuances, the Exchange will consider, among other things, the economics of such actions or issuances and the voting rights being granted. The Exchange's interpretations under the policy will be flexible, recognizing that both the capital markets and the circumstances and needs of the TXSE Companies change over time. The text of the Exchange Voting Rights Policy is as follows:

Companies with Dual Class Structures.

The restriction against the issuance of super voting stock is primarily intended to apply to the issuance of a new class of stock, and Companies with existing dual class capital structures would generally be permitted to issue additional shares of the existing super voting stock without conflict with this policy.

Consultation with the Exchange.

Violation of the Exchange Voting Rights Policy could result in the loss of a Company's Exchange or public trading market. The policy can apply to a variety of corporate actions and securities issuances, not just super voting or so-called "time phase" voting common stock. While the policy will continue to permit actions previously permitted under former Rule 19c-4, it is extremely important that the TXSE Companies communicate their intentions to their Exchange representatives as early as possible before taking any action or committing to take any action that may be inconsistent with the policy. The Exchange urges Companies listed on the Exchange not to assume, without first discussing the matter with the Exchange staff, that a particular issuance of common or preferred stock or the taking of some other corporate action will necessarily be consistent with the policy. It is suggested that copies of preliminary proxy or other material concerning matters subject to the policy be furnished to the Exchange for review prior to formal filing.

Review of Past Voting Rights Activities.

In reviewing an application for initial qualification for listing of a security in the Exchange, the Exchange will review the Company's past corporate actions to determine whether another SRO has found any of the Company's actions to have been a violation or evasion of the SRO's voting rights policy. Based on such review, the Exchange may take any appropriate action, including the denial of the application or the placing of restrictions on such listing. The Exchange will also review whether a Company seeking initial listing of a security in the Exchange has requested a ruling or interpretation from another SRO regarding the application of that SRO's voting rights policy with respect to a proposed transaction. If so, the Exchange will consider that fact in determining its response to any ruling or interpretation that the Company may request on the same or similar transaction.

Non-U.S. Companies.

The Exchange will accept any action or issuance relating to the voting rights structure of a non-U.S. Company that is in compliance with the Exchange's requirements for domestic Companies or that is not prohibited by the Company's home country law.

Rule 16.414. Internal Audit Function

(a) Each Company must establish and maintain an internal audit function to provide management and the audit committee with ongoing assessments of the Company's risk management process and system of internal control. The Company may choose to outsource this function to a third-party service provider other than its independent auditor. The audit committee must meet periodically with the internal auditors (or other personnel responsible for this function) and assist the board in its oversight of the performance of this function. The audit committee should also discuss with the outside auditor the responsibilities, budget and staffing of the internal audit function.

(b) Transition Periods

(1) A Company listing in conjunction with its IPO or a spin-off transaction must comply with the requirements of TXSE Rule 16.414(a) within one (1) year of the listing date.

(2) A Company previously registered pursuant to Section 12(b) of the Exchange Act must satisfy the requirements of TXSE Rule 16.414(a) within one (1) year of the listing date to the extent the national securities exchange on which it was listed did not have the same requirement. If the other exchange had a substantially similar requirement and the Company was afforded a transition period that had not expired, the Company will have the same transition period as would have been available to it on the other exchange.

Rule 16.500. Failure to Meet Listing Standards

(a) Securities of a Company that does not meet the listing standards set forth in Chapters 16 and 17 are subject to delisting from the Exchange. This section sets forth procedures for the independent review, suspension, and delisting of Companies that fail to satisfy one or more standards for continued listing and thus are "deficient" with respect to the listing standards.

TXSE Regulation is responsible for identifying deficiencies that may lead to delisting; notifying the Company of the deficiency; and issuing Staff Delisting Determinations and Public Reprimand Letters. TXSE Rule 16.501 contains provisions regarding TXSE Regulation's process for notifying Companies of different types of deficiencies and their corresponding consequences.

The Listings Review Committee, upon timely request by a Company, will review an appeal of a Staff Delisting Determination or Public Reprimand Letter at an oral or written hearing, and issue a Decision that may, among other things, grant an "exception" to the Exchange's listing standards or affirm a delisting. TXSE Rule 16.502 contains provisions relating to the hearings process.

Procedures related to Commission notification of the Exchange's final Delisting Determinations are discussed in TXSE Rule 16.503. Rules applicable to the Listings

Review Committee and Advisors are provided in TXSE Rule 16.504 and general information relating to the adjudicatory process is provided in TXSE Rule 16.505.

A Company's failure to maintain compliance with the applicable provisions of Chapters 16 and 17 will result in the termination of the listing unless an exception is granted to the Company, as described below. The termination of the Company's listing will become effective in accordance with the procedures set forth herein, including TXSE Rule 16.503.

(b) Definitions

(1) "Adjudicatory Body" means the Listings Review Committee or the Board, or a member thereof.

(2) "Advisor" means an individual employed by the Exchange who is advising the Listings Review Committee with respect to a proceeding under this section.

(3) "Decision" means a written decision of an Adjudicatory Body.

(4) "TXSE Regulation" is the department of the Exchange responsible for evaluating Company compliance with quantitative and qualitative listing standards and determining eligibility for initial and continued listing of a Company's securities.

(5) The "Listings Review Committee" is the committee designated by the Board of Directors to review Company appeals of Staff Delisting Determinations and Public Reprimand Letters. The Listings Review Committee shall be composed of at least five (5) members. Any action by the Listings Review Committee shall require a quorum, which shall be at least three (3) members.

(6) "Public Reprimand Letter" means a letter issued by Staff or a Decision of the Listings Review Committee in cases where the Company has violated an Exchange corporate governance or notification listing standard (other than one required by Rule 10A-3 of the Act) and Staff or the Listings Review Committee determines that delisting is an inappropriate sanction. In determining whether to issue a Public Reprimand Letter, Staff or the Listings Review Committee will consider whether the violation was inadvertent, whether the violation materially adversely affected Shareholders' interests, whether the violation has been cured, whether the Company reasonably relied on an independent advisor and whether the Company has demonstrated a pattern of violations.

(7) "Staff" refers to employees of TXSE Regulation.

(8) “Staff Delisting Determination” or “Delisting Determination” is a written determination by TXSE Regulation to delist a listed Company’s securities for failure to meet a continued listing standard.

Rule 16.501. Notification of Deficiency by TXSE Regulation

(a) When TXSE Regulation determines that a Company does not meet a listing standard set forth in Chapters 16 and 17, it will immediately notify the Company of the deficiency. As explained in more detail below, deficiency notifications are of four (4) types:

(1) Staff Delisting Determinations, which are notifications of deficiencies that, unless appealed, subject the Company to immediate suspension and delisting;

(2) notifications of deficiencies for which a Company may submit a plan of compliance for Staff review;

(3) notifications of deficiencies for which a Company is entitled to an automatic cure or compliance period; and

(4) Public Reprimand Letters, except such notification type is not available for unresolved deficiencies from the standards of TXSE Rules 16.207(c) (Obligation to File Periodic Financial Reports), 16.407(a)(4)(D) (Partner Meetings of Limited Partnerships}) and 16.408(a) (Meetings of Shareholders).

Notifications of deficiencies that allow for submission of a compliance plan or an automatic cure or compliance period may result, after review of the compliance plan or expiration of the cure or compliance period, in issuance of a Staff Delisting Determination or a Public Reprimand Letter.

(b) Information Contained in Deficiency Notification and Delisting Determination

Deficiency notifications and Delisting Determinations will:

(1) inform the Company of the factual bases for Staff’s determination of deficiency or delisting, and the quantitative or qualitative standard the Company has failed to satisfy;

(2) provide the Company with instructions regarding its obligations to disclose the deficiency under TXSE listing rules; and

(3) inform the Company:

(A) in the case of a Staff Delisting Determination, that the Company’s securities will be suspended as of a date certain; the Company has a right to request review of the Delisting Determination by

the Listings Review Committee; and that a request for review within seven (7) calendar days (as set forth in TXSE Rule 16.502(a)(1)) will stay the suspension;

(B) in the case of a deficiency for which the Company may submit a plan of compliance for review by Staff, the deadline by which a plan must be submitted;

(C) in the case of a deficiency for which the Company is entitled to an automatic cure or compliance period, the expiration date of the cure or compliance period; and

(D) in the case of a Public Reprimand Letter, an explanation of why Staff concluded the letter is appropriate and the Company's right to request review of the Public Reprimand Letter by Listings Review Committee.

(c) Company Disclosure Obligations

A Company that receives a notification of deficiency, Staff Delisting Determination or Public Reprimand Letter is required to make a public announcement disclosing receipt of the notification and the TXSE Rule(s) upon which the deficiency is based. A Company that receives a notification of deficiency or Staff Delisting Determination related to the requirement to file a periodic report contained in TXSE Rule 16.207(c)(1) or (2) is required to make the public announcement by issuing a press release disclosing receipt of the notification and the TXSE Rule(s) upon which the deficiency is based, in addition to filing any Form 8-K required by Commission rules. In all other cases, the Company may make the public announcement either by filing a Form 8-K, where required by Commission rules, or by issuing a press release. As described in TXSE Rule 16.207(b)(1) and Supplementary Material .01 to TXSE Rule 16.207(b)(1) (Disclosure of Material Information), the Company must notify TXSE Regulation about the announcement through the electronic disclosure submission system available on the Exchange's website, except in emergency situations when notification may instead be provided by telephone or facsimile. If the public announcement is made between 8:00 a.m. to 5:00 p.m. Eastern Time, the Company must notify TXSE Regulation at least ten (10) minutes prior to the announcement. If the public announcement is made outside of 8:00 a.m. to 5:00 p.m. Eastern Time, the Company must notify TXSE Regulation of the announcement prior to 7:50 a.m. Eastern Time. The Company should make the public announcement as promptly as possible but not more than four (4) business days following receipt of the notification.

• • • Supplementary Material • • •

.01 Disclosure of Written Notice of Staff Determination

TXSE Rule 16.501(c) requires that a Company make a public announcement by filing a Form 8-K, where required by Commission rules, or by issuing a press release

disclosing the receipt of (i) a notice that the Company does not meet a listing standard set forth in Chapter 16 or 17, (ii) a Staff Delisting Determination to limit or prohibit continued listing of the Company's securities under TXSE Rule 16.501 as a result of the Company's failure to comply with the continued listing requirements, or (iii) a Public Reprimand Letter; provided, however, that if the notification relates to a failure to meet the requirements of TXSE Rules 16.207(c)(1) or (2), the Company must make the public announcement by issuing a press release. Such public announcement shall be made as promptly as possible, but not more than four (4) business days following the receipt of the notification, Staff Delisting Determination or Public Reprimand Letter, as applicable. In addition to containing all disclosure required by Form 8-K, if applicable, the public announcement must describe each specific basis and concern identified by TXSE Regulation in its determination that the Company does not meet the listing standard and identify the TXSE Rules upon which the deficiency is based. For example, if the TXSE Regulation determines to delist a Company based on its discretionary authority under TXSE Rule 16.101, the Company must include in its public announcement the specific concerns cited in the Staff Delisting Determination. In addition, a Company may provide its own analysis of the issues raised in the Staff Delisting Determination.

If the public announcement is not made by the Company within the time allotted or does not include all of the required information, trading of its securities shall be halted (if not already halted), even if the Company appeals the Staff Delisting Determination or Public Reprimand Letter as set forth in TXSE Rule 16.502, and TXSE Regulation may make a public announcement with the required information. If the Company's failure to make this public announcement is the only basis for a trading halt, TXSE would ordinarily resume trading if TXSE Regulation makes the public announcement. If the Company fails to make the public announcement by the time that the Listings Review Committee issues its Decision, that Decision will also determine whether to delist the Company's securities for failure to make the public announcement.

TXSE Rule 16.501(c) does not relieve a Company of its disclosure obligation under the federal securities laws, nor should it be construed as providing a safe harbor under the federal securities laws. It is suggested that the Company consult with corporate/securities counsel in assessing its disclosure obligations under the federal securities laws.

(d) Types of Deficiencies and Notifications

The type of deficiency at issue determines whether the Company will be immediately suspended and delisted, or whether it may submit a compliance plan for review or is entitled to an automatic cure or compliance period before a Staff Delisting Determination is issued. In the case of a deficiency not specified below, Staff will issue the Company a Staff Delisting Determination or a Public Reprimand Letter.

(1) Deficiencies that Immediately Result in a Staff Delisting Determination.

Staff's notice will inform the Company that its securities are immediately subject to suspension and delisting when:

(A) a Company fails to timely solicit proxies;

(B) an issuer of non-convertible bonds listed on TXSE fails to meet its obligations on the non-convertible bonds, as set forth in TXSE Rule 17.102(b)(2);or

(C) Staff has determined, under its discretionary authority in TXSE Rule 16.101, that the Company's continued listing raises a public interest concern.

(2) Deficiencies for which a Company may Submit a Plan of Compliance for Staff Review.

(A) Submission of Plan of Compliance. Unless the Company is currently under review by the Listings Review Committee for a Staff Delisting Determination, TXSE Regulation may accept and review a plan to regain compliance when a Company is deficient with respect to one of the standards listed in subsections (i) through (vi) below. In accordance with TXSE Rule 16.501(d)(2)(C), plans provided pursuant to subsections (i) through (iv) and (vi) below must be provided generally within 45 calendar days, and in accordance with TXSE Rule 16.501(d)(2)(E), plans provided pursuant to subsection (v) below must be provided generally within 60 calendar days.

(i) all quantitative deficiencies from standards that do not provide a compliance period;

(ii) deficiencies from the standards of TXSE Rules 16.405 (Board of Directors and Committees) or 16.407(a)(4)(C) (Independent Directors/Audit Committee of Limited Partnerships) where the cure period of the TXSE Rule is not applicable;

(iii) deficiencies from the standards of TXSE Rules 16.408(a) (Meetings of Shareholders), 16.408(c) (Quorum), 16.411 (Review of Related Party Transactions), 16.412 (Shareholder Approval), 16.207(c)(3) (Auditor Registration), 16.208(a) (Direct Registration Program), 16.406 (Code of Conduct), 16.407(a)(4)(D) (Partner Meetings of Limited Partners), 16.407(a)(4)(E) (Quorum of Limited Partnerships), 16.407(a)(4)(G) (Review of Related Party Transactions of Limited Partnerships}), 16.413 (Voting Rights) or 16.414 (Internal Audit Function);

(iv) failure to make the disclosure required by TXSE Rule 16.207(b)(3);

(v) failure to file periodic reports as required by TXSE Rule 16.207(c)(1) or (2); or

(vi) failure to meet a continued listing requirement contained in Chapter 17.

(B) Staff Alternatives Upon Review of Plan. Staff may request such additional information from the Company as is necessary to make a determination, as described below. In cases other than filing delinquencies and annual meeting deficiencies, which are governed by TXSE Rules 16.501(d)(2)(E) and 16.501(d)(2)(F), respectively, upon review of a plan of compliance, Staff may either:

(i) issue a Staff Delisting Determination letter; or

(ii) issue a Public Reprimand Letter, as defined in TXSE Rule 16.500(b)(6).

(C) Timeline for Submission of Compliance Plans. Except for deficiencies from the standards of TXSE Rule 16.207(c)(1) or (2), Staff's notification of deficiencies that allow for compliance plan review will inform the Company that it has 45 calendar days to submit a plan to regain compliance with the Exchange's listing standard(s). Staff may extend this deadline for up to an additional 5 calendar days upon good cause shown and may request such additional information from the Company as is necessary to make a determination regarding whether to grant such an extension.

(D) Failure to Meet the Terms of a Staff Extension. If the Company does not regain compliance within the time period provided by all applicable Staff extensions, Staff will immediately issue a Staff Delisting Determination indicating the date on which the Company's securities will be suspended unless it requests review by the Listings Review Committee.

(E) Filing Delinquencies. In the case of deficiencies from the standards of TXSE Rule 16.207(c)(1) or (2):

(i) Staff's notice shall provide the Company with 60 calendar days to submit a plan to regain compliance with the listing standard; provided, however, that the Company shall not be provided with an opportunity to submit such a plan if review under TXSE Rule 16.500 of a prior Staff Delisting Determination with respect to the Company is already pending. Staff may extend this deadline for up to an additional 15 calendar days upon good cause

shown and may request such additional information from the Company as is necessary to make a determination regarding whether to grant such an extension.

(ii) The maximum additional time provided by all exceptions granted by Staff for a deficiency described in paragraph (i) above is 180 calendar days from the due date of the first late periodic report (as extended by Rule 12b-25 under the Act, if applicable). In determining whether to grant an exception, and the length of any such exception, Staff will consider, and the Company should address in its plan of compliance, the Company's specific circumstances, including the likelihood that the filing can be made within the exception period, the Company's past compliance history, the reasons for the late filing, corporate events that may occur within the exception period, the Company's general financial status, and the Company's disclosures to the market. This review will be based on information provided by a variety of sources, which may include the Company, its audit committee, its outside auditors, the staff of the Commission and any other regulatory body.

(F) Annual Meeting. In the case of deficiencies from the standards of TXSE Rules 16.408(a) and 16.407(a)(4)(D):

(i) Staff's notice shall provide the Company with 45 calendar days to submit a plan to regain compliance with the listing standard; provided, however, that the Company shall not be provided with an opportunity to submit such a plan if review under the TXSE Rule Series 16.500 of a prior Staff Delisting Determination with respect to the Company is already pending. Staff may extend this deadline for up to an additional 15 calendar days upon good cause shown and may request such additional information from the Company as is necessary to make a determination regarding whether to grant such an extension.

(ii) The maximum additional time provided by all exceptions granted by Staff is 180 calendar days from the deadline to hold the annual meeting (one (1) year after the end of the Company's fiscal year). In determining whether to grant an exception, and the length of any such exception, Staff will consider, and the Company should address in its plan of compliance, the Company's specific circumstances, including the likelihood that the Company would be able to hold an annual meeting within the exception period, the Company's past compliance history, the reasons for the failure to hold the annual meeting timely, corporate events that may occur within the exception period, the Company's general financial status, and the Company's disclosures to the market. This review will be based on information provided by a

variety of sources, which may include the Company, its audit committee, its outside auditors, the staff of the Commission and any other regulatory body.

(3) Deficiencies for which the TXSE Rules Provide a Specified Cure or Compliance Period.

With respect to deficiencies related to the standards listed in (A) - (E) below, Staff's notification will inform the Company of the applicable cure or compliance period provided by these TXSE Rules and discussed below. If the Company does not regain compliance within the specified cure or compliance period, TXSE Regulation will immediately issue a Staff Delisting Determination letter.

(A) Bid Price Requirement. A failure to meet the continued listing requirement for minimum Bid Price shall be determined to exist only if the average Bid Price of a security as reported on the consolidated tape is less than $1.00 over a consecutive 30 trading-day period. Upon such failure, the Company shall be notified promptly and shall have a period of 180 calendar days from such notification to achieve compliance. Compliance can be achieved during the compliance period by meeting the applicable standard for a minimum of 10 consecutive business days during the applicable compliance period, unless Staff exercises its discretion to extend this 10-day period as discussed in TXSE Rule 16.501(d)(3)(F).

Notwithstanding the foregoing, a Company will not be considered to have regained compliance with the Bid Price requirement in TXSE Rule 16.320(b)(1) if the Company takes an action to achieve compliance and that action results in the Company's security falling below the numeric threshold for another listing requirement without regard to any compliance periods otherwise available for that other listing requirement. In such event, the Company will continue to be considered non-compliant until both: (i) the other deficiency is cured and (ii) thereafter the Company meets the Bid Price standard for a minimum of 10 consecutive business days, unless Staff exercises its discretion to extend this 10 business day period as discussed in TXSE Rule 16.501(d)(3)(F). If the Company does not demonstrate compliance with (i) and (ii) during the compliance period(s) applicable to the initial Bid Price deficiency, TXSE will issue a Staff Delisting Determination letter.

(i) **Low Priced Stocks**

Notwithstanding the foregoing, if during the compliance period specified in TXSE Rule 16.501(d)(3)(A) a Company's security has a Bid Price of $0.10 or less for ten (10) consecutive

trading days, the Staff shall issue a Staff Delisting Determination letter under TXSE Rule 16.501 with respect to that security.

(ii) **Excessive Reverse Stock Splits**

Notwithstanding the foregoing, if a Company's security fails to meet the continued listing requirement for minimum Bid Price and the Company has effected a reverse stock split over the prior one (1)-year period; or has effected one or more reverse stock splits over the prior two-year period with a cumulative ratio of 250 shares or more to one, then the Company shall not be eligible for the compliance period specified in TXSE Rule 16.501(d)(3)(A) and the Staff shall issue a Staff Delisting Determination letter under TXSE Rule 16.501 with respect to that security.

(B) Market Makers. A failure to meet the continued listing requirement for a number of Market Makers in TXSE Rule 16.206(d)(2), TXSE Rule 16.320(b)(3), TXSE Rule 16.323(a)(4), TXSE Rule 16.323(c)(4), TXSE Rule 16.324(a)(3), or TXSE Rule 16.325(a)(2), as applicable, shall be determined to exist only if the deficiency continues for a period of 10 consecutive business days. Upon such failure, the Company shall be notified promptly and shall have a period of 30 calendar days from such notification to achieve compliance. Compliance can be achieved by meeting the applicable standard for a minimum of 10 consecutive business days during the 30 day compliance period.

(C) Average Global Market Capitalization. A failure to meet the continued listing requirement for average global market capitalization in TXSE Rule 16.320(b)(2) shall be determined to exist only if the deficiency continues for a period of 30 consecutive trading days. Upon such failure, the Company shall be notified promptly and shall have a period of 180 calendar days from such notification to achieve compliance. Compliance can be achieved by meeting the applicable standard for a minimum of 10 consecutive business days during the 180 day compliance period.

(D) Independent Director, Audit, and Compensation Committee Rules. If a Company fails to meet the majority board independence requirement in TXSE Rule 16.405(b)(1) due to one (1) vacancy, or because one (1) director ceases to be independent for reasons beyond his/her reasonable control, TXSE Regulation will promptly notify the Company and inform it has until the earlier of its next annual Shareholders meeting or one (1) year from the event that caused the deficiency to cure the deficiency. However, if the Company's next annual Shareholders' meeting is held sooner than 180 calendar days after the event that caused the deficiency, then the Company has 180 calendar days from the event that caused the deficiency to cure it.

If a Company fails to meet the audit committee composition requirements in TXSE Rule 16.405(c)(2) because an audit committee member ceases to be independent for reasons outside his/her control, TXSE Regulation will promptly notify the Company and inform it that has until the earlier of its next annual Shareholders meeting or one (1) year from the occurrence of the event that caused the failure, to cure the deficiency. If the Company fails to meet the audit committee composition requirement due to one (1) vacancy on the audit committee, and the Company is not relying upon a cure period for another member, TXSE Regulation will promptly notify the Company and inform it that it has until the earlier of its next annual Shareholders meeting or one (1) year from the event that caused the failure to cure the deficiency. However, if the Company's next annual Shareholders' meeting is held sooner than 180 calendar days after the event that caused the deficiency, then the Company has 180 calendar days from the event that caused the deficiency to cure it.

If a Company fails to meet the compensation committee composition requirement under TXSE Rule 16.405(d)(2)(A) due to one (1) vacancy, or one (1) compensation committee member ceases to be independent due to circumstances beyond the member's reasonable control, TXSE Regulation will promptly notify the Company and inform it has until the earlier of its next annual shareholders meeting or one (1) year from the occurrence of the event that caused the failure to comply with this requirement to cure the deficiency. However, if the Company's next annual shareholders' meeting is held sooner than 180 days after the event that caused the deficiency, then the Company has 180 days from the event that caused the deficiency to cure it.

A Company is not eligible for this cure period immediately following the expiration of a phase-in period the Company relied on under TXSE Rule 16.407(b) upon which the Company was relying, except as provided for in TXSE Rules 16.405(b)(1)(B) and 16.405(c)(4)(C) and 16.405(d)(4)(B). If a Company is not eligible for this cure period, TXSE Regulation will issue a Staff Delisting Determination letter to delist the Company's securities.

(E) Market Value/Principal Amount Outstanding of Non-Convertible Bonds. A failure to meet the continued listing requirement for non-convertible bonds, as set forth in TXSE Rule 17.102(b)(1) (requiring non-convertible bonds to have at least $400,000 in market value or principal amount outstanding) shall be determined to exist only if the deficiency continues for a period of 30 consecutive business days. Upon such failure, the Company shall be notified promptly and shall have a period of 180 calendar days from such notification to achieve compliance. Compliance can be achieved during this 180 calendar day compliance period by meeting the applicable standard for a minimum of 10

consecutive business days during the applicable compliance period, unless Staff exercises its discretion to extend this 10-day period as discussed in TXSE Rule 16.501.

(F) Staff Discretion Relating to the Price-based Requirements: If a Company fails to meet the average Bid Price or average global market capitalization requirements as set forth in TXSE Rules 16.320(b)(1)-(2), each of which is related to the Company's security price and collectively called the "Price-based Requirements," compliance is generally achieved by meeting the requirement for a minimum of ten (10) consecutive business days. However, Staff may, in its discretion, require a Company to satisfy the applicable Price-based Requirement for a period in excess of ten (10) consecutive business days, but generally no more than 20 consecutive business days, before determining that the Company has demonstrated an ability to maintain long-term compliance. In determining whether to require a Company to meet the applicable Price-based Requirement beyond ten (10) business days, Staff may consider all relevant facts and circumstances, including without limitation:

(i) the margin of compliance (the amount by which a Company exceeds the applicable Price-based Requirement);

(ii) the trading volume (a lack of trading volume may indicate a lack of bona fide market interest in the security at the posted Bid Price);

(iii) the Market Maker quoting activity (the number of Market Makers quoting at or above $1.00 or the minimum price necessary to satisfy another Price-based Requirement; and the size of their quotes); and

(iv) the trend of the stock price (is it up or down).

(4) Public Reprimand Letter.

Staff's notification may be in the form of a Public Reprimand Letter in cases where the Company has violated an Exchange corporate governance or notification listing standard (other than one required by Rule 10A-3 of the Act) and Staff determines that delisting is an inappropriate sanction. In determining whether to issue a public reprimand letter, TXSE Regulation will consider whether the violation was inadvertent, whether the violation materially adversely affected Shareholders' interests, whether the violation has been cured, whether the Company reasonably relied on an independent advisor and whether the Company has demonstrated a pattern of violations.

(e) Additional Deficiencies

TXSE Regulation continues to evaluate the compliance of Companies while they are under review by the Listings Review Committee and may identify additional deficiencies. Upon identification of an additional deficiency, Staff will issue an additional notification of deficiency to the Company and send a copy to the Listings Review Committee.

(1) Staff's notification of the additional deficiency will conform to the requirements set forth in TXSE Rule 16.501(b) if:

(A) the matter under review by the Listings Review Committee is a Public Reprimand Letter; or

(B) the additional deficiency identified is one that has an automatic cure or compliance period. If the additional deficiency is one that would in the normal course result in immediate suspension and delisting, or one for which the Company may submit a compliance plan to Staff for review, Staff's notification will instruct the Company to address the issue to the Listings Review Committee at its hearing, unless the hearing for the original deficiency has already taken place. If the hearing has already taken place, Staff's notification will instruct the Company to provide in writing, within a specified time period, a submission that addresses the deficiency to the Listings Review Committee before which its matter is pending.

Rule 16.502. Review of Staff Determinations by the Listings Review Committee

When a Company receives a Staff Delisting Determination or a Public Reprimand Letter issued by TXSE Regulation it may request in writing that the Listings Review Committee review the matter in a written or an oral hearing. This section sets forth the procedures for requesting a hearing before the Listings Review Committee, describes the Listings Review Committee and the possible outcomes of a hearing, and sets forth Listings Review Committee procedures.

(a) Procedures for Requesting and Preparing for a Hearing

(1) Timely Request Stays Delisting

(A) A Company may, within seven (7) calendar days of the date of the Staff Delisting Determination notification or Public Reprimand Letter request a written or oral hearing before the Listings Review Committee to review the Staff Delisting Determination or Public Reprimand Letter. Subject to the limitation in paragraph (B) below, a timely request for a hearing will stay the suspension and delisting action pending the issuance of a written Listings Review Committee Decision. Requests for hearings should be submitted in writing to the General Counsel.

(B) A request for a hearing shall ordinarily stay the delisting action pending the issuance of a Listings Review Committee Decision.

However, if the Staff Delisting Determination relates to deficiencies from the standards of TXSE Rule 16.207(c)(1) or (2), which require a Company to timely file its periodic reports with the Commission, the delisting action will only be stayed for 15 calendar days from the deadline to request a hearing unless the Company specifically requests and the Listings Review Committee grants a further stay. A request for a further stay must include an explanation of why such a stay would be appropriate and should be included in the Company's request for a hearing. Based on that submission and any recommendation provided by Staff, the Listings Review Committee will determine whether to grant the Company a further stay. In determining whether to grant the stay, the Listings Review Committee will consider the Company's specific circumstances, including the likelihood that the filing can be made within any exception period that could subsequently be granted, the Company's past compliance history, the reasons for the late filing, corporate events that may occur within the exception period, the Company's general financial status, and the Company's disclosures to the market. The Listings Review Committee will notify the Company of its conclusion as soon as is practicable, but in no event more than 15 calendar days following the deadline to request the hearing. In the event the Listings Review Committee determines not to grant the Company a stay, the Company's securities will be immediately suspended and will remain suspended unless the Listings Review Committee Decision issued after the hearing determines to reinstate the securities.

(2) Failure to Request Results in Immediate Delisting

If a Company fails to request in writing a hearing within seven (7) calendar days, it waives its right to request review of a Delisting Determination or Public Reprimand Letter. In that event, TXSE Regulation will take action to suspend trading of the securities and follow procedures to delist the securities.

(3) Fees

Within 15 calendar days of the date of the Staff Delisting Determination or Public Reprimand Letter the Company must submit a hearing fee to the Exchange, to cover the cost of the hearing, as follows:

(A) when the Company has requested a written hearing, $[●]; or

(B) when the Company has requested an oral hearing, whether in person or by telephone, $[●].

(4) Scheduling of Hearings

The General Counsel will schedule hearings to take place, to the extent practicable, within 45 calendar days of the request for a hearing, at a location

determined by the General Counsel. The General Counsel will send written acknowledgment of the Company's hearing request and inform the Company of the date, time, and location of the hearing, and deadlines for written submissions to the Listings Review Committee. The Company will be provided at least ten (10) calendar days notice of the hearing unless the Company waives such notice.

(5) Submissions from Company

The Company may submit to the General Counsel a written plan of compliance and request that the Listings Review Committee grant an exception to the listing standards for a limited time period, as permitted by TXSE Rule 16.502(b)(1)(A) or may set forth specific grounds for the Company's contention that the issuance of a Staff Delisting Determination or Public Reprimand Letter was in error, and may also submit public documents or other written material in support of its position, including any information not available at the time of the Staff Delisting Determination. The Listings Review Committee will review the written record, as described in TXSE Rule 16.505(a), before the hearing.

(6) Presentation at Hearing

At an oral hearing, the Company may make such presentation as it deems appropriate, including the appearance by its officers, directors, accountants, counsel, investment bankers or other persons, and the Listings Review Committee may question any representative appearing at the hearing. Hearings are generally scheduled to last one (1) hour, but the Listings Review Committee may extend the time. The General Counsel or his or her designee will arrange for and keep on file a transcript of oral hearings.

(b) Scope of the Listings Review Committee's Discretion

(1) The Listings Review Committee may, where it deems appropriate:

(A) grant an exception to the continued listing standards for a period not to exceed 180 calendar days from the date of the Staff Delisting Determination with respect to the deficiency for which the exception is granted;

(B) suspend and delist the Company's securities;

(C) issue a Decision that serves as a Public Reprimand Letter in cases where the Company has violated an Exchange corporate governance or notification listing standard (other than one required by Rule 10A-3 of the Act) and the Listings Review Committee determines that delisting is an inappropriate sanction. In determining whether to issue a Public Reprimand Letter, the Listings Review Committee will consider whether the violation was inadvertent, whether the violation materially adversely affected Shareholders' interests, whether the violation has been

cured, whether the Company reasonably relied on an independent advisor and whether the Company has demonstrated a pattern of violations;

(D) find the Company in compliance with all applicable listing standards; or

(E) in the case of a Company that fails to file a periodic report (e.g., Form 10-K, 10-Q, 20-F, 40-F or N-CSR), the Listings Review Committee may grant an exception for a period not to exceed 360 calendar days from the due date of the first such late periodic report. The Company can regain compliance with the requirement by filing that periodic report and any other delinquent reports with due dates falling before the end of the exception period. In determining whether to grant an exception, and the length of any such exception, the Listings Review Committee will consider the Company's specific circumstances, including the likelihood that the filing can be made within the exception period, the Company's past compliance history, the reasons for the late filing, corporate events that may occur within the exception period, the Company's general financial status, and the Company's disclosures to the market. This review will be based on information provided by a variety of sources, which may include the Company, its audit committee, its outside auditors, the staff of the Commission and any other regulatory body.

(F) In the case of a Company or limited partnership that fails to hold an annual meeting, the Listings Review Committee may grant an exception for a period not to exceed 360 calendar days from the deadline to hold the annual meeting (one (1) year after the end of the Company's fiscal year).

(2) The Listings Review Committee may consider any failure to meet any quantitative or qualitative standard for continued listing, including failures previously not considered by Staff. The Company will be given written notice of such consideration and an opportunity to respond.

(3) Under the authority described in TXSE Rule 16.101, the Listings Review Committee may subject the Company to additional or more stringent criteria for the continued listing of particular securities based on any event, condition, or circumstance that exists or occurs that makes continued listing of the securities inadvisable or unwarranted in its opinion, even though the securities meet all enumerated criteria for continued listing on the Exchange.

(c) Listings Review Committee Procedures

(1) Decision

After the hearing, the General Counsel, on behalf of the Listings Review Committee, will issue a Decision that meets the requirements of TXSE Rule 16.505(c) and has been approved by at least a majority of the members of the

Listings Review Committee in attendance. The Listings Review Committee Decision shall be promptly provided to the Company, and is effective immediately upon issuance, unless it specifies to the contrary. If the Listings Review Committee is deadlocked, the Chair's vote shall count twice or if the Chair is not in attendance, the vote of the next most senior member of the Listings Review Committee shall count twice.

(2) Form 25 Notification of Delisting

If the Listings Review Committee issues a Decision to delist the Company's securities, TXSE Regulation will immediately take action to suspend trading of the securities, unless the Decision specifies to the contrary, and the Exchange will follow the procedures described in TXSE Rule 16.503 to submit an application on Form 25 to the Commission to strike the security from listing.

(3) Procedures Applicable for Recurring Deficiencies

(A) Listings Review Committee Monitor

The Listings Review Committee may, after a Company regains compliance with all applicable listing standards, monitor the Company's continued compliance for up to one (1) year after the compliance date, if the Listings Review Committee concludes that there is a likelihood that the issuer will fail to maintain compliance with one or more listing standards during that period. If the Listings Review Committee or TXSE Regulation determines that a Company under Listings Review Committee monitor fails any listing standard during the monitor period, the Staff will issue a Staff Delisting Determination and the General Counsel or his or her designee will promptly schedule a new hearing. The hearing may be oral or written, at the Company's election.

Notwithstanding TXSE Rule 16.501(d)(2), the Company will not be permitted to provide TXSE Regulation with a plan of compliance with respect to any deficiency that arises during the monitor period, and TXSE Regulation will not be permitted to grant additional time for the Company to regain compliance with respect to any deficiency. The Listings Review Committee will consider the Company's compliance history when rendering its Decision.

(B) No Listings Review Committee Monitor

If the Listings Review Committee has not opted to monitor a Company that has regained compliance with the listing standards requiring the Company to maintain certain levels of Shareholders' equity or to timely file periodic reports, and within one (1) year of the date the Company regained compliance with such listing standard, TXSE Regulation finds the Company again out of compliance with the requirement that was the subject of the exception, then, notwithstanding

TXSE Rule 16.501(d)(2), TXSE Regulation will not allow the Company to provide it with a plan of compliance or grant additional time for the Company to regain compliance. Rather, TXSE Regulation will promptly issue a Staff Delisting Determination, and the Company may request review by the Listings Review Committee. The Listings Review Committee will consider the Company's compliance history when rendering its Decision.

(4) Request for Listings Review Committee Reconsideration

A Company may request, in writing, that the Listings Review Committee reconsider a Listings Review Committee Decision only upon the basis that a mistake of material fact existed at the time of the Listings Review Committee Decision. The Company's request for reconsideration shall be made within seven (7) calendar days of the date of issuance of the Listings Review Committee Decision. A Company's request for reconsideration will not stay a delisting determination or suspension of trading of the Company's securities, unless the Listings Review Committee, before the scheduled date for suspension, issues a written determination staying the suspension and/or reversing the determination to delist.

If the Listings Review Committee grants a Company's reconsideration request, it will issue a modified Decision meeting the requirements of TXSE Rule 16.505(c) within 15 calendar days of the date of the original Listings Review Committee Decision.

Rule 16.503. Finality of Delisting Determination

When the Exchange has made a final determination to delist a Company's securities, it will follow procedures consistent with the Act to strike the security from listing. The Exchange's determination to delist a Company's securities is final when, after a Delisting Determination has been issued, all available reconsideration procedures and periods available under these TXSE Rules have expired.

The Exchange will issue a press release and post a notice on its website announcing its final determination to remove a security from listing, consistent with Rule 12d2-2 under the Act. Under Rule 12d2-2, the Exchange must disseminate this public notice not less than 10 days before the delisting becomes effective and maintain the website notice until the delisting is effective. Following the public notification, the Exchange will file an application on Form 25 with the Commission to delist the security, and will promptly provide a copy of that Form 25 to the Company. The delisting of the security becomes effective 10 days after the Form 25 is filed pursuant to Rule 12d2-2(d)(1) under the Act, unless the Commission postpones the delisting pursuant to Rule 12d2-2(d)(3).

Rule 16.504. Rules Applicable to the Listings Review Committee and Advisors

(a) Ex Parte Communications

(1) No Ex Parte Communications. No member of the Staff or its counsel, and no Company representative will make or knowingly cause to be made an ex parte communication relevant to the merits of a proceeding under this section to the Listings Review Committee, any member thereof or any Advisor. Similarly, neither the Listings Review Committee, any member thereof nor any Advisor will make or knowingly cause to be made an ex parte communication relevant to the merits of a proceeding to a Company representative, a member of the Staff or its counsel.

(2) If an ex parte communication as described in paragraph (1) above is made, received or caused to be made, the person making such ex parte communication will place a copy of it, or its substance if it is an oral communication, in the record of the proceeding. Staff or the Company, as applicable, will be permitted to respond to the ex parte communication, and any response will be placed in the record of the proceeding.

(b) Recusal or Disqualification

No person will participate as a member of the Listings Review Committee, the Staff or Advisor to either thereof, in a matter as to which he or she has a conflict of interest or bias or circumstances otherwise exist where his or her fairness might reasonably be questioned. In any such case, the person will recuse himself or herself or will be disqualified. The Chair of the Listings Review Committee shall have authority to order the disqualification of a member of the Listings Review Committee and a majority of the Listings Review Committee excluding the Chair, shall have authority to order the disqualification of the Chair. A Company that has requested a review by the Listings Review Committee shall provide such information as determined by TXSE necessary to enable TXSE and the members of the Listings Review Committee, the Staff or an Advisor to either thereof to determine whether he or she has a conflict of interest or bias, or circumstances otherwise existing where his or her fairness might reasonably be questioned.

Rule 16.505. Adjudicatory Process: General Information

(a) Record on Review

At each proceeding under this section, the written record may consist of the following items, as applicable: correspondence between the Exchange and the Company; the Company's public filings; information released to the public by the Company; written submissions, exhibits or requests submitted by either the Company or TXSE Regulation and responses thereto; and any additional information considered by the Listings Review Committee as part of the review process. The written record will be supplemented by the transcript of any hearings held during the review process and all Decisions issued.

At each review under this section, the Company will be informed of the contents of the written record. The Company will be provided a copy of any documents in the

record that were not provided by the Company or are not publicly available, at least three (3) calendar days before the deadline for Company submissions, unless the Company waives this production.

If additional issues arising under Chapter 16 or 17 are considered, as permitted by TXSE Rule 16.500, the notice of such consideration and any response to such notice shall be made a part of the record.

(b) Additional Information Requested or Considered

At each proceeding under this section, the Listings Review Committee, as part of its review:

(1) may request additional information from the Company or TXSE Regulation; and

(2) may consider additional information available from other sources it deems relevant. The Company and TXSE Regulation will be afforded written notice and an opportunity to address the significance of any information requested or considered, and the notice, responses to the notice, and the information considered will be made part of the record.

(c) Contents of Decisions

Each Listings Review Committee written Decision will include:

(1) a statement describing the procedural history of the proceeding, including investigations or reviews undertaken by TXSE Regulation;

(2) the quantitative or qualitative standard that the Company is alleged to have failed to satisfy;

(3) a statement setting forth the findings of fact with respect to the Company;

(4) the conclusions of the Listings Review Committee as to whether the Company has failed to satisfy the quantitative or qualitative standards for initial or continued listing; and

(5) a statement of the Listings Review Committee in support of its disposition of the matter, and, if applicable, the rationale for any exception to the initial or continued listing requirements granted.

(d) Correction of Clerical Errors

The Listings Review Committee may correct clerical or other non-substantive errors in its Decisions either on their own motion or at the request of a Company. A copy of any such corrected Decision will be provided to the Company.

(e) Computation and Adjustment of Time

(1) Except as described in paragraph (2) below, in counting any time under this section, the day of the act, event or default from which the period of time begins to run, is not to be included. The last day of the period is included, unless it is a Saturday, Sunday, federal holiday or Exchange holiday in which case the period runs until the end of the next day that is not a Saturday, Sunday, federal holiday or Exchange holiday.

(2) When Staff determines whether a deficiency has occurred with respect to the average Bid Price or average global market capitalization requirements as set forth in TXSE Rule 16.320(b)(1)-(2), the first trading day that the Bid Price or average global market capitalization is below required standards is included in computing the total number of consecutive trading days of default. Similarly, when Staff determines whether a Company has regained compliance with the average Bid Price or average global market capitalization requirements, the first trading day that the Bid Price or average global market capitalization is at or above required standards is included in computing the total number of consecutive trading days.

(3) If the General Counsel determines that notice required to be provided under this section was not properly given or that other extenuating circumstances exist, the General Counsel may adjust the periods of time provided by the rules for the filing of written submissions, the scheduling of hearings or the performance of other procedural actions by the Company or the Listings Review Committee, as applicable, to allow the Company or the Listings Review Committee the time contemplated by these rules.

(4) A Company may waive any notice period specified in this section.

(f) Delivery of Documents

Delivery of any document under this section may be made by electronic delivery, hand delivery, facsimile, regular mail or overnight courier. Delivery will be considered timely if the electronic delivery, hand delivery, fax or overnight courier is received on or before the relevant deadline. If a Company has not specified a facsimile number, e-mail address or street address, delivery will be made to the last known facsimile number, e-mail address and street address. If a Company is represented by counsel or a representative, delivery may be made to the counsel or representative.

(g) Document Retention Procedures

Any document submitted to the Exchange in connection with a proceeding under this section will be retained in accordance with applicable record retention policies.

(h) Documentation of Decisions

TXSE Regulation or the Advisor to the Listings Review Committee, as applicable, shall document the date on which a Decision with respect to a Company is implemented.

(i) Re-Listing of a Company

A Company that has been the subject of a Decision by the Listings Review Committee to delist such Company shall be required, prior to re-listing, to comply with the requirements for initial listing. A Company that has been suspended but that has not been the subject of such a Decision shall be required, prior to re-listing, to comply with requirements for continued listing.

(j) Voluntary Delisting

(1) A Company may voluntarily terminate its listing upon compliance with all requirements of Rule 12d2-2(c) under the Act. In part, Rule 12d2-2(c) requires that the Company may delist by filing an application on Form 25 with the Commission, provided that the Company: (i) complies with all applicable laws in effect in the state in which it is incorporated and with the applicable TXSE Rules; (ii) provides notice to the Exchange no fewer than 10 days before the Company files the Form 25 with the Commission, including a statement of the material facts relating to the reasons for delisting; and (iii) contemporaneous with providing notice to the Exchange, publishes notice of its intent to delist, along with its reasons therefore, via a press release and on its web site, it if has one. Any notice provided on the Company's web site pursuant to Rule 12d2-2(c) must remain available until the delisting has become effective. The Company must also provide a copy of the Form 25 to the Exchange simultaneously with its filing with the Commission. The Exchange will provide notice on its web site of the Company's intent to delist as required by Rule 12d2-2(c)(3).

(2) A Company that seeks to voluntarily delist a class of securities pursuant to TXSE Rule 16.505(j)(1) that has received notice from the Exchange, pursuant to TXSE Rule 16.500 or otherwise, that it fails to comply with one or more requirements for continued listing, or that is aware that it is below such continued listing requirements notwithstanding that it has not received such notice from the Exchange, must disclose this fact (including the specific continued listing requirement that it is below) in: (i) its statement of all material facts relating to the reasons for withdrawal from listing provided to the Exchange along with written notice of its determination to withdraw from listing required by Rule 12d2-2(c)(2)(ii) under the Act; and (ii) its press release and web site notice required by Rule 12d2-2(c)(2)(iii) under the Act.

(k) Disclosure of Public Reprimand Letter

A Company that receives a Listings Review Committee Decision that serves as a Public Reprimand Letter must make a public announcement by filing a Form 8-K, where

required by Commission rules, or by issuing a press release disclosing the receipt of the Decision, including the TXSE Rule(s) upon which the Decision was based. As described in TXSE Rule 16.207(b)(1) and Supplementary Material .01 to TXSE Rule 16.207, the Company must notify the TXSE Regulation about the announcement through the electronic disclosure submission system available on the Exchange's website, except in emergency situations when notification may instead be provided by telephone or facsimile. If the public announcement is made between 8:00 a.m. to 5:00 p.m. Eastern Time, the Company must notify TXSE Regulation at least ten (10) minutes prior to the announcement. If the public announcement is made outside of 8:00 a.m. to 5:00 p.m. Eastern Time, the Company must notify TXSE Regulation of the announcement prior to 7:50 a.m. Eastern Time. The Company should make the public announcement as promptly as possible but not more than four (4) business days following receipt of the Decision.

(l) Disclosure by TXSE

In order to maintain the quality of and public confidence in its market and to protect investors and the public interest, TXSE may, at any level of a proceeding under this TXSE Rule 16.500, make a public announcement, including by press release, describing a notification, Public Reprimand Letter, Staff Delisting Determination or other event involving a Company's listing or trading on TXSE.

Rule 16.600. Listed Company Fees

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CHAPTER 17. OTHER SECURITIES

Rule 17.101. Preamble to the Listing Requirements for Other Securities

(a) This section contains the requirements for listing other securities on TXSE.

(b) The replacement of, or any significant modification to, the index, portfolio or Reference Asset underlying a security listed under Chapter 17 (including, but not limited to, a significant modification to the index methodology, a change in the index provider or a change in control of the index provider) is considered a Substitution Listing Event. The Company must notify TXSE at least fifteen calendar days in advance of the effective date of any Substitution Listing Event. Companies should note that these types of changes may affect the Company's compliance with the listing requirements and may require TXSE to file a new rule filing pursuant to Section 19(b)(1) of the Act and for such rule filing to be approved by the Commission or otherwise take effect (as applicable), before the product subject to the Substitution Listing Event can be listed or traded. TXSE has sole discretion as to whether it chooses to submit a rule filing designed to permit the continued listing of the security and, if submitted, whether to withdraw such rule filing. As such, Companies are encouraged to consult with Staff sufficiently in advance of such changes to allow review and preparation of a rule filing and Commission approval, if necessary.

(c) If a Company effectuates any change, including a Substitution Listing Event, which requires the filing of a proposed rule change pursuant to Section 19(b)(1) of the Act and such rule filing has not yet been approved by the Commission or has not yet taken effect (as applicable), then TXSE will immediately halt trading in the applicable security until such rule filing is approved or takes effect. If a rule filing is required but TXSE determines not to submit one or withdraws the rule filing after it is submitted, or the Commission disapproves the rule filing, TXSE will immediately commence delisting procedures with respect to such security.

(d) A Company with securities listed under Chapter 17 must provide TXSE with prompt notification after the Company becomes aware of any noncompliance by the Company with the requirements of Chapter 17.

(e) The requirements of TXSE Rule 16.409 (Recovery of Erroneously Awarded Compensation) apply to any security listed under Chapter 17 of the TXSE Rules, except for:

(1) Any security issued by a unit investment trust, as defined in 15 U.S.C. 80a-4(2);

(2) Any security issued by a management company, as defined in 15 U.S.C. 80a-4(3), that is registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8), if such management company has not awarded incentive-based compensation to any executive officer (as defined in Rule 10D-1 of the Act) of the company in any of the last three (3) fiscal years, or in the case

of a company that has been listed for less than three (3) fiscal years, since the listing of the company.

Rule 17.102. Debt Securities (Other than Convertible Debt)

(a) For initial listing of a non-convertible bond, the following conditions must be satisfied:

(1) the principal amount outstanding or market value must be at least $5,000,000; and

(2) the security must be characterized by one of the following conditions:

(A) the issuer of the non-convertible bond must have one class of equity security that is listed on TXSE, Nasdaq, NYSE American or NYSE;

(B) an issuer of equity securities listed on TXSE, Nasdaq, NYSE American or NYSE directly or indirectly owns a majority interest in, or is under common control with, the issuer of the non-convertible bond;

(C) an issuer of equity securities listed on TXSE, Nasdaq, NYSE American or NYSE has guaranteed the non-convertible bond;

(D) an NRSRO has assigned a current rating to the non-convertible bond that is no lower than an S&P Corporation “B” rating or equivalent rating by another NRSRO; or

(E) if no NRSRO has assigned a rating to the issue, an NRSRO has currently assigned:

(i) an investment grade rating to an immediately senior issue; or

(ii) a rating that is no lower than an S&P Corporation “B” rating, or an equivalent rating by another NRSRO, to a pari passu or junior issue.

(b) A non-convertible bond must meet the following requirements for continued listing:

(1) the market value or principal amount of non-convertible bonds outstanding is at least $400,000; and

(2) the issuer must be able to meet its obligations on the listed non-convertible bonds.

(c) As required by, and in accordance with the procedures set forth in, TXSE Rule 16.207(b)(1) and Supplementary Material .01 to TXSE Rule 16.207, a Company that has non-convertible bonds listed on TXSE must make prompt public disclosure of material information that would reasonably be expected to affect the value of its listed bonds or influence investors' decisions regarding such bonds and must provide notice of such disclosure to TXSE Regulation. For avoidance of doubt, this obligation includes material information about the Company's equity securities to the extent the information would reasonably be expected to affect the value of, or influence investors' decisions to invest in, the listed bonds, even if those equity securities are listed on another national securities exchange.

(d) An issuer whose only securities listed on TXSE are non-convertible bonds listed under TXSE Rule 17.102 is exempt from the requirements relating to Independent Directors (as set forth in TXSE Rule 16.405(b)), Compensation Committees (as set forth in TXSE Rule 16.405(d)), Director Nominations (as set forth in TXSE Rule 16.405(e)), Code of Conduct (as set forth in TXSE Rule 16.406), Meetings of Shareholders (as set forth in TXSE Rule 16.408(a)), Shareholder Approval (as set forth in TXSE Rule 16.412) and Voting Rights (as set forth in TXSE Rule 16.413). In addition, these issuers are exempt from the requirements relating to Audit Committees (as set forth in TXSE Rule 16.405(c)), except for the applicable requirements of Rule 10A-3 of the Act.

(e) An issuer of non-convertible bonds listed under TXSE Rule 17.102 is subject to the requirements of TXSE Rule 16.409 (Recovery of Erroneously Awarded Compensation).

Rule 17.104. Exchange Traded Fund Shares

(a) Exchange Traded Fund Shares

(1) Definitions. For the purpose of this TXSE Rule 17.104, the following terms shall have the meaning herein specified:

(A) Exchange Traded Funds. The term "Exchange Traded Fund" has the same meaning as the term "exchange-traded fund" has in Rule 6c-11 under the Investment Company Act of 1940.

(B) Exchange Traded Fund Share. The term "Exchange Traded Fund Share" has the same meaning as it has in Rule 6c-11 under the Investment Company Act of 1940.

(C) Reporting Authority. The term "Reporting Authority" in respect of a particular series of Exchange Traded Fund Shares means TXSE, a wholly-owned subsidiary of TXSE, or an institution or reporting service designated by TXSE or its subsidiary as the official source for calculating and reporting information relating to such series, including, but not limited to, any current index or portfolio value; the current value of the portfolio of any securities required to be deposited in connection with issuance of Exchange Traded Fund Shares; the amount of any dividend

equivalent payment or cash distribution to holders of Exchange Traded Fund Shares, net asset value, and other information relating to the issuance, redemption or trading of Exchange Traded Fund Shares.

Nothing in this paragraph shall imply that an institution or reporting service that is the source for calculating and reporting information relating to Exchange Traded Fund Shares must be designated by TXSE; the term "Reporting Authority" shall not refer to an institution or reporting service not so designated.

(b) TXSE may approve a series of Exchange Traded Fund Shares for listing and trading pursuant to Rule 19b-4(e) under the Exchange, provided each series of Exchange Traded Fund Shares is eligible to operate in reliance on Rule 6c-11 under the Investment Company Act of 1940 and must satisfy the requirements of this TXSE Rule 17.104 on an initial and continued listing basis.

(1) Initial and Continued Listing. Each series of Exchange Traded Fund Shares must also satisfy the following criteria on an initial and continued listing (except for paragraph (A) below) basis:

(A) Initial Shares Outstanding. For each series of Exchange Traded Fund Shares, TXSE will establish a minimum number of Exchange Traded Fund Shares required to be outstanding at the time of commencement of trading on TXSE.

(B) Dissemination of Information. All requirements set forth in this paragraph must be satisfied on both an initial and continued listing basis.

(i) If the investment adviser to an Exchange Traded Fund is affiliated with a broker-dealer, such investment adviser shall erect and maintain a "fire wall" between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to the underlying portfolio. Personnel who make decisions on the Exchange Traded Fund`s portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable Exchange Traded Fund portfolio.

(ii) The Reporting Authority that provides the Exchange Traded Fund's portfolio must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material nonpublic information regarding the actual components of the portfolio.

(iii) If the index underlying a series of Exchange Traded Fund Shares is maintained by a broker-dealer or fund adviser, the

broker-dealer or fund adviser shall erect and maintain a “fire wall” around the personnel who have access to information concerning changes and adjustments to the index and the index shall be calculated by a third-party who is not a broker-dealer or fund adviser;

(iv) Any advisory committee, supervisory board, or similar entity that advises a Reporting Authority or that makes decisions on the index composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable index.

(C) Regular Trading Hours will occur between 9:30 a.m. and 4:00 p.m. for each series of Exchange Traded Fund Shares. In addition, TXSE may designate a series of Exchange Traded Fund Shares for trading during a pre-market session beginning at 8:00 a.m. and/or a post-market session ending at 5:00 p.m.

(D) The minimum price variation for quoting and entry of orders in Exchange Traded Fund Shares is $0.01.

(2) Suspension of trading and removal. TXSE will consider the suspension of trading in, and will initiate delisting proceedings under the TXSE Rule Series 16.500 of, a series of Exchange Traded Fund Shares under any of the following circumstances:

(A) if TXSE becomes aware that the series of Exchange Traded Fund Shares is no longer eligible to operate in reliance on Rule 6c-11 under the Investment Company Act of 1940;

(B) if, following the initial twelve-month period after commencement of trading on TXSE of a series of Exchange Traded Fund Shares, there are fewer than 50 beneficial holders of such series of Exchange Traded Fund Shares;

(C) if any of the other requirements set forth in this TXSE Rule 17.104 are not continuously maintained; or

(D) if such other event shall occur or condition exists which in the opinion of TXSE, makes further dealings on TXSE inadvisable.

(c) Surveillance Procedures. TXSE will implement and maintain written surveillance procedures for Exchange Traded Fund Shares.

(d) Termination. Upon termination of an Exchange Traded Fund, TXSE requires that each series of Exchange Traded Fund Shares issued in connection with such entity be removed from listing.

(e) Neither TXSE, the Reporting Authority, nor any agent of TXSE shall have any liability for damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating any current index or portfolio value, the current value of the portfolio of securities required to be deposited to the open-end management investment company in connection with issuance of a series of Exchange Traded Fund Shares; the amount of any dividend equivalent payment or cash distribution to holders of a series of Exchange Traded Fund Shares; net asset value; or other information relating to the purchase, redemption or trading of a series of Exchange Traded Fund Shares, resulting from any negligent act or omission by TXSE, the Reporting Authority, or any agent of TXSE, or any act, condition or cause beyond the reasonable control of TXSE, its agent, or the Reporting Authority, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in one or more underlying securities.

(f) A security that has previously been approved for listing on the Exchange pursuant to the generic listing requirements specified in TXSE Rule 17.105(b) or 17.135(b)(1), or pursuant to an approval of a proposed rule change or subject to a notice of effectiveness by the Commission, may be considered for listing solely under this TXSE Rule 17.104 if such security is eligible to operate in reliance on Rule 6c-11 under the Investment Company Act of 1940. At the time of listing of such security under this TXSE Rule 17.104, the continued listing requirements applicable to such security will be those specified in paragraph (b) of this TXSE Rule 17.104. Any requirements for listing as specified in TXSE Rule 17.105(b) or 17.135(b)(1), or an approval order or notice of effectiveness of a separate proposed rule change, that differ from the requirements of this TXSE Rule 17.104 will no longer be applicable to such security.

Rule 17.105. Exchange Traded Funds: Portfolio Depository Receipts and Index Fund Shares

(a) Portfolio Depository Receipts

(1) Definitions. The following terms shall, unless the context otherwise requires, have the meanings herein specified:

(A) Portfolio Depository Receipt. The term “Portfolio Depository Receipt” means a security:

(i) that is based on a unit investment trust (“Trust”) which holds the securities which comprise an index or portfolio underlying a series of Portfolio Depository Receipts;

(ii) that is issued by the Trust in a specified aggregate minimum number in return for a “Portfolio Deposit” consisting of specified numbers of shares of stock and/or a cash amount, a

specified portfolio of fixed income securities and/or a cash amount and/or a combination of the above;

(iii) that, when aggregated in the same specified minimum number, may be redeemed from the Trust which will pay to the redeeming holder the stock and/or cash, fixed income securities and/or cash and/or a combination thereof then comprising the "Portfolio Deposit"; and

(iv) that pays holders a periodic cash payment corresponding to the regular cash dividends or distributions declared with respect to the component securities of the securities index or portfolio of securities underlying the Portfolio Depository Receipts, less certain expenses and other charges as set forth in the Trust prospectus.

(B) Reporting Authority. The term "Reporting Authority" in respect to a particular series of Portfolio Depository Receipts means TXSE, a wholly-owned subsidiary of TXSE, an institution (including the Trustee for a series of Portfolio Depository Receipts), or a reporting service designated by TXSE or its subsidiary as the official source for calculating and reporting information relating to such series, including, but not limited to, any current index or portfolio value; the current value of the portfolio of securities required to be deposited to the Trust in connection with issuance of Portfolio Depository Receipts; the amount of any dividend equivalent payment or cash distribution to holders of Portfolio Depository Receipts, net asset value, and other information relating to the creation, redemption or trading of Portfolio Depository Receipts.

Nothing in this paragraph shall imply that an institution or reporting service that is the source for calculating and reporting information relating to Portfolio Depository Receipts must be designated by TXSE; the term "Reporting Authority" shall not refer to an institution or reporting service not so designated.

(C) U.S. Component Stock. The term "U.S. Component Stock" shall mean an equity security that is registered under Sections 12(b) or 12(g) of the Act, or an ADR, the underlying equity security of which is registered under Sections 12(b) or 12(g) of the Act.

(D) Non-U.S. Component Stock. The term "Non-U.S. Component Stock" shall mean an equity security that (a) is not registered under Sections 12(b) or 12(g) of the Act, (b) is issued by an entity that is not organized, domiciled or incorporated in the United States and (c) is issued by an entity that is an operating company (including Real Estate Investment Trusts (REITs) and income trusts, but excluding investment trusts, unit trusts, mutual funds, and derivatives).

(2) TXSE requires that Members provide to all purchasers of a series of Portfolio Depository Receipts a written description of the terms and characteristics of such securities, not later than the time a confirmation of the first transaction in such series is delivered to such purchaser. In addition, Members shall include such a written description with any sales material relating to a series of Portfolio Depository Receipts that is provided to customers or the public. Any other written materials provided by a Member to customers or the public making specific reference to a series of Portfolio Depository Receipts as an investment vehicle must include a statement in substantially the following form: "A circular describing the terms and characteristics of [the series of Portfolio Depository Receipts] has been prepared by [Trust name] and is available from your broker or TXSE. It is recommended that you obtain and review such circular before purchasing [the series of Portfolio Depository Receipts]. In addition, upon request you may obtain from your broker a prospectus for [the series of Portfolio Depository Receipts]."

A Member carrying an omnibus account for a non-Member broker-dealer is required to inform such non-Member that execution of an order to purchase a series of Portfolio Depository Receipts for such omnibus account will be deemed to constitute agreement by the non-Member to make such written description available to its customers on the same terms as are directly applicable to Members and member organizations under this TXSE Rule.

Upon request of a customer, a Member shall also provide a prospectus for the particular series of Portfolio Depository Receipts.

(3) Equity. TXSE may approve a series of Portfolio Depository Receipts for listing and trading pursuant to Rule 19b-4(e) under the Act, provided each of the following criteria is satisfied:

(A) Eligibility Criteria for Index Components.

(i) U.S. Index or Portfolio. Component stocks of an index or portfolio of U.S. Component Stocks underlying such series of Portfolio Depository Receipts listed pursuant to Rule 19b-4(e) under the Act shall meet the following criteria on an initial and continued listing basis:

(a) Component stocks that in the aggregate account for at least 90% of the weight of the index or portfolio each shall have a minimum market value of at least $75 million;

(b) Component stocks that in the aggregate account for at least 90% of the weight of the index or portfolio each shall have a minimum monthly trading volume

during each of the last six (6) months of at least 250,000 shares;

(c) The most heavily weighted component stock shall not exceed 30% of the weight of the index or portfolio, and the five (5) most heavily weighted component stocks shall not exceed 65% of the weight of the index or portfolio;

(d) The index or portfolio shall include a minimum of 13 component stocks; and

(e) All securities in the index or portfolio shall be U.S. Component Stocks listed on TXSE or another national securities exchange and shall be NMS Stocks as defined in Rule 600 of Regulation NMS under the Act.

(ii) International or global index or portfolio. Components of an index or portfolio underlying a series of Portfolio Depository Receipts listed pursuant to Rule 19b-4(e) under the Act that consist of either only Non-U.S. Component Stocks or both U.S. Component Stocks and Non-U.S. Component Stocks shall meet the following criteria on an initial and continued listing basis:

(a) Component stocks that in the aggregate account for at least 90% of the weight of the index or portfolio each shall have a minimum market value of at least $100 million;

(b) Component stocks that in the aggregate account for at least 90% of the weight of the index or portfolio each shall have a minimum worldwide monthly trading volume during each of the last six (6) months of at least 250,000 shares;

(c) The most heavily weighted component stock shall not exceed 25% of the weight of the index or portfolio, and the five (5) most heavily weighted component stocks shall not exceed 60% of the weight of the index or portfolio;

(d) The index or portfolio shall include a minimum of 20 component stocks; and

(e) Each U.S. Component Stock shall be listed on a national securities exchange and shall be an NMS Stock as defined in Rule 600 of Regulation NMS under the Act, and each Non-U.S. Component Stock shall be listed and traded on an exchange that has last-sale reporting.

(iii) Index or portfolio approved in connection with derivative securities. For the initial and continued listing of a series of Portfolio Depository Receipts pursuant to Rule 19b-4(e) under the Act, the index or portfolio underlying a series of Portfolio Depository Receipts shall have been reviewed and approved for trading of options, Portfolio Depository Receipts, Index Fund Shares, Index-Linked Exchangeable Notes or Index-Linked Securities by the Commission under Section 19(b) of the Act and rules thereunder, and the conditions set forth in the Commission's approval order, including comprehensive surveillance sharing agreements with respect to Non-U.S. Component Stocks and the requirements regarding dissemination of information, must continue to be satisfied. On an initial and continued listing basis, each component stock of the index or portfolio shall be either

(a) a U.S. Component Stock that is listed on a national securities exchange and is an NMS Stock as defined in Rule 600 of Regulation NMS under the Act; or

(b) a Non-U.S. Component Stock that is listed and traded on an exchange that has last-sale reporting.

(B) Index Methodology and Calculation. All requirements set forth in this paragraph must be satisfied on both an initial and continued listing basis.

(i) If the index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect and maintain a "fire wall" around the personnel who have access to information concerning changes and adjustments to the index and the index shall be calculated by a third-party who is not a broker-dealer or fund advisor;

(ii) The current index value for Portfolio Depository Receipts listed pursuant to:

(a) TXSE Rule 17.105(a)(3)(A)(i) will be widely disseminated by one or more major market data vendors at least every 15 seconds during Regular Trading Hours.

(b) TXSE Rule 17.105(a)(3)(A)(ii) will be widely disseminated by one or more major market data vendors at least every 60 seconds during Regular Trading Hours; or

(c) TXSE Rule 17.105(a)(3)(A)(iii) will be widely disseminated by one or more major market data vendors at least every 15 seconds with respect to indexes containing only U.S. Component Stocks and at least every 60 seconds

with respect to indexes containing Non-U.S. Component Stocks, during Regular Trading Hours.

If the index value does not change during some or all of the period when trading is occurring on TXSE (for example, for indexes of Non-U.S. Component Stocks because of time zone differences or holidays in the countries where such indexes' component stocks trade), then the last official calculated index value must remain available throughout TXSE's trading hours; and

(iii) Any advisory committee, supervisory board or similar entity that advises a Reporting Authority or that makes decisions on the index or portfolio composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable index.

(C) Disseminated Information. The Reporting Authority will disseminate for each series of Portfolio Depository Receipts an estimate, updated at least every 15 seconds, of the value of a share of each series (the "Intraday Indicative Value") during Regular Trading Hours**.** The Intraday Indicative Value may be based, for example, upon current information regarding the required deposit of securities and cash amount to permit creation of new shares of the series or upon the index value. The Intraday Indicative Value will be updated at least every 15 seconds during Regular Trading Hours to reflect changes in the exchange rate between the U.S. dollar and the currency in which any component stock is denominated. If the Intraday Indicative Value does not change during some or all of the period when trading is occurring on TXSE, then the last official calculated Intraday Indicative Value must remain available throughout TXSE's trading hours. All requirements set forth in this paragraph must be satisfied on both an initial and continued listing basis.

(D) Initial Shares Outstanding. A minimum of 100,000 shares of a series of Portfolio Depository Receipts is required to be outstanding at start-up of trading.

(E) Surveillance Procedures. TXSE will implement and maintain written surveillance procedures for Portfolio Depository Receipts.

(F) Creation and redemption. For Portfolio Depository Receipts listed pursuant to TXSE Rule 17.105(a)(3)(A)(ii) or (iii) above, the statutory prospectus or the application for exemption from provisions of the Investment Company Act of 1940 for the series of Portfolio Depository Receipts must state that the Trust must comply with the federal securities laws in accepting securities for deposits and satisfying redemptions with

redemption securities, including that the securities accepted for deposits and the securities used to satisfy redemption requests are sold in transactions that would be exempt from registration under the Securities Act.

(4) Fixed Income. Fixed Income Securities are debt securities that are notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities ("Treasury Securities"), government-sponsored entity securities ("GSE Securities"), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or subdivision thereof. TXSE may approve a series of Portfolio Depositary Receipts based on Fixed Income Securities for listing and trading pursuant to Rule 19b-4(e) under the Act provided such portfolio or index: (i) has been reviewed and approved for the trading of options, Portfolio Depository Receipts, Index Fund Shares, Index-Linked Exchangeable Notes or Index-Linked Securities by the Commission under Section 19(b) of the Act and the rules thereunder and the conditions set forth in the Commission's approval order continue to be satisfied; or (ii) the following criteria are satisfied:

(A) Eligibility Criteria for Index Components. Components of an index or portfolio that underlies a series of Portfolio Depositary Receipts listed pursuant to Rule 19b-4(e) under the Act shall meet the following criteria on an initial and continued listing basis:

(i) the index or portfolio must consist of Fixed Income Securities;

(ii) components that in aggregate account for at least 75% of the weight of the index or portfolio must have a minimum original principal amount outstanding of $100 million or more;

(iii) a component may be a convertible security, however, once the convertible security component converts to an underlying equity security, the component is removed from the index or portfolio;

(iv) no component Fixed-Income Security (excluding Treasury Securities) will represent more than 30% of the weight of the index or portfolio, and the five (5) highest weighted component fixed-income securities do not in the aggregate account for more than 65% of the weight of the index or portfolio;

(v) an underlying index or portfolio (excluding exempted securities) must include securities from a minimum of 13 non-affiliated issuers; and

(vi) component securities that in aggregate account for at least 90% of the weight of the index or portfolio must be either:

(a) from issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Act; (b) from issuers that have a worldwide market value of its outstanding common equity held by non-affiliates of $700 million or more; (c) from issuers that have outstanding securities that are notes, bonds, debentures or evidence of indebtedness having a total remaining principal amount of at least $1 billion; (d) exempted securities as defined in Section 3(a)(12) of the Act; or (e) from issuers that are a government of a foreign country or a political subdivision of a foreign country.

(B) Index Methodology and Calculation. All requirements set forth in this paragraph must be satisfied on both an initial and continued listing basis.

(i) If the index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect and maintain a “fire wall” around the personnel who have access to information concerning changes and adjustments to the index and the index shall be calculated by a third-party who is not a broker-dealer or fund advisor;

(ii) the current index value will be widely disseminated by one or more major market data vendors at least once per day; and

(iii) any advisory committee, supervisory board or similar entity that advises a Reporting Authority or that makes decisions on the index composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable index.

(5) TXSE may approve a series of Portfolio Depositary Receipts based on a combination of indexes or an index or portfolio of component securities representing the U.S. equity market, the international equity market and the fixed income market for listing and trading pursuant to Rule 19b-4(e) under the Act provided: (i) each index has been reviewed and approved for the trading of options, Portfolio Depository Receipts, Index Fund Shares, Index-Linked Exchangeable Notes or Index-Linked Securities by the Commission under Section 19(b) of the Act and rules thereunder and the conditions set forth in the Commission’s approval order continue to be satisfied; or (ii) each index or portfolio of equity and fixed income component securities separately meets either the criteria set forth in TXSE Rule 17.105(a)(3) or (4) above. After TXSE approves a series for listing and trading pursuant to this paragraph (5), such series of Portfolio Depositary Receipts shall continue to meet the requirements of sections (i) and (ii) in this paragraph (5), as applicable, on a continued listing basis.

(A) Index Methodology and Calculation. All requirements set forth in this paragraph must be satisfied on both an initial and continued listing basis.

(i) If an index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect and maintain a "fire wall" around the personnel who have access to information concerning changes and adjustments to the index and the index shall be calculated by a third-party who is not a broker-dealer or fund advisor;

(ii) the current composite index value will be widely disseminated by one or more major market data vendors at least once every 15 seconds during Regular Trading Hours, provided however, that (a) with respect to the Non-U.S. Component Stocks of the combination index, the impact on the index is only required to be updated at least every 60 seconds during Regular Trading Hours and (b) with respect to the fixed income components of the combination index the impact on the index is only required to be updated at least once each day; and

(iii) any advisory committee, supervisory board, or similar entity that advises a Reporting Authority or that makes decisions on index composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable index.

(6) The following provisions shall apply to all series of Portfolio Depositary Receipts listed pursuant to TXSE Rules 17.105(a)(4) and (5) above:

(A) Disseminated Information. The Reporting Authority will disseminate for each series of Portfolio Depositary Receipts an estimate, updated at least every 15 seconds, of the Intraday Indicative Value. The Intraday Indicative Value may be based, for example, upon current information regarding the required deposit of securities and cash amount to permit creation of new shares of the series or upon the index value. The Intraday Indicative Value may be calculated by TXSE or by an independent third-party throughout the day using prices obtained from independent market data providers or other independent pricing sources such as a broker-dealer or price evaluation services. All requirements set forth in this paragraph must be satisfied on both an initial and continued listing basis.

(B) Initial Shares Outstanding. A minimum of 100,000 shares of a series of Portfolio Depositary Receipts is required to be outstanding at start-up of trading.

(C) Surveillance Procedures. TXSE will implement and maintain written surveillance procedures for Portfolio Depositary Receipts.

(7) Regular Trading Hours will occur between 9:30 a.m. and 4:00 p.m. for each series of Portfolio Depository Receipts. In addition, TXSE may designate each series of Portfolio Depository Receipts for trading during the Pre-Market Session beginning at 8:00 a.m. and/or the Post-Market Session ending at 5:00 p.m.

(8) TXSE may list and trade Portfolio Depository Receipts based on one or more indexes or portfolios. The Portfolio Depository Receipts based on each particular index or portfolio, or combination thereof, shall be designated as a separate series and shall be identified by a unique symbol. The components of an index or portfolio on which Portfolio Depository Receipts are based shall be selected by TXSE or its agent, a wholly-owned subsidiary of TXSE or by such other person as shall have a proprietary interest in and authorized use of such index or portfolio, and may be revised from time to time as may be deemed necessary or appropriate to maintain the quality and character of the index or portfolio.

(9) A Trust upon which a series of Portfolio Depository Receipts is based will be listed and traded on TXSE subject to application of the following criteria:

(A) Initial Listing.

(i) for each Trust, TXSE will establish a minimum number of Portfolio Depository Receipts required to be outstanding at the time of commencement of trading on TXSE.

(ii) TXSE will obtain a representation from the issuer of each series of Portfolio Depository Receipts that the net asset value per share for the series will be calculated daily and will be made available to all market participants at the same time.

(B) Continued Listing.

(i) TXSE will consider the suspension of trading in, and will initiate delisting proceedings under the TXSE Rule Series 16.500, of a Trust upon which a series of Portfolio Depository Receipts is based under any of the following circumstances:

(a) if any of the requirements set forth in this rule are not continuously maintained; or

(b) if TXSE files separate proposals under Section 19(b) of the Act, any of the statements or representations regarding the index composition, the description of the

portfolio, limitations on portfolio holdings or reference assets, dissemination and availability of the index or Intraday Indicative Values, or the applicability of TXSE listing rules specified in such proposals, are not continuously maintained as referenced in subsection 10 of this rule:

(c) if, following the initial twelve-month period after the formation of a Trust and commencement of trading on TXSE, the Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Portfolio Depository Receipts;

(d) if the value of the index or portfolio of securities on which the Trust is based is no longer calculated or available or an interruption to the dissemination of the value of the index or portfolio of securities persists past the trading day in which it occurred or the index or portfolio on which the Trust is based is replaced with a new index or portfolio, unless the new index or portfolio meets the requirements of this TXSE Rule 17.105(a) for listing either pursuant to Rule 19b-4(e) under the Act (including the filing of a Form 19b-4(e) with the Commission) or by Commission approval of a filing pursuant to Section 19(b) of the Act;

(e) if the Intraday Indicative Value is no longer disseminated at least every 15 seconds during Regular Trading Hours and the interruption to the dissemination persists past the trading day in which it occurred; or

(f) if such other event shall occur or condition exists which in the opinion of TXSE, makes further dealings on TXSE inadvisable.

Upon termination of a Trust, TXSE requires that Portfolio Depository Receipts issued in connection with such Trust be removed from listing. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of securities in the Trust falls below a specified amount.

(C) Term. The stated term of the Trust shall be as stated in the Trust prospectus. However, a Trust may be terminated under such earlier circumstances as may be specified in the Trust prospectus.

(D) Voting. Voting rights shall be as set forth in the Trust prospectus. The Trustee of a Trust may have the right to vote all of the voting securities of such Trust.

(10) TXSE may submit a rule filing pursuant to Section 19(b) of the Act to permit the listing and trading of Portfolio Depositary Receipts that do not otherwise meet the standards set forth in this rule. Any of the statements or representations regarding the index composition, the description of the portfolio, limitations on portfolio holdings or reference assets, dissemination and availability of the index or Intraday Indicative Values, or the applicability of TXSE listing rules specified in such proposals, constitute continued listing standards.

(11) Neither TXSE, the Reporting Authority nor any agent of TXSE shall have any liability for damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating any current index or portfolio value, the current value of the portfolio of securities required to be deposited to the Trust; the amount of any dividend equivalent payment or cash distribution to holders of Portfolio Depository Receipts; net asset value; or other information relating to the creation, redemption or trading of Portfolio Depository Receipts, resulting from any negligent act or omission by TXSE, the Reporting Authority or any agent of TXSE or any act, condition or cause beyond the reasonable control of TXSE, its agent or the Reporting Authority, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in one or more underlying securities.

(b) Index Fund Shares

(1) Definitions. The following terms shall, unless the context otherwise requires, have the meanings herein specified:

(A) Index Fund Share. The term “Index Fund Share” means a security:

(i) that is issued by an open-end management investment company based on a portfolio of stocks or fixed income securities or a combination thereof, that seeks to provide investment results that correspond generally to the price and yield performance or total return performance of a specified foreign or domestic stock index, fixed income securities index or combination thereof;

(ii) that is issued by such an open-end management investment company in a specified aggregate minimum number in return for a deposit of specified numbers of shares of stock and/or a cash amount, a specified portfolio of fixed income securities and/or a cash amount and/or a combination of the above, with a value equal to the next determined net asset value; and

(iii) that, when aggregated in the same specified minimum number, may be redeemed at a holder's request by such open-end investment company which will pay to the redeeming holder the stock and/or cash, fixed income securities and/or cash and/or a combination thereof, with a value equal to the next determined net asset value.

(B)

(i) The term "Index Fund Share" includes a security issued by an open-end management investment company that seeks to provide investment results that either exceed the performance of a specified domestic equity, international or global equity, or fixed income index or a combination thereof by a specified multiple ("Multiple Share") or that correspond to the inverse (opposite) of the performance of a specified domestic equity, international or global equity, or fixed income index or a combination thereof by a specified multiple ("Inverse Share"). Such a security is issued in a specified aggregate number in return for a deposit of a specified number of shares of stock, a specified portfolio of fixed income securities or a combination of the above and/or cash as defined in subparagraph (1)(B)(ii) of this rule with a value equal to the next determined net asset value. When aggregated in the same specified minimum number, Index Fund Shares may be redeemed at a holder's request by such open-end investment company which will pay to the redeeming holder the stock, fixed income securities or a combination thereof and/or cash with a value equal to the next determined net asset value.

(ii) In order to achieve the investment result that it seeks to provide, such an investment company may hold a combination of financial instruments, including, but not limited to, stock index futures contracts; options on futures contracts; options on securities and indices; equity caps, collars and floors; swap agreements; forward contracts; repurchase agreements and reverse repurchase agreements (the "Financial Instruments"), but only to the extent and in the amounts or percentages as set forth in the registration statement for such Index Fund Shares.

(iii) Any open-end management investment company which issues Index Fund Shares referenced in this subparagraph (1)(B) that seeks to provide investment results, before fees and expenses, in an amount that exceeds -300% of the percentage performance on a given day of a particular domestic equity, international or global equity or fixed income securities index or a combination thereof shall not be approved by the Exchange for listing and trading pursuant to Rule 19b-4(e) under the Act.

(iv) For the initial and continued listing of a series of Multiple or Inverse Shares, the following requirements must be adhered to:

(a) Daily public website disclosure of portfolio holdings that will form the basis for the calculation of the net asset value by the issuer of such series of Multiple or Inverse Shares, including, as applicable, the following instruments:

A. The identity and number of shares held of each specific equity security;

B. The identity and amount held for each specific fixed income security;

C. The specific types of Financial Instruments and characteristics of such Financial Instruments; and

D. Cash equivalents and the amount of cash held in the portfolio.

(b) In addition, if the investment objective of the Multiple or Inverse Share is to measure returns on a daily basis, the website must include a statement in substantially the following form: “The seeks returns that are the returns of the underlying index for a single day. Due to the compounding of daily returns, holding periods of greater than one (1) day can result in returns that are significantly different than the target return. Investors should consult the prospectus for further details on the calculation of the returns and the risks associated with investing in this product.”

(c) If the Exchange becomes aware that the net asset value related to Multiple or Inverse Shares is not being disseminated to all market participants at the same time or the daily public website disclosure of portfolio holdings does not occur, the Exchange shall halt trading in such series of Index Fund Shares, as appropriate. The Exchange may resume trading in such Index Fund Shares only when the net asset value is disseminated to all market participants at the same time or the daily public website disclosure of portfolio holdings occurs, as appropriate.

(C) Reporting Authority. The term “Reporting Authority” in respect of a particular series of Index Fund Shares means TXSE, a wholly-owned subsidiary of TXSE or an institution or reporting service designated by TXSE or its subsidiary as the official source for calculating

and reporting information relating to such series, including, but not limited to, any current index or portfolio value; the current value of the portfolio of any securities required to be deposited in connection with issuance of Index Fund Shares; the amount of any dividend equivalent payment or cash distribution to holders of Index Fund Shares, net asset value and other information relating to the issuance, redemption or trading of Index Fund Shares.

Nothing in this paragraph shall imply that an institution or reporting service that is the source for calculating and reporting information relating to Index Fund Shares must be designated by TXSE; the term "Reporting Authority" shall not refer to an institution or reporting service not so designated.

(D) U.S. Component Stock. The term "U.S. Component Stock" shall mean an equity security that is registered under Sections 12(b) or 12(g) of the Act, or an ADR, the underlying equity security of which is registered under Sections 12(b) or 12(g) of the Act.

(E) Non-U.S. Component Stock. The term "Non-U.S. Component Stock" shall mean an equity security that (a) is not registered under Sections 12(b) or 12(g) of the Act, (b) is issued by an entity that is not organized, domiciled or incorporated in the United States and (c) is issued by an entity that is an operating company (including Real Estate Investment Trusts (REITs) and income trusts, but excluding investment trusts, unit trusts, mutual funds and derivatives).

(F) Portfolio Holdings. The term "Portfolio Holdings" means the holdings of a particular series of Index Fund Shares that will form the basis for the calculation of its net asset value at the end of the business day. For purposes of this rule, Portfolio Holdings includes the following information, to the extent applicable:

(i) Ticker symbol;

(ii) CUSIP or other identifier;

(iii) Description of the holding;

(iv) Identity of the security, commodity, index or other asset upon which the derivative is based;

(v) The strike price for any options;

(vi) The quantity of each security or other asset held as measured by:

(a) Par value;

(b) Notional value;

(c) Number of shares;

(d) Number of contracts; and

(e) Number of units;

(vii) Maturity date;

(viii) Coupon rate;

(ix) Effective date;

(x) Market value; and

(xi) Percentage weighting of the holding in the portfolio.

(2) TXSE requires that Members provide to all purchasers of a series of Index Fund Shares a written description of the terms and characteristics of such securities, in a form prepared by the open-end management investment company issuing such securities, not later than the time a confirmation of the first transaction in such series is delivered to such purchaser. In addition, Members shall include such a written description with any sales material relating to a series of Index Fund Shares that is provided to customers or the public. Any other written materials provided by a Member to customers or the public making specific reference to a series of Index Fund Shares as an investment vehicle must include a statement in substantially the following form: “A circular describing the terms and characteristics of [the series of Index Fund Shares] has been prepared by the [open-end management investment company name] and is available from your broker or TXSE. It is recommended that you obtain and review such circular before purchasing [the series of Index Fund Shares]. In addition, upon request you may obtain from your broker a prospectus for [the series of Index Fund Shares].”

A Member carrying an omnibus account for a non-Member broker-dealer is required to inform such non-Member that execution of an order to purchase a series of Index Fund Shares for such omnibus account will be deemed to constitute agreement by the non-Member to make such written description available to its customers on the same terms as are directly applicable to Members and member organizations under this rule.

Upon request of a customer, a Member shall also provide a prospectus for the particular series of Index Fund Shares.

(3) Equity. TXSE may approve a series of Index Fund Shares for listing and trading pursuant to Rule 19b-4(e) under the Act provided each of the

following criteria is satisfied, on an initial and, except for paragraph (D) below, continued listing basis:

(A) Eligibility Criteria for Index Components.

(i) U.S. Index or Portfolio. Component stocks of an index or portfolio of (a) only U.S. Component Stocks or (b) U.S. Component Stocks and cash underlying a series of Index Fund Shares listed pursuant to Rule 19b-4(e) under the Act shall meet the following criteria on an initial and continued listing basis:

(a) Component stocks (excluding "Derivative Securities Products" as defined in this subsection (a)) that in the aggregate account for at least 90% of the weight of the U.S. Component Stocks portion of the index or portfolio (excluding Derivative Securities Products) each shall have a minimum market value of at least $75 million;

"Derivative Securities Products" include the following: Exchange Traded Fund Shares (TXSE Rule 17.104); Portfolio Depository Receipts and Index Fund Shares (TXSE Rule 17.105); Trust Issued Receipts (TXSE Rule 17.120); Commodity-Based Trust Shares, Currency Trust Shares, Commodity Index Trust Shares, Commodity Futures Trust Shares, Partnership Units, Trust Units, Managed Trust Securities (TXSE Rule 17.111); and Managed Fund Shares (TXSE Rule 17.135).

(b) Component stocks (excluding Derivative Securities Products) that in the aggregate account for at least 70% of the U.S. Component Stocks portion of the weight of the index or portfolio (excluding Derivative Securities Products) each shall have a minimum monthly trading volume of 250,000 shares or minimum notional volume traded per month of $25,000,000, averaged over the last six (6) months;

(c) The most heavily weighted component stock (excluding Derivative Securities Products) shall not exceed 30% of the U.S. Component Stocks portion of the weight of the index or portfolio, and, to the extent applicable, the five (5) most heavily weighted component stocks (excluding Derivative Securities Products) shall not exceed 65% of the U.S. Component Stocks portion of the weight of the index or portfolio;

(d) The index or portfolio shall include a minimum of 13 component stocks; provided, however, that there shall be no minimum number of component stocks if either one or more series of Index Fund Shares or Portfolio Depositary Receipts constitute, at least in part, components underlying a series of Index Fund Shares, or one or more series of Derivative Securities Products account for 100% of the U.S. Component Stocks portion of the weight of the index or portfolio; and

(e) All securities in the index or portfolio shall be U.S. Component Stocks listed on TXSE or another national securities exchange and shall be NMS Stocks as defined in Rule 600 of Regulation NMS under the Act.

(ii) International or global index or portfolio. Components of an index or portfolio underlying a series of Index Fund Shares listed pursuant to Rule 19b-4(e) that consist of (a) only Non-U.S. Component Stocks, (b) Non-U.S. Component Stocks and cash, (c) both U.S. Component Stocks and Non-U.S. Component Stocks or (d) U.S. Component Stocks, Non-U.S. Component Stocks and cash shall meet the following criteria on an initial and continued listing basis:

(a) Component stocks (excluding Derivative Securities Products) that in the aggregate account for at least 90% of the weight of the U.S. and Non-U.S. Component Stocks portions of the index or portfolio (excluding Derivative Securities Products) each shall have a minimum market value of at least $100 million;

(b) Component stocks (excluding Derivative Securities Products) that in the aggregate account for at least 70% of the U.S. and Non-U.S. Component Stocks portions of the weight of the index or portfolio (excluding Derivative Securities Products) each shall have a minimum worldwide monthly trading volume of at least 250,000 shares, or minimum global notional volume traded per month of $25,000,000, averaged over the last six (6) months;

(c) The most heavily weighted component stock (excluding Derivative Securities Products) shall not exceed 25% of the combined U.S. and Non-U.S. Component Stocks portions of the weight of the index or portfolio, and, to the extent applicable, the five (5) most heavily weighted component stocks (excluding Derivative Securities Products) shall not exceed 60% of the combined U.S. and Non-U.S.

Component Stocks portions of the weight of the index or portfolio;

(d) The index or portfolio shall include a minimum of 20 component stocks; provided, however, that there shall be no minimum number of component stocks if either one or more series of Index Fund Shares or Portfolio Depositary Receipts constitute, at least in part, components underlying a series of Index Fund Shares, or one or more series of Derivative Securities Products account for 100% of the weight of the combined U.S. and Non-U.S. Component Stocks portions of the index or portfolio; and

(e) Each U.S. Component Stock shall be listed on a national securities exchange and shall be an NMS Stock as defined in Rule 600 of Regulation NMS under the Act, and each Non-U.S. Component Stock shall be listed and traded on an exchange that has last-sale reporting.

(iii) Index or portfolio approved in connection with derivative securities. For the initial and continued listing of a series of Index Fund Shares pursuant to Rule 19b-4(e) under the Act, the index or portfolio underlying a series of Index Fund Shares shall have been reviewed and approved for trading of options, Portfolio Depository Receipts, Index Fund Shares, Index-Linked Exchangeable Notes or Index-Linked Securities by the Commission under Section 19(b) of the Act and rules thereunder, and the conditions set forth in the Commission's approval order, including comprehensive surveillance sharing agreements with respect to Non-U.S. Component Stocks and the requirements regarding dissemination of information, must continue to be satisfied. On an initial and continued listing basis, each component stock of the index or portfolio shall be either

(a) a U.S. Component Stock that is listed on a national securities exchange and is an NMS Stock as defined in Rule 600 of Regulation NMS under the Act, or

(b) a Non-U.S. Component Stock that is listed and traded on an exchange that has last-sale reporting.

(B) Index Methodology and Calculation. All requirements set forth in this paragraph must be satisfied on both an initial and continued listing basis.

(i) If the index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect and maintain a

"fire wall" around the personnel who have access to information concerning changes and adjustments to the index and the index shall be calculated by a third-party who is not a broker-dealer or fund advisor;

(ii) The current index value for Index Fund Shares listed pursuant to:

(a) TXSE Rule 17.105(b)(3)(A)(i) will be widely disseminated by one or more major market data vendors at least every 15 seconds during Regular Trading Hours;

(b) TXSE Rule 17.105(b)(3)(A)(ii) will be widely disseminated by one or more major market data vendors at least every 60 seconds during Regular Trading Hours; or

(c) TXSE Rule 17.105(b)(3)(A)(iii) will be widely disseminated by one or more major market data vendors at least every 15 seconds with respect to indexes containing only U.S. Component Stocks and at least every 60 seconds with respect to indexes containing Non-U.S. Component Stocks, during Regular Trading Hours

If the index value does not change during some or all of the period when trading is occurring on TXSE (for example, for indexes of Non-U.S. Component Stocks because of time zone differences or holidays in the countries where such indexes' component stocks trade), then the last official calculated index value must remain available throughout TXSE's trading hours; and

(iii) Any advisory committee, supervisory board or similar entity that advises a Reporting Authority or that makes decisions on the index or portfolio composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable index.

(C) Disseminated Information. Where a series of Index Fund Shares does not publish its Portfolio Holdings on its website on a daily basis, the Reporting Authority will disseminate for each series of Index Fund Shares an estimate, updated at least every 15 seconds, of the Intraday Indicative Value during Regular Trading Hours. The Intraday Indicative Value may be based, for example, upon current information regarding the required deposit of securities and cash amount to permit creation of new shares of the series or upon the index value. The Intraday Indicative Value will be updated at least every 15 seconds during Regular

Trading Hours; to reflect changes in the exchange rate between the U.S. dollar and the currency in which any component stock is denominated. If the Intraday Indicative Value does not change during some or all of the period when trading is occurring on TXSE, then the last official calculated Intraday Indicative Value must remain available throughout TXSE's trading hours. All requirements set forth in this paragraph must be satisfied on an initial and continued listing basis. Where a series of Index Fund Shares publishes its Portfolio Holdings on its website on a daily basis, there is no obligation to disseminate an Intraday Indicative Value.

(D) Initial Shares Outstanding. A minimum of 100,000 shares of a series of Index Fund Shares is required to be outstanding at start-up of trading.

(E) Surveillance Procedures. TXSE will implement and maintain written surveillance procedures for Index Fund Shares.

(F) Creation and redemption. For Index Fund Shares listed pursuant to TXSE Rule 17.105(b)(3)(A)(ii) or (iii) above, the statutory prospectus or the application for exemption from provisions of the Investment Company Act of 1940 for the series of Index Fund Shares must state that the series of Index Fund Shares must comply with the federal securities laws in accepting securities for deposits and satisfying redemptions with redemption securities, including that the securities accepted for deposits and the securities used to satisfy redemption requests are sold in transactions that would be exempt from registration under the Securities Act.

(4) Fixed Income. Fixed Income Securities are debt securities that are notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, Treasury Securities, GSE Securities, municipal securities, trust preferred securities, supranational debt and debt of a foreign country or subdivision thereof. TXSE may approve a series of Index Fund Shares based on Fixed Income Securities for listing and trading pursuant to Rule 19b-4(e) under the Act provided such portfolio or index: (i) has been reviewed and approved for the trading of options, Portfolio Depository Receipts, Index Fund Shares, Index-Linked Exchangeable Notes or Index-Linked Securities by the Commission under Section 19(b) of the Act and the rules thereunder and the conditions set forth in the Commission's approval order continue to be satisfied; or (ii) the following criteria are satisfied:

(A) Eligibility Criteria for Index Components. Components of an index or portfolio that underlies a series of Index Fund Shares listed pursuant to Rule 19b-4(e) under the Act shall meet the following criteria on an initial and continued listing basis:

(i) The index or portfolio must consist of (a) only Fixed Income Securities or (b) Fixed Income Securities and cash;

(ii) Components that in aggregate account for at least 75% of the weight of the index or portfolio must have a minimum original principal amount outstanding of $100 million or more;

(iii) A component may be a convertible security, however, once the convertible security component converts to an underlying equity security, the component is removed from the index or portfolio;

(iv) No component fixed-income security (excluding Treasury Securities) will represent more than 30% of the Fixed Income Securities portion of the weight of the index or portfolio, and the five (5) highest weighted component fixed-income securities do not in the aggregate account for more than 65% of the Fixed Income Securities portion of the weight of the index or portfolio;

(v) An underlying index or portfolio (excluding one consisting entirely of exempted securities) must include securities from a minimum of 13 non-affiliated issuers; and

(vi) Component securities that in aggregate account for at least 90% of the Fixed Income Securities portion of the weight of the index or portfolio must be either: (a) from issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Act; (b) from issuers that have a worldwide market value of its outstanding common equity held by non-affiliates of $700 million or more; (c) from issuers that have outstanding securities that are notes, bonds, debentures or evidence of indebtedness having a total remaining principal amount of at least $1 billion; (d) exempted securities as defined in Section 3(a)(12) of the Act; or (e) from issuers that are a government of a foreign country or a political subdivision of a foreign country.

(B) Index Methodology and Calculation. All requirements set forth in this paragraph must be satisfied on both an initial and continued listing basis.

(i) If the index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect and maintain a “fire wall” around the personnel who have access to information concerning changes and adjustments to the index and the index shall be calculated by a third-party who is not a broker-dealer or fund advisor;

(ii) The current index value will be widely disseminated by one or more major market data vendors at least once per day; and

(iii) Any advisory committee, supervisory board or similar entity that advises a Reporting Authority or that makes decisions on the index composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable index.

(5) TXSE may approve a series of Index Fund Shares based on a combination of indexes or an index or portfolio of component securities representing the U.S. equity market, the international equity market and the fixed income market for listing and trading pursuant to Rule 19b-4(e) under the Act provided: (i) such portfolio or combination of indexes has been reviewed and approved for the trading of options, Portfolio Depository Receipts, Index Fund Shares, Index-Linked Exchangeable Notes or Index-Linked Securities by the Commission under Section 19(b) of the Act and rules thereunder and the conditions set forth in the Commission's approval order continue to be satisfied; or (ii) each index or portfolio of equity and fixed income component securities separately meets either the criteria set forth in TXSE Rule 17.105(b)(3) or (4) above. After TXSE approves a series for listing and trading pursuant to this paragraph (5), such series of Index Fund Shares shall continue to meet the requirements of sections (i) and (ii) in this paragraph (5), as applicable, on a continued listing basis.

(A) Index Methodology and Calculation. All requirements set forth in this paragraph must be satisfied on both an initial and continued listing basis.

(i) If an index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect and maintain a "fire wall" around the personnel who have access to information concerning changes and adjustments to the index and the index shall be calculated by a third-party who is not a broker-dealer or fund advisor;

(ii) The current composite index value will be widely disseminated by one or more major market data vendors at least once every 15 seconds during Regular Trading Hours, provided however, that (a) with respect to the Non-U.S. Component Stocks of the combination index, the impact on the index is only required to be updated at least every 60 seconds during Regular Trading Hours and (b) with respect to the fixed income components of the combination index the impact on the index is only required to be updated at least once each day; and

(iii) Any advisory committee, supervisory board or similar entity that advises a Reporting Authority or that makes decisions on index composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable index.

(6) The following provisions shall apply to all series of Index Fund Shares listed pursuant to TXSE Rules 17.105(b)(4) and (5) above on an initial and, except for paragraph (B) below, continued listing basis:

(A) Disseminated Information. Where a series of Index Fund Shares does not publish its Portfolio Holdings on its website on a daily basis, the Reporting Authority will disseminate for each series of Index Fund Shares an estimate, updated at least every 15 seconds, of the Intraday Indicative Value. The Intraday Indicative Value may be based, for example, upon current information regarding the required deposit of securities and cash amount to permit creation of new shares of the series or upon the index value. The Intraday Indicative Value may be calculated by TXSE or by an independent third-party throughout the day using prices obtained from independent market data providers or other independent pricing sources such as a broker-dealer or price evaluation services. Where a series of Index Fund Shares publishes its Portfolio Holdings on its website on a daily basis, there is no obligation to disseminate an Intraday Indicative Value.

(B) Initial Shares Outstanding. A minimum of 100,000 shares of a series of Index Fund Shares is required to be outstanding at start-up of trading.

(C) Surveillance Procedures. TXSE will implement and maintain written surveillance procedures for Index Fund Shares.

(7) Regular Trading Hours will occur between 9:30 a.m. and 4:00 p.m. for each series of Index Fund Shares. In addition, TXSE may designate each series of Index Fund Shares for trading during a pre-market session beginning at 8:00 a.m. and/or a post-market session ending at 5:00 p.m.

(8) TXSE may list and trade Index Fund Shares based on one or more foreign or domestic indexes or portfolios. Each issue of Index Fund Shares based on each particular index or portfolio, or combination thereof, shall be designated as a separate series and shall be identified by a unique symbol. The components that are included in an index or portfolio on which a series of Index Fund Shares are based shall be selected by such person, which may be TXSE or an agent or wholly-owned subsidiary thereof, as shall have authorized use of such index or portfolio. Such index or portfolio may be revised from time to time

as may be deemed necessary or appropriate to maintain the quality and character of the index or portfolio.

(9) Each series of Index Fund Shares will be listed and traded on TXSE subject to application of the following criteria:

(A) Initial Listing —

(i) for each series, TXSE will establish a minimum number of Index Fund Shares required to be outstanding at the time of commencement of trading on TXSE.

(ii) TXSE will obtain a representation from the issuer of each series of Index Fund Shares that the net asset value per share for the series will be calculated daily and will be made available to all market participants at the same time.

(B) Continued Listing —

(i) TXSE will consider the suspension of trading in, and will initiate delisting proceedings under the TXSE Rule 16.500 of a series of Index Fund Shares under any of the following circumstances:

(a) if any of the requirements set forth in this rule are not continuously maintained;

(b) if TXSE files separate proposals under Section 19(b) of the Act, any of the statements or representations regarding (a) the index composition; (b) the description of the portfolio; (c) limitations on Portfolio Holdings or reference assets; (d) dissemination and availability of the index or Intraday Indicative Values; or (e) the applicability of TXSE listing rules specified in such proposals are not continuously maintained as referenced in subsection 10 of this rule;

(c) if, following the initial twelve-month period after commencement of trading on TXSE of a series of Index Fund Shares, there are fewer than 50 beneficial holders of the series of Index Fund Shares;

(d) if the value of the index or portfolio of securities on which the series of Index Fund Shares is based is no longer calculated or available or an interruption to the dissemination persists past the trading day in which it occurred or the index or portfolio on which the series of Index Fund Shares is based is replaced with a new index or portfolio, unless the new index or portfolio meets the

requirements of this TXSE Rule 17.105(b) for listing either pursuant to Rule 19b-4(e) under the Act (including the filing of a Form 19b-4(e) with the Commission) or by Commission approval of a filing pursuant to Section 19(b) of the Act;

(e) if the Intraday Indicative Value, if applicable, is no longer disseminated at least every 15 seconds during Regular Trading Hours and the interruption to the dissemination persists past the trading day in which it occurred; or

(f) if such other event shall occur or condition exists which in the opinion of TXSE, makes further dealings on TXSE inadvisable.

Upon termination of an open-end management investment company, TXSE requires that Index Fund Shares issued in connection with such entity be removed from listing.

(C) Voting — voting rights shall be as set forth in the applicable open-end management investment company prospectus.

(10) TXSE may submit a rule filing pursuant to Section 19(b) of the Act to permit the listing and trading of Index Fund Shares that do not otherwise meet the standards set forth in this rule. Any of the statements or representations regarding (a) the index composition; (b) the description of the portfolio; (c) limitations on Portfolio Holdings or reference assets; (d) dissemination and availability of the index or Intraday Indicative Values; or (e) the applicability of TXSE listing rules specified in such proposals constitute continued listing standards.

(11) Neither TXSE, the Reporting Authority, nor any agent of TXSE shall have any liability for damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating any current index or portfolio value, the current value of the portfolio of securities required to be deposited to the open-end management investment company in connection with issuance of Index Fund Shares; the amount of any dividend equivalent payment or cash distribution to holders of Index Fund Shares; net asset value; or other information relating to the purchase, redemption or trading of Index Fund Shares, resulting from any negligent act or omission by TXSE, the Reporting Authority, or any agent of TXSE, or any act, condition or cause beyond the reasonable control of TXSE, its agent, or the Reporting Authority, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in one or more underlying securities.

Rule 17.110. Securities Linked to the Performance of Indexes and Commodities (Including Currencies)

TXSE will consider for listing and trading equity index-linked securities ("Equity Index-Linked Securities") and commodity-linked securities ("Commodity-Linked Securities"), fixed income index-linked securities ("Fixed Income Index-Linked Securities"), futures-linked securities ("Futures-Linked Securities") and multifactor index-linked securities ("Multifactor Index-Linked Securities" and, together with Equity Index-Linked Securities, Commodity-Linked Securities, Fixed Income Index-Linked Securities and Futures-Linked Securities, "Linked Securities") that in each case meet the applicable criteria of this TXSE Rule.

Equity Index-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance of an underlying equity index or indexes (an "Equity Reference Asset").

The payment at maturity with respect to Commodity-Linked Securities is based on one or more physical Commodities or Commodity futures, options or other Commodity derivatives, Commodity-Related Securities or a basket or index of any of the foregoing (any such basis for payment is referred to below as the "Commodity Reference Asset"). The terms "Commodity" and "Commodity-Related Security" are defined in TXSE Rule 17.127.

The payment at maturity with respect to Fixed Income Index-Linked Securities is based on the performance of one or more indexes or portfolios of notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, Treasury Securities, GSE Securities, municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof or a basket or index of any of the foregoing (a "Fixed Income Reference Asset").

The payment at maturity with respect to Futures-Linked Securities is based on the performance of an index of (a) futures on Treasury Securities, GSE Securities, supranational debt and debt of a foreign country or a subdivision thereof, or options or other derivatives on any of the foregoing; or (b) interest rate futures or options or derivatives on the foregoing in this subparagraph (b); or (c) CBOE Volatility Index (VIX) Futures (a "Futures Reference Asset").

The payment at maturity with respect to Multifactor Index-Linked Securities is based on the performance of any combination of two (2) or more Equity Reference Assets, Commodity Reference Assets, Fixed Income Reference Assets or Futures Reference Assets (a "Multifactor Reference Asset", and together with Equity Reference Asset, Commodity Reference Asset, Fixed Income Reference Asset and Futures Reference Asset, "Reference Assets"). A Multifactor Reference Asset may include as a component a notional investment in cash or a cash equivalent based on a widely accepted overnight loan interest rate, LIBOR, Prime Rate or an implied interest rate based on observed market spot and foreign currency forward rates.

Linked Securities may or may not provide for the repayment of the original principal investment amount. TXSE will consider Linked Securities for listing and trading pursuant to Rule 19b-4(e) under the Act, provided:

(a) Both the issue and the issuer of such security initially meet and continuously maintain the criteria for other securities set forth in TXSE Rule 17.130(a)**,** except that if the security is traded in $1,000 denominations or is redeemable at the option of holders thereof on at least a weekly basis, then no minimum number of holders and no minimum public distribution of trading units shall be required.

(b) The issue has a term of not less than one (1) year and not greater than thirty (30) years.

(c) The issue must, on an initial and continued listing basis, be the non-convertible debt of the Company.

(d) On an initial and continued listing basis, the payment at maturity may or may not provide for a multiple of the direct or inverse performance of an underlying index, indexes or Reference Asset; however, in no event will a loss (negative payment) at maturity be accelerated by a multiple that exceeds three (3) times the performance of an underlying index, indexes or Reference Asset.

In addition, as applicable, the issuer of the Linked Security must include a statement on a public website in substantially the following form: “The seeks returns that are the returns of the for a single day. Due to the compounding of daily returns, holding periods of greater than one day can result in returns that are significantly different than the target return. Investors should consult the prospectus for further details on the calculation of the returns and the risks associated with investing in this product.”

(e) On an initial and continued listing basis, the Company will be expected to have a minimum tangible net worth in excess of $250,000,000 (if the Linked Securities are fully and unconditionally guaranteed by an affiliate of the Company, TXSE will rely on such affiliate’s tangible net worth for purposes of this requirement). In the alternative, the Company will be expected to have a minimum tangible net worth of $150,000,000 and the original issue price of the Linked Securities, combined with all of the Company’s other Linked Securities listed on a national securities exchange or otherwise publicly traded in the United States, must not be greater than 25 percent of the Company’s tangible net worth at the time of issuance (if the Linked Securities are fully and unconditionally guaranteed by an affiliate of the Company, TXSE will apply the provisions of this paragraph to such affiliate instead of the Company and will include in its calculation all Linked Securities that are fully and unconditionally guaranteed by such affiliate). Government issuers and supranational entities will be evaluated on a case-by-case basis.

(f) On an initial and continued listing basis, the Company is in compliance with Rule 10A-3 under the Act.

(g) Maintenance and Dissemination—(i) If the index is maintained by a broker-dealer, the broker-dealer shall erect and maintain a “fire wall” around the personnel who have access to information concerning changes and adjustments to the index and the index shall be calculated by a third-party who is not a broker-dealer. (ii) Unless the Commission order applicable under paragraph (k) or (l) hereof provides otherwise, the current value of the index or the Reference Asset (as applicable) will be widely disseminated at least every 15 seconds during Regular Trading Hours, except as provided in the next clause (iii). (iii) The values of the following indexes need not be calculated and widely disseminated at least every 15 seconds if, after the close of trading, the indicative value of the Equity Index-Linked Security based on one or more of such indexes is calculated and disseminated to provide an updated value: CBOE S&P 500 BuyWrite Index(sm), CBOE DJIA Buy Write Index(sm), CBOE Nasdaq-100 BuyWrite Index(sm). (iv) If the value of a Linked Security is based on more than one index, then the dissemination requirement of this paragraph (g) applies to the composite value of such indexes. (v) In the case of a Commodity-Linked Security that is periodically redeemable, the indicative value of the subject Commodity-Linked Security must be calculated and widely disseminated by one or more major market data vendors on at least a 15-second basis during Regular Trading Hours. The provisions of sections (ii), (iii) and (v) of this paragraph shall be satisfied on an initial and continued listing basis.

(h) Trading Halts. In the case of Linked Securities, if the indicative value (if required to be disseminated) or the Reference Asset value is not being disseminated as required, or if the value of the index is not being disseminated as required, TXSE may halt trading during the day on which such interruption occurs. TXSE will halt trading no later than the beginning of trading following the trading day when the interruption commenced if such interruption persists at this time.

(i) Surveillance Procedures. TXSE will implement and maintain written surveillance procedures for Linked Securities. TXSE will enter into adequate comprehensive surveillance sharing agreements for non-U.S. securities, as applicable.

(j) Linked Securities will be treated as equity instruments. Furthermore, for the purpose of fee determination, Linked Securities shall be deemed and treated as Other Securities.

(k) Linked Securities

(1) Equity Index-Linked Securities Criteria

(A) In the case of an Equity Index-Linked Security, each underlying index is required to have at least ten (10) component securities; provided, however, that there shall be no minimum number of component securities if one or more issues of Derivative Securities Products (which are defined in TXSE Rule 17.105(b)(3)(A)(i)(a)), Linked Securities (as described in TXSE Rule 17.110), or securities listed on another national securities exchange pursuant to substantially equivalent

listing rules, constitute, at least in part, component securities underlying an issue of Equity Index-Linked Securities. In addition, the index or indexes to which the security is linked shall either:

(i) have been reviewed and approved for the trading of Index Fund Shares or options or other derivatives by the Commission under Section 19(b)(2) of the Act and rules thereunder and the conditions set forth in the Commission's approval order, including comprehensive surveillance sharing agreements for non-U.S. stocks, continue to be satisfied, or

(ii) the index or indexes meet the following criteria:

(a) Each component security (excluding Derivative Securities Products and Linked Securities) has a minimum market value of at least $75 million, except that for each of the lowest weighted component securities in the index that in the aggregate account for no more than 10% of the weight of the index(excluding Derivative Securities Products and Linked Securities), the market value can be at least $50 million;

(b) Component stocks (excluding Derivative Securities Products and Linked Securities) that in the aggregate account for at least 90% of the weight of the index (excluding Derivative Securities Products and Linked Securities) each shall have a minimum global monthly trading volume of 1,000,000 shares, or minimum global notional volume traded per month of $25,000,000, averaged over the last six (6) months;

(c) No underlying component security (excluding Derivative Securities Products and Linked Securities) will represent more than 25% of the weight of the index, and, to the extent applicable, the five (5) highest weighted component securities in the index (excluding Derivative Securities Products and Linked Securities) do not in the aggregate account for more than 50% of the weight of the index (60% for an index consisting of fewer than 25 component securities);

(d) 90% of the index's numerical value (excluding Derivative Securities Products and Linked Securities) and at least 80% of the total number of component securities (excluding Derivative Securities Products and Linked Securities) will meet the then current criteria for standardized option trading on a national securities exchange or a national

securities association, provided, however, that an index will not be subject to this requirement if (a) no underlying component security represents more than 10% of the dollar weight of the index (excluding Derivative Securities Products and Linked Securities) and (b) the index has a minimum of 20 components (excluding Derivative Securities Products and Linked Securities); and

(e) All component securities shall be either (A) securities (other than securities of a foreign issuer and ADRs) that are (i) issued by a 1934 Act reporting company or by an Investment Company registered under the Investment Company Act of 1940 that, in each case, has securities listed on a national securities exchange and (ii) an "NMS stock" (as defined in Rule 600 of Regulation NMS under the Act), or (B) securities of a foreign issuer or ADRs, provided that securities of a foreign issuer (including when they underlie ADRs) whose primary trading market outside the United States is not a member of the Intermarket Surveillance Group ("ISG") or a party to a comprehensive surveillance sharing agreement with TXSE will not in the aggregate represent more than 50% of the dollar weight of the index; and provided further that (i) the securities of any one such market do not represent more than 20% of the dollar weight of the index and (ii) the securities of any two (2) such markets do not represent more than 33% of the dollar weight of the index.

(B) Continued Listing Criteria

(i) TXSE will commence delisting or removal proceedings (unless the Commission has approved the continued trading of the subject Equity Index-Linked Security), if any of the standards set forth above in paragraph (A) are not continuously maintained, except that:

(a) the criteria that no single component represent more than 25% of the dollar weight of the index (excluding Derivative Securities Products and Linked Securities) and, to the extent applicable, the five (5) highest dollar weighted components in the index (excluding Derivative Securities Products and Linked Securities) cannot represent more than 50% (or 60% for indexes with less than 25 components) of the dollar weight of the index, need only be satisfied at the time the index is rebalanced; and

(b) Component stocks (excluding Derivative Securities Products and Linked Securities) that in the aggregate account for at least 90% of the weight of the index (excluding Derivative Securities Products and Linked Securities) each shall have a minimum global monthly trading volume of 500,000 shares, or minimum global notional volume traded per month of $12,500,000, averaged over the last six (6) months.

(ii) In connection with an Equity Index-Linked Security that is listed pursuant to paragraph (i)(A)(1) above, TXSE will commence delisting or removal proceedings (unless the Commission has approved the continued trading of the subject Equity Index-Linked Security) if an underlying index or indexes fails to satisfy the maintenance standards or conditions for such index or indexes as set forth by the Commission in its order under Section 19(b)(2) of the Act approving the index or indexes for the trading of options or other derivatives.

(iii) TXSE will consider the suspension of trading in, and will initiate delisting proceedings under the TXSE Rule Series 16.500 (unless the Commission has approved the continued trading of the subject Equity Index-Linked Security), under any of the following circumstances:

(a) if the aggregate market value or the principal amount of the Equity Index-Linked Securities publicly held is less than $400,000;

(b) if an interruption to the dissemination of the value of the index or composite value of the indexes persists past the trading day in which it occurred or is no longer calculated or widely disseminated on at least a 15-second basis with respect to indexes containing only securities listed on a national securities exchange, or on at least a 60-second basis with respect to indexes containing foreign country securities, provided, however, that, if the official index value does not change during some or all of the period when trading is occurring on TXSE (for example, for indexes of foreign country securities, because of time zone differences or holidays in the countries where such indexes' component stocks trade) then the last calculated official index value must remain available throughout TXSE trading hours; or

(c) if such other event shall occur or condition exists which in the opinion of TXSE makes further dealings on TXSE inadvisable.

(iv) Equity-Linked Index Rebalancing. Equity-Linked Indexes will be rebalanced at least annually.

(2) Reference Asset Criteria for Commodity-Linked Securities

(A) In the case of a Commodity-Linked Security, the Reference Asset shall meet the criteria in either subparagraph (i) or subparagraph (ii) below:

(i) The Reference Asset to which the security is linked shall have been reviewed and approved for the trading of Commodity-Related Securities or options or other derivatives by the Commission under Section 19(b)(2) of the Act and rules thereunder and the conditions set forth in the Commission's approval order, including with respect to comprehensive surveillance sharing agreements, continue to be satisfied.

(ii) The pricing information for each component of a Reference Asset other than a Currency must be derived from a market which is an ISG member or affiliate or with which TXSE has a comprehensive surveillance sharing agreement. Notwithstanding the previous sentence, pricing information for gold and silver may be derived from the London Bullion Market Association. The pricing information for each component of a Reference Asset that is a Currency must be either: (1) the generally accepted spot price for the currency exchange rate in question; or (2) derived from a market of which (a) is an ISG member or affiliate or with which TXSE has a comprehensive surveillance sharing agreement and (b) is the pricing source for a currency component of a Reference Asset that has previously been approved by the Commission. A Reference Asset may include components representing not more than 10% of the dollar weight of such Reference Asset for which the pricing information is derived from markets that do not meet the requirements of this subparagraph (ii), provided, however, that no single component subject to this exception exceeds 7% of the dollar weight of the Reference Asset. The term "Currency," as used in this subparagraph, shall mean one or more currencies, or currency options, futures, or other currency derivatives, Commodity-Related Securities if their underlying Commodities are currencies or currency derivatives, or a basket or index of any of the foregoing.

(B) The issue must meet the following continued listing criteria:

(i) TXSE will commence delisting or removal proceedings if any of the initial listing criteria described above are not continuously maintained.

(ii) TXSE will consider the suspension of trading in, and will initiate delisting proceedings under the TXSE Rule Series 16.500 under any of the following circumstances:

(a) If the aggregate market value or the principal amount of the Commodity-Linked Securities publicly held is less than $400,000;

(b) An interruption to the dissemination of the value of the Commodity Reference Asset persists past the trading day in which it occurred or is no longer calculated or available and a new Commodity Reference Asset is substituted, unless the new Commodity Reference Asset meets the requirements of this rule; or

(c) If such other event shall occur or condition exists which in the opinion of TXSE makes further dealings on TXSE inadvisable.

(3) Fixed Income Index-Linked Securities Listing Standards

(A) The issue must meet one of the criteria set forth in either (i) or (ii) below.

(i) The Fixed Income Reference Asset to which the security is linked shall have been reviewed and approved for the trading of options, Index Fund Shares or other derivatives by the Commission under Section 19(b)(2) of the Act and rules thereunder and the conditions set forth in the Commission's approval order, continue to be satisfied.

(ii) The issue must meet the following initial listing criteria:

(a) Components of the Fixed Income Reference Asset that in the aggregate account for at least 75% of the weight of the Fixed Income Reference Asset must each have a minimum original principal amount outstanding of $100 million or more;

(b) A component of the Fixed Income Reference Asset may be a convertible security, however, once the convertible security component converts to the underlying equity security, the component is removed from the Fixed Income Reference Asset;

(c) No component of the Fixed Income Reference Asset (excluding Treasury Securities and GSE Securities)

will represent more than 30% of the dollar weight of the Fixed Income Reference Asset, and the five (5) highest dollar weighted components in the Fixed Income Reference Asset will not in the aggregate account for more than 65% of the dollar weight of the Fixed Income Reference Asset;

(d) An underlying Fixed Income Reference Asset (excluding one consisting entirely of exempted securities) must include a minimum of 13 non-affiliated issuers; and

(e) Component securities that in the aggregate account for at least 90% of the dollar weight of the Fixed Income Reference Asset must be from one of the following: (a) issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Act; or (b) issuers that have a worldwide market value of outstanding common equity held by non-affiliates of $700 million or more; or (c) issuers that have outstanding securities that are notes, bonds, debentures or evidence of indebtedness having a total remaining principal amount of at least $1 billion; or (d) exempted securities as defined in Section 3(a)(12) of the Act or (e) issuers that are a government of a foreign country or a political subdivision of a foreign country.

(B) In addition, the value of the Fixed Income Reference Asset must be widely disseminated to the public by one or more major market vendors at least once per business day.

(C) The issue must meet the following continued listing criteria:

(i) TXSE will commence delisting or removal proceedings if any of the initial listing criteria described above are not continuously maintained.

(ii) TXSE will consider the suspension of trading in, and will initiate delisting proceedings under the TXSE Rule Series 16.500:

(a) if the aggregate market value or the principal amount of the Fixed Income Index-Linked Securities publicly held is less than $400,000;

(b) an interruption to the dissemination of the value of the Fixed Income Reference Asset persists past the trading day in which it occurred or is no longer calculated or available and a new Fixed Income Reference Asset is substituted, unless the new Fixed Income Reference Asset meets the requirements of this TXSE Rule 17.110(k); or

(c) if such other event shall occur or condition exists which in the opinion of TXSE makes further dealings inadvisable.

(4) Futures-Linked Securities Listing Standards

(A) The issue must meet the initial listing standard set forth in either (i) or (ii) below:

(i) The Futures Reference Asset to which the security is linked shall have been reviewed and approved for the trading of Futures-Linked Securities or options or other derivatives by the Commission under Section 19(b)(2) of the Act and rules thereunder and the conditions set forth in the Commission's approval order, including with respect to comprehensive surveillance sharing agreements, continue to be satisfied, or

(ii) the pricing information for components of a Futures Reference Asset must be derived from a market which is an ISG member or affiliate or with which TXSE has a comprehensive surveillance sharing agreement. A Futures Reference Asset may include components representing not more than 10% of the dollar weight of such Futures Reference Asset for which the pricing information is derived from markets that do not meet the requirements of this subparagraph (ii); provided, however, that no single component subject to this exception exceeds 7% of the dollar weight of the Futures Reference Asset.

(B) In addition, the issue must meet both of the following initial listing criteria:

(i) the value of the Futures Reference Asset must be calculated and widely disseminated by one or more major market data vendors on at least a 15-second basis during Regular Trading Hours; and

(ii) in the case of Futures-Linked Securities that are periodically redeemable, the Intraday Indicative Value of the subject Futures-Linked Securities must be calculated and widely disseminated by TXSE or one or more major market data vendors on at least a 15-second basis during Regular Trading.

(C) The issue must meet the following continued listing criteria:

(i) TXSE will commence delisting or removal proceedings if any of the initial listing criteria described above are not continuously maintained.

(ii) TXSE will consider the suspension of trading in, and will initiate delisting proceedings under the TXSE Rule Series 16.500 under any of the following circumstances:

(a) if the aggregate market value or the principal amount of the Futures-Linked Securities publicly held is less than $400,000;

(b) An interruption to the dissemination of the value of the Futures Reference Asset persists past the trading day in which it occurred or is no longer calculated or available and a new Futures Reference Asset is substituted, unless the new Futures Reference Asset meets the requirements of this TXSE Rule 17.110(k); or

(c) if such other event shall occur or condition exists which in the opinion of TXSE makes further dealings on TXSE inadvisable.

(5) Multifactor Index-Linked Securities Listing Standards

(A) The issue must meet the following initial listing standards set forth in either (i) or (ii) below:

(i) each component of the Multifactor Reference Asset to which the security is linked shall have been reviewed and approved for the trading of either options, Index Fund Shares, or other derivatives under Section 19(b)(2) of the Act and rules thereunder and the conditions set forth in the Commission's approval order continue to be satisfied, or

(ii) each Reference Asset included in the Multifactor Reference Asset must meet the applicable initial and continued listing criteria set forth in the relevant subsection of TXSE Rule 17.110(k).

(B) In addition, the issue must meet both of the following initial listing criteria:

(i) the value of the Multifactor Reference Asset must be calculated and widely disseminated to the public on at least a 15-second basis during the time the Multifactor Index-Linked Security trades on TXSE; and

(ii) in the case of Multifactor Index-Linked Securities that are periodically redeemable, the indicative value of the Multifactor Index-Linked Securities must be calculated and widely disseminated by one or more major market data vendors on at least

a 15-second basis during the time the Multifactor Index-Linked Securities trade on TXSE.

(C) TXSE will consider the suspension of trading in, and will initiate delisting proceedings under the TXSE Rule Series 16.500:

(i) if any of the initial listing criteria described above are not continuously maintained;

(ii) if the aggregate market value or the principal amount of the Multifactor Index-Linked Securities publicly held is less than $400,000;

(iii) An interruption to the dissemination of the value of the Multifactor Reference Asset persists past the trading day in which it occurred or is no longer calculated or available and a new Multifactor Reference Asset is substituted, unless the new Multifactor Reference Asset meets the requirements of this TXSE Rule 17.110(k); or

(iv) if such other event shall occur or condition exists which in the opinion of TXSE makes further dealings on TXSE inadvisable.

(l) TXSE may submit a rule filing pursuant to Section 19(b) of the Act to permit the listing and trading of Linked Securities that do not otherwise meet the standards set forth in this rule. Any of the statements or representations regarding (a) the index composition or reference asset description and limitations; (b) dissemination and availability of the index, reference asset or Intraday Indicative Values; or (c) the applicability of TXSE listing rules specified in such proposals constitute continued listing standards. If a series of Linked Securities does not satisfy these requirements, TXSE may halt trading in the securities and will initiate delisting proceedings pursuant to the TXSE Rule Series 16.500.

• • • Supplementary Material .01 • • •

(a) The registered Market Maker in Linked Securities must file with TXSE, in a manner prescribed by TXSE, and keep current a list identifying all accounts for trading in the Reference Asset components, the commodities, currencies or futures underlying the Reference Asset components, or any derivative instruments based on the Reference Asset or based on any Reference Asset component or any physical commodity, currency or futures underlying a Reference Asset component, which the registered Market Maker may have or over which it may exercise investment discretion. No registered Market Maker in Linked Securities shall trade in the Reference Asset components, the commodities, currencies or futures underlying the Reference Asset components, or any derivative instruments based on the Reference Asset or

based on any Reference Asset component or any physical commodity, or futures currency underlying a Reference Asset component, in an account in which a registered Market Maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to TXSE as required by this TXSE Rule.

(b) *In addition to the existing obligations under TXSE Rules regarding the production of books and records, the registered Market Maker in Linked Securities shall make available to TXSE such books, records or other information pertaining to transactions by such entity or any limited partner, officer or approved person thereof, registered or non-registered employee affiliated with such entity for its or their own accounts in the Reference Asset components, the commodities, currencies or futures underlying the Reference Asset components, or any derivative instruments based on the Reference Asset or based on any Reference Asset component or any physical commodity, currency or futures underlying a Reference Asset component, as may be requested by TXSE.*

Rule 17.111. Trading of Certain Derivative Securities

(a) Index-Linked Exchangeable Notes

Index-Linked Exchangeable Notes which are exchangeable debt securities that are exchangeable at the option of the holder (subject to the requirement that the holder in most circumstances exchange a specified minimum amount of notes), on call by the issuer or at maturity for a cash amount based on the reported market prices of the underlying stocks of an underlying index will be considered for listing and trading by TXSE pursuant to Rule 19b-4(e) under the Act, provided:

(1) Both the issue and the issuer of such security initially meet and continuously maintain the requirements of TXSE Rule 17.130, Listing Requirements for Securities Not Specified Above (Other Securities), except that the minimum public distribution shall be 150,000 notes with a minimum of 400 public note-holders, except, if traded in thousand dollar denominations or redeemable at the option of the holders thereof on at least a weekly basis, then no minimum public distribution and no minimum number of holders.

(2) The issue has a minimum term of one (1) year.

(3) On an initial and continued listing basis, the issuer will be expected to have a minimum tangible net worth in excess of $250,000,000, and to otherwise substantially exceed the earnings requirements set forth in TXSE Rule 16.310(c)(1). In the alternative, the issuer will be expected: (A) to have a minimum tangible net worth of $150,000,000 and to otherwise substantially exceed the earnings requirements set forth in TXSE Rule 16.310(c)(1); and (B) not to have issued Index-Linked Exchangeable Notes where the original issue price of all the issuer’s other index-linked exchangeable note offerings

(combined with other index-linked exchangeable note offerings of the issuer's affiliates) listed on a national securities exchange exceeds 25% of the issuer's net worth.

(4) The index to which an exchangeable-note is linked shall either be (A) indices that have been created by a third-party and been reviewed and have been approved for the trading of options or other derivatives securities either by the Commission under Section 19(b) of the Act and rules thereunder or by TXSE under rules adopted pursuant Rule 19b-4(e) of the Act; or (B) indices which the issuer has created and for which TXSE will have obtained approval from either the Commission pursuant to Section 19(b) of the Act and rules thereunder or from TXSE under rules adopted pursuant to Rule 19b-4(e) of the Act (each an "Issuer Index"). The Issuer Indices and their underlying securities must meet one of the following on an initial and continued listing basis:

(A) the procedures and criteria set forth in NASDAQ Options Market LLC's ("NOM") Rules at Options 4A, Section 4(b) and (c), or

(B) the criteria set forth in TXSE Rules 17.115(b)(2)(B) and (C), the index concentration limits set forth in NOM Rules at Options 4A, Section 4, and Options 4A, Section 4(b)(12) insofar as it relates to NOM Rules at Options 4A, Section 4(b)(6).

(5) Index-Linked Exchangeable Notes will be treated as equity instruments.

(6) This section contains the continued listing requirements for Index-Linked Exchangeable Notes. If a series of Index-Linked Exchangeable Notes does not satisfy these requirements, TXSE may halt trading in the securities and will initiate delisting proceedings pursuant to TXSE Rule Series 16.500.

(A) The Intraday Indicative Value of the subject Index-Linked Exchangeable Notes must be calculated and widely disseminated by TXSE or one or more major market data vendors on at least a 15-second basis during Regular Trading Hours. For purposes of this TXSE Rule, the term "Intraday Indicative Value" means an estimate of the value of a note or a share of the series of Index-Linked Exchangeable Notes. If an interruption to the dissemination persists past the trading day in which it occurred, TXSE may halt trading in the securities and will initiate delisting proceedings pursuant to the TXSE Rule Series 16.500.

(B) The value of the underlying index must be publicly available to investors, on a real time basis, every 15 seconds. If an interruption to the dissemination persists past the trading day in which it occurred, TXSE may halt trading in the securities and will initiate delisting proceedings pursuant to TXSE Rule Series 16.500.

(C) Beginning twelve months after the initial issuance of a series of index-linked exchangeable notes, TXSE will consider the suspension of trading in, and will initiate delisting proceedings under the TXSE Rule Series 16.500 of, that series of Index-Linked Exchangeable Notes under any of the following circumstances:

(i) if the series has fewer than 50,000 notes issued and outstanding;

(ii) if the market value of all Index-Linked Exchangeable Notes of that series issued and outstanding is less than $1,000,000;

(D) If TXSE submits a rule filing pursuant to Section 19(b) of the Act to permit the listing and trading of Index-Linked Exchangeable Notes that do not otherwise meet the standards set forth in this rule and any of the statements or representations regarding (a) the index composition; (b) the index or Intraday Indicative Value; or (c) the applicability of TXSE listing rules specified in such proposals are not continuously maintained;

(E) if any of the requirements set forth in this rule are not continuously maintained; or

(F) if such other event shall occur or such other condition exists which in the opinion of TXSE makes further dealings on TXSE inadvisable.

(b) Equity Gold Shares

(1) The provisions of this sub-paragraph (b) apply only to Equity Gold Shares that represent units of fractional undivided beneficial interest in and ownership of the Equity Gold Trust. While Equity Gold Shares are not technically Index Fund Shares and thus are not covered by TXSE Rule 17.105(b), all other rules that reference “Index Fund Shares” shall also apply to Equity Gold Shares.

(2) Except to the extent that specific provisions in this rule govern, or unless the context otherwise requires, the provisions of all other TXSE Rules and policies shall be applicable to the trading of Equity Gold Shares on TXSE.

(3) The provisions set forth in TXSE Rule 17.111(d) shall also apply to Equity Gold Shares.

(c) Trust Certificates

TXSE will consider for trading, whether by listing or pursuant to unlisted trading privileges, certificates (“Trust Certificates”) representing an interest in a special purpose trust (the “Trust”) created pursuant to a trust agreement. The Trust will only issue Trust

Certificates. Trust Certificates may or may not provide for the repayment of the original principal investment amount.

(1) Trust Certificates pay an amount at maturity which is based upon the performance of specified assets as set forth below:

(A) an underlying index or indexes of an Equity Reference Asset;

(B) instruments that are direct obligations of the issuing company, either exercisable throughout their life (i.e., American style) or exercisable only on their expiration date (i.e., European style), entitling the holder to a cash settlement in U.S. dollars to the extent that the foreign or domestic index has declined below (for a put warrant) or increased above (for a call warrant) the pre-stated cash settlement value of the index ("Index Warrants"); or

(C) a combination of two (2) or more Equity Reference Assets or Index Warrants.

(2) TXSE will file separate proposals under Section 19(b) of the Act before listing and trading Trust Certificates. Any of the statements or representations regarding (a) the description of the index, reference assets or trust holdings; (b) limitations on index composition, reference assets or trust holdings; (c) dissemination and availability of the index, reference asset or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals shall constitute continued listing standards.

• • • Supplementary Material • • •

.01 Continued Listing. TXSE will commence delisting proceedings under the TXSE Rule Series 16.500 with respect to an issue of Trust Certificates (unless the Commission has approved the continued trading of such issue), under any of the following circumstances:

(a) *if the aggregate market value or the principal amount of the securities publicly held is less than $400,000;*

(b) *if an interruption to the dissemination of the value of the index or composite value of the indexes persists past the trading day in which it occurred or is no longer calculated or widely disseminated on at least a 15-second basis with respect to indexes containing only securities listed on a national securities exchange, or on at least a 60-second basis with respect to indexes containing foreign country securities, provided, however, that, if the official index value does not change during some or all of the period when trading is occurring on TXSE (for example, for indexes of foreign country securities, because of time zone differences or holidays in the countries where such indexes' component*

stocks trade) then the last calculated official index value must remain available throughout TXSE trading hours;

(c) *if the series of Trust Certificates is not in compliance with any statements or representations included in the applicable rule proposal under Section 19(b) regarding: (a) the description of the index, reference assets or trust holdings; (b) limitations on index composition, reference assets or trust holdings; (c) dissemination and availability of the index, reference asset or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals;*

(d) *if any of the requirements set forth in this rule are not continuously maintained; or*

(e) *if such other event shall occur or condition exists which in the opinion of TXSE makes further dealings on TXSE inadvisable.*

.02 Term - The stated term of the Trust shall be as stated in the Trust prospectus. However, a Trust may be terminated under such earlier circumstances as may be specified in the Trust prospectus.

.03 Trustee - The following requirements apply on an initial and continued listing basis:

(a) *The trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, a qualified trust company or banking institution must be appointed co-trustee.*

(b) *No change is to be made in the trustee of a listed issue without prior notice to and approval of TXSE.*

.04 Voting—Voting rights shall be as set forth in the applicable Trust prospectus.

.05 Surveillance Procedures. TXSE will implement and maintain written surveillance procedures for Trust Certificates.

.06 Equity Trading Rules. The Trust Certificates will be subject to TXSE equity trading rules.

.07 Information Circular. Prior to the commencement of trading of a particular Trust Certificate listing pursuant to this TXSE Rule, TXSE will evaluate the nature and complexity of the issue and, if appropriate, distribute a circular to Members providing guidance regarding compliance responsibilities (including suitability recommendations and account approval) when handling transactions in Trust Certificates.

.08 Trust Certificates may be exchangeable at the option of the holder into securities that participate in the return of the applicable underlying asset. In the event that the

Trust Certificates are exchangeable at the option of the holder and contain an Index Warrant, then a Member must ensure that the Member's account is approved for options trading in accordance with the relevant provisions of the TXSE Rules in order to exercise such rights.

.09 Trust Certificates may pass-through periodic payments of interest and principle of the underlying securities.

.10 Trust Insurance. The Trust payments may be guaranteed pursuant to a financial guaranty insurance policy which may include swap agreements.

.11 Early Termination. The Trust Certificates may be subject to early termination or call features.

(d) Commodity-Based Trust Shares

(1) TXSE will consider for trading, whether by listing or pursuant to unlisted trading privileges, Commodity-Based Trust Shares that meet the criteria of this TXSE Rule.

(2) Applicability. This TXSE Rule is applicable only to Commodity-Based Trust Shares. Except to the extent inconsistent with this TXSE Rule, or unless the context otherwise requires, the provisions of the trust issued receipts rules, the Exchange LLC Agreement, and all other rules and procedures of the Board of Directors shall be applicable to the trading on TXSE of such securities. Commodity-Based Trust Shares are included within the definition of "security" or "securities" as such terms are used in the Exchange LLC Agreement and TXSE Rules.

(3) TXSE will file separate proposals under Section 19(b) of the Act before listing Commodity-Based Trust Shares. Any statements or representations included in the applicable rule proposal under Section 19(b) regarding: (a) the description of the reference assets or trust holdings; (b) limitations on the reference assets or trust holdings; (c) dissemination and availability of the reference asset or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals shall constitute continued listing standards.

(4) Definitions. The following terms as used in the TXSE Rules shall, unless the context otherwise requires, have the meaning herein specified:

(A) Commodity-Based Trust Shares. The term "Commodity-Based Trust Shares" means a security (1) that is issued by a trust ("Trust") that holds (a) a specified commodity deposited with the Trust or (b) a specified commodity and, in addition to such specified commodity, cash; (2) that is issued by such Trust in a specified aggregate minimum number in return for a deposit of a quantity of the underlying commodity and/or cash; and (3) that, when aggregated in the same specified minimum

number, may be redeemed at a holder's request by such Trust which will deliver to the redeeming holder the quantity of the underlying commodity and/or cash.

(B) Commodity. The term "commodity" is defined in Section 1a(9) of the Commodity Exchange Act.

(5) Designation of an Underlying Commodity. TXSE may trade, either by listing or pursuant to unlisted trading privileges, Commodity-Based Trust Shares based on an underlying commodity. Each issue of a Commodity-Based Trust Share shall be designated as a separate series and shall be identified by a unique symbol.

(6) Initial and Continued Listing. Commodity-Based Trust Shares will be listed and traded on TXSE subject to application of the following criteria:

(A) Initial Listing—TXSE will establish a minimum number of Commodity-Based Trust Shares required to be outstanding at the time of commencement of trading on TXSE.

(B) Continued Listing—TXSE will consider the suspension of trading in, and will initiate delisting proceedings under the TXSE Rule Series 16.500 of, such series under any of the following circumstances:

(i) if following the initial twelve-month period following commencement of trading on TXSE:

(a) the Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Commodity-Based Trust Shares;

(b) if the Trust has fewer than 50,000 receipts issued and outstanding; or

(c) if the market value of all receipts issued and outstanding is less than $1,000,000;

(ii) if an interruption to the dissemination of the value of the underlying commodity persists past the trading day in which it occurred or is no longer calculated or available on at least a 15-second delayed basis by TXSE or one or more major market data vendors during Regular Trading Hours.

(iii) if an interruption to the dissemination of the Intraday Indicative Value persists past the trading day in which it occurred or is no longer made available on at least a 15-second delayed basis; or

(iv) if a series of Commodity-Based Trust Shares is not in compliance with any statements or representations included in the applicable rule proposal under Section 19(b) regarding: (a) the description of the reference assets or trust holdings; (b) limitations on the reference assets or trust holdings; (c) dissemination and availability of the reference asset or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals;

(v) if any of the requirements set forth in this rule are not continuously maintained; or

(vi) if such other event shall occur or condition exists which, in the opinion of TXSE, makes further dealings on TXSE inadvisable.

Upon termination of a Trust, TXSE requires that Commodity-Based Trust Shares issued in connection with such entity Trust be removed from TXSE listing. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of the Trust falls below a specified amount.

(C) Term - The stated term of the Trust shall be as stated in the Trust prospectus. However, a Trust may be terminated under such earlier circumstances as may be specified in the Trust prospectus.

(D) Trustee - The following requirements apply on an initial and continued listing basis:

(i) The trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, a qualified trust company or banking institution must be appointed co-trustee.

(ii) No change is to be made in the trustee of a listed issue without prior notice to and approval of TXSE.

(E) Voting—Voting rights shall be as set forth in the applicable Trust prospectus.

(7) Limitation of TXSE Liability. Neither TXSE nor any agent of TXSE shall have any liability for damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating any underlying commodity value, the current value of the underlying commodity required to be deposited to the Trust in connection with issuance of Commodity-Based Trust Shares; resulting from any negligent act or omission by TXSE, or any agent of TXSE, or any act, condition or cause beyond the reasonable control of TXSE, its

agent, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in an underlying commodity.

(8) Market Maker Accounts. A registered Market Maker in Commodity-Based Trust Shares must file with TXSE in a manner prescribed by TXSE and keep current a list identifying all accounts for trading in an underlying commodity, related commodity futures or options on commodity futures, or any other related commodity derivatives, which the registered Market Maker may have or over which it may exercise investment discretion. No registered Market Maker shall trade in an underlying commodity, related commodity futures or options on commodity futures, or any other related commodity derivatives, in an account in which a registered Market Maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to TXSE as required by this TXSE Rule.

In addition to the existing obligations under TXSE Rules regarding the production of books and records, the registered Market Maker in Commodity-Based Trust Shares shall make available to TXSE such books, records or other information pertaining to transactions by such entity or registered or non-registered employee affiliated with such entity for its or their own accounts for trading the underlying physical commodity, related commodity futures or options on commodity futures, or any other related commodity derivatives, as may be requested by TXSE.

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.01 A Commodity-Based Trust Share is a Trust Issued Receipt that holds a specified commodity deposited with the Trust.

.02 TXSE requires that Members provide all purchasers of newly issued Commodity-Based Trust Shares a prospectus for the series of Commodity-Based Trust Shares.

.03 Transactions in Commodity-Based Trust Shares will occur during Regular Trading Hours.

(e) Currency Trust Shares

(1) TXSE will consider for listing and trading Currency Trust Shares that meet the criteria of this TXSE Rule.

(2) Applicability. This TXSE Rule is applicable only to Currency Trust Shares. Except to the extent inconsistent with this TXSE Rule, or unless the context otherwise requires, the provisions of the trust issued receipts rules, the Exchange LLC Agreement and all other rules and procedures of the Board of Directors shall be applicable to the trading on TXSE of such securities. Currency

Trust Shares are included within the definition of “security” or “securities” as such terms are used in the Exchange LLC Agreement and TXSE Rules.

(3) Currency Trust Shares. The term “Currency Trust Shares” as used in these TXSE Rules shall, unless the context otherwise requires, mean a security that (A) is issued by a trust (“Trust”) that holds a specified non-U.S. currency or currencies deposited with the Trust; (B) when aggregated in some specified minimum number may be surrendered to the Trust by an Authorized Participant (as defined in the Trust’s prospectus) to receive the specified non-U.S. currency or currencies; and (C) pays beneficial owners interest and other distributions on the deposited non-U.S. currency or currencies, if any, declared and paid by the Trust.

(4) Designation of Non-U.S. Currency. TXSE may trade, either by listing or pursuant to unlisted trading privileges, Currency Trust Shares that hold a specified non-U.S. currency or currencies. Each issue of Currency Trust Shares shall be designated as a separate series and shall be identified by a unique symbol.

(5) TXSE may submit a rule filing pursuant to Section 19(b) of the Act to permit the listing and trading of Currency Trust Shares that do not otherwise meet the standards set forth below. Any statements or representations included in the applicable rule proposal under Section 19(b) regarding: (a) the description of the reference assets or trust holdings; (b) limitations on the reference assets or trust holdings; (c) dissemination and availability of the reference asset or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals shall constitute continued listing standards.

(6) Initial and Continued Listing. Currency Trust Shares will be listed and traded on TXSE subject to application of the following criteria:

(A) Initial Listing — TXSE will establish a minimum number of Currency Trust Shares required to be outstanding at the time of commencement of trading on TXSE.

(B) Continued Listing TXSE will consider the suspension of trading in and will initiate delisting proceedings under the TXSE Rule Series 16.500 of, such series under any of the following circumstances

(i) if following the initial twelve-month period following commencement of trading on TXSE:

(a) the Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Currency Trust Shares;

(b) if the Trust has fewer than 50,000 Currency Trust Shares issued and outstanding; or

(c) if the market value of all Currency Trust Shares issued and outstanding is less than $1,000,000;

(ii) if an interruption to the dissemination of the value of the applicable non-U.S. currency persists past the trading day in which it occurred or is no longer calculated or available on at least a 15-second delayed basis by TXSE or one or more major market data vendors during Regular Trading Hours;

(iii) if an interruption to the dissemination of the Intraday Indicative Value persists past the trading day in which it occurred or is no longer made available on at least a 15-second delayed basis;

(iv) If TXSE files separate proposals under Section 19(b) of the Act, any statements or representations included in the applicable rule proposal under Section 19(b) regarding: (a) the description of the reference assets or trust holdings; (b) limitations on reference assets or trust holdings; (c) dissemination and availability of the reference asset or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals are not satisfied on a continued listing basis;

(v) if any of the requirements set forth in this rule are not continuously maintained; or

(vi) if such other event shall occur or condition exists which in the opinion of TXSE makes further dealings on TXSE inadvisable.

Upon termination of a Trust, TXSE requires that Currency Trust Shares issued in connection with such entity Trust be removed from TXSE listing. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of the Trust falls below a specified amount.

(C) Term —The stated term of the Trust shall be as stated in the Trust prospectus. However, a Trust may be terminated under such earlier circumstances as may be specified in the Trust prospectus.

(D) Trustee —The following requirements apply on an initial and continued listing basis:

(i) The trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, a qualified trust company or banking institution must be appointed co-trustee.

(ii) No change is to be made in the trustee of a listed issue without prior notice to and approval of TXSE.

(E) Voting —Voting rights shall be as set forth in the applicable Trust prospectus.

(7) Limitation of TXSE Liability. Neither TXSE nor any agent of TXSE shall have any liability for damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating any applicable non-U.S. currency value; the current value of the applicable non-U.S. currency required to be deposited to the Trust in connection with issuance of Currency Trust Shares; net asset value; or any other information relating to the purchase, redemption, or trading of the Currency Trust Shares, resulting from any negligent act or omission by TXSE, or any agent of TXSE, or any act, condition or cause beyond the reasonable control of TXSE, its agent, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in an applicable non-U.S. currency.

(8) Market Maker Accounts. A registered Market Maker in Currency Trust Shares must file with TXSE, in a manner prescribed by TXSE, and keep current a list identifying all accounts for trading in the applicable non-U.S. currency, options, futures or options on futures on such currency or any other derivatives based on such currency, which the registered Market Maker may have or over which it may exercise investment discretion. No registered Market Maker shall trade in the applicable non-U.S. currency, options, futures or options on futures on such currency or any other derivatives based on such currency, in an account in which a registered Market Maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to TXSE as required by this TXSE Rule .

In addition to the existing obligations under TXSE Rules regarding the production of books and records, a registered Market Maker in Currency Trust Shares shall make available to TXSE such books, records or other information pertaining to transactions by such entity or registered or non-registered employee affiliated with such entity for its or their own accounts for trading the applicable non-U.S. currency, options, futures or options on futures on such currency or any other derivatives based on such currency, as may be requested by TXSE.

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.01 A Currency Trust Share is a Trust Issued Receipt that holds a specified non-U.S. currency or currencies deposited with the Trust.

.02 TXSE requires that Members provide all purchasers of newly issued Currency Trust Shares a prospectus for the series of Currency Trust Shares.

.03 Transactions in Currency Trust Shares will occur during Regular Trading Hours.

.04 TXSE may approve an issue of Currency Trust Shares for listing and/or trading pursuant to Rule 19b-4(e) under the Act. Such issue shall satisfy the criteria set forth in this rule on an initial and, except for paragraph (a) below, continued listing basis, provided that, for issues approved for trading pursuant to unlisted trading privileges, only paragraphs (b), (c) and (d) below are required to be satisfied. If an interruption to the dissemination required by paragraphs (b) or (c) persists past the trading day in which it occurred or paragraph (d) is not maintained, TXSE may halt trading in the securities and will initiate delisting proceedings pursuant to the TXSE Rule Series 16.500.

(a) a minimum of 100,000 shares of a series of Currency Trust Shares is required to be outstanding at commencement of trading;

(b) *the value of the applicable non-U.S. currency, currencies or currency index must be disseminated by one or more major market data vendors on at least a 15-second delayed basis;*

(c) *the Intraday Indicative Value must be calculated and widely disseminated by TXSE or one or more major market data vendors on at least a 15-second basis during Regular Trading Hours; and*

(d) *TXSE will implement and maintain written surveillance procedures applicable to Currency Trust Shares.*

.05 If the value of a Currency Trust Share is based in whole or in part on an index that is maintained by a broker-dealer, the broker-dealer shall erect and maintain a "fire wall" around the personnel responsible for the maintenance of such index or who have access to information concerning changes and adjustments to the index, and the index shall be calculated by a third-party who is not a broker-dealer.

Any advisory committee, supervisory board or similar entity that advises an index licensor or administrator or that makes decisions regarding the index or portfolio composition, methodology and related matters must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable index or portfolio.

.06 Equity Trading Rules.

Currency Trust Shares will be subject to TXSE equity trading rules.

.07 Trading Halts

If the Intraday Indicative Value, or the value of the non-U.S. currency or currencies or the currency index applicable to a series of Currency Trust Shares is not being disseminated as required, TXSE may halt trading during the day on which such interruption first occurs. If such interruption persists past the trading day in which it occurred, TXSE will halt trading no later than the beginning of the trading day following the interruption. If TXSE becomes aware that the net asset value applicable to a series of Currency Trust Shares is not being disseminated to all market participants at the same time, it will halt trading in such series until such time as the net asset value is available to all market participants.

(f) Commodity Index Trust Shares

(1) TXSE will consider for trading, whether by listing or pursuant to unlisted trading privileges, Commodity Index Trust Shares that meet the criteria of this TXSE Rule.

(2) Applicability. This TXSE Rule is applicable only to Commodity Index Trust Shares. Except to the extent inconsistent with this TXSE Rule, or unless the context otherwise requires, the provisions of the trust issued receipts rules, the Exchange LLC Agreement, and all other rules and procedures of the Board of Directors shall be applicable to the trading on TXSE of such securities. Commodity Index Trust Shares are included within the definition of "security" or "securities" as such terms are used in the Exchange LLC Agreement and TXSE Rules.

(3) TXSE will file separate proposals under Section 19(b) of the Act before listing and trading Commodity Index Trust Shares. Any statements or representations included in the applicable rule proposal under Section 19(b) regarding: (a) the description of the index, reference assets or trust holdings; (b) limitations on index composition, reference assets or trust holdings; (c) dissemination and availability of the reference asset, index, or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals shall constitute continued listing standards.

(4) Commodity Index Trust Shares. The term "Commodity Index Trust Shares" as used in the TXSE Rules shall, unless the context otherwise requires, mean a security that: (A) is issued by a trust ("Trust") that: (1) is a commodity pool as defined in the Commodity Exchange Act and regulations thereunder, and that is managed by a commodity pool operator registered with the Commodity Futures Trading Commission and (2) that holds long positions in futures contracts on a specified commodity index, or interests in a commodity pool which, in turn, holds such long positions; and (B) when aggregated in some specified minimum number may be surrendered to the Trust by the beneficial owner to receive positions in futures contracts on a specified index and cash or short term securities. The term "futures contract" is commonly known as a "contract of sale of a commodity for future delivery" set forth in Section 2(a) of the Commodity Exchange Act.

(5) Designation. TXSE may trade, either by listing or pursuant to unlisted trading privileges, Commodity Index Trust Shares based on one or more securities. The Commodity Index Trust Shares based on particular securities shall be designated as a separate series and shall be identified by a unique symbol.

(6) Initial and Continued Listing. Commodity Index Trust Shares will be listed and traded on TXSE subject to application of the following criteria:

(A) Initial Listing—TXSE will establish a minimum number of Commodity Index Trust Shares required to be outstanding at the time of commencement of trading on TXSE.

(B) Continued Listing—TXSE will consider the suspension of trading in, and will initiate delisting proceedings under the TXSE Rule Series 16.500 of, a series of Commodity Index Trust Shares under any of the following circumstances:

(i) following the initial twelve-month period beginning upon the commencement of trading of the Commodity Index Trust Shares, there are fewer than 50 record and/or beneficial holders of Commodity Index Trust Shares;

(ii) if an interruption to the dissemination of the value of the applicable underlying index persists past the trading day in which it occurred or is no longer calculated or available on at least a 15-second delayed basis from a source unaffiliated with the sponsor, the Trust or the trustee of the Trust;

(iii) if the net asset value for the trust is no longer disseminated to all market participants at the same time;

(iv) if an interruption to the dissemination of the Intraday Indicative Value persists past the trading day in which it occurred or is no longer made available on at least a 15-second delayed basis;

(v) if the Commodity Index Trust Shares do not comply with any statements or representations included in the applicable rule proposal under Section 19(b) regarding: (a) the description of the index, reference assets or trust holdings; (b) limitations on index composition, reference assets or trust holdings; (c) dissemination and availability of the reference asset, index or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals;

(vi) if any of the requirements set forth in this rule are not continuously maintained; or

(vii) if such other event shall occur or condition exists which in the opinion of TXSE makes further dealings on TXSE inadvisable.

Upon termination of a Trust, TXSE requires that Commodity Index Trust Shares issued in connection with such entity Trust be removed from TXSE listing. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of the Trust falls below a specified amount.

(C) Term—The stated term of the Trust shall be as stated in the Trust prospectus. However, a Trust may be terminated under such earlier circumstances as may be specified in the Trust prospectus.

(D) Trustee—The following requirements apply on an initial and continued listing basis:

(i) The trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, a qualified trust company or banking institution must be appointed co-trustee.

(ii) No change is to be made in the trustee of a listed issue without prior notice to and approval of TXSE.

(E) Voting—Voting rights shall be as set forth in the applicable Trust prospectus.

(7) Limitation of TXSE Liability. Neither TXSE nor any agent of TXSE shall have any liability for damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating any applicable underlying index value; the current value of the applicable positions or interests required to be deposited to the Trust in connection with issuance of Commodity Index Trust Shares; net asset value; or any other information relating to the purchase, redemption or trading of the Commodity Index Trust Shares, resulting from any negligent act or omission by TXSE, or any agent of TXSE, or any act, condition or cause beyond the reasonable control of TXSE or its agent, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in the applicable positions or interests.

(8) Market Maker Accounts. A registered Market Maker in Commodity Index Trust Shares must file with TXSE in a manner prescribed by TXSE and keep current a list identifying all accounts for trading in the applicable physical commodities included in, or options, futures or options on futures on, an index underlying an issue of Commodity Index Trust Shares or any other derivatives

based on such index or based on any commodity included in such index, which the registered Market Maker may have or over which it may exercise investment discretion. No registered Market Maker shall trade in the applicable physical commodities included in, or options, futures or options on futures on, an index underlying an issue of Commodity Index Trust Shares or any other derivatives based on such index or based on any commodity included in such index, in an account in which a registered Market Maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to TXSE as required by this TXSE Rule.

In addition to the existing obligations under TXSE Rules regarding the production of books and records, a registered Market Maker in Commodity Index Trust Shares shall make available to TXSE such books, records or other information pertaining to transactions by such entity or registered or non-registered employee affiliated with such entity for its or their own accounts for trading the applicable physical commodities included in, or options, futures or options on futures on, an index underlying an issue of Commodity Index Trust Shares or any other derivatives based on such index or based on any commodity included in such index, as may be requested by TXSE.

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.01 A Commodity Index Trust Share is a Trust Issued Receipt that holds long positions in futures contracts on a specified commodity index, or interests in a commodity pool which, in turn, holds such long positions, deposited with the Trust.

.02 TXSE requires that Members provide all purchasers of newly issued Commodity Index Trust Shares a prospectus for the series of Commodity Index Trust Shares.

.03 Transactions in Commodity Index Trust Shares will occur during Regular Trading Hours.

(g) Commodity Futures Trust Shares

(1) TXSE will consider for trading, whether by listing or pursuant to unlisted trading privileges, Commodity Futures Trust Shares that meet the criteria of this TXSE Rule.

(2) Applicability. This TXSE Rule is applicable only to Commodity Futures Trust Shares. Except to the extent inconsistent with this TXSE Rule, or unless the context otherwise requires, the provisions of the trust issued receipts rules, the Exchange LLC Agreement, and all other rules and procedures of the Board of Directors shall be applicable to the trading on TXSE of such securities. Commodity Futures Trust Shares are included within the definition of “security” or “securities” as such terms are used in the Exchange LLC Agreement and TXSE Rules.

(3) Commodity Futures Trust Shares. The term “Commodity Futures Trust Shares” as used in the TXSE Rules shall, unless the context otherwise requires, mean a security that (A) is issued by a trust (“Trust”) that (1) is a commodity pool as defined in the Commodity Exchange Act and regulations thereunder, and that is managed by a commodity pool operator registered with the Commodity Futures Trading Commission and (2) holds positions in futures contracts that track the performance of a specified commodity, or interests in a commodity pool which, in turn, holds such positions; and (B) is issued and redeemed daily in specified aggregate amounts at net asset value. The term “futures contract” is a “contract of sale of a commodity for future delivery” set forth in Section 2(a) of the Commodity Exchange Act. The term “commodity” is defined in Section 1(a)(4) of the Commodity Exchange Act.

(4) Designation of an Underlying Commodity Futures Contract. TXSE may trade, either by listing or pursuant to unlisted trading privileges, Commodity Futures Trust Shares based on an underlying commodity futures contract. Each issue of Commodity Futures Trust Shares shall be designated as a separate series and shall be identified by a unique symbol.

(5) TXSE will file separate proposals under Section 19(b) of the Act before listing and trading separate and distinct Commodity Futures Trust Shares designated on different underlying futures contracts. Any statements or representations included in the applicable rule proposal under Section 19(b) regarding: (a) the description of the reference assets or trust holdings; (b) limitations on reference assets or trust holdings; (c) dissemination and availability of the reference asset or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals shall constitute continued listing standards.

(6) Initial and Continued Listing . Commodity Futures Trust Shares will be listed and traded on TXSE subject to application of the following criteria:

(A) Initial Listing—TXSE will establish a minimum number of Commodity Futures Trust Shares required to be outstanding at the time of commencement of trading on TXSE.

(B) Continued Listing—TXSE will consider the suspension of trading in, and will initiate delisting proceedings under the TXSE Rule Series 16.500 of, a series of Commodity Futures Trust Shares under any of the following circumstances:

(i) if, following the initial twelve-month period beginning upon the commencement of trading of the Commodity Futures Trust Shares: (a) the Trust has fewer than 50,000 Commodity Futures Trust Shares issued and outstanding; or (b) the market value of all Commodity Futures Trust Shares issued and outstanding is less than $1,000,000; or (c) there are fewer than 50

record and/or beneficial holders of Commodity Futures Trust Shares;

(ii) if an interruption to the dissemination of the value of the underlying futures contracts persists past the trading day in which it occurred or is no longer calculated or available on at least a 15-second delayed basis during Regular Trading Hours from a source unaffiliated with the sponsor, the Trust or the trustee of the Trust;

(iii) if the net asset value for the Trust is no longer disseminated to all market participants at the same time;

(iv) if an interruption to the dissemination of the Intraday Indicative Value persists past the trading day in which it occurred or is no longer disseminated on at least a 15-second delayed basis during Regular Trading Hours;

(v) if the Commodity Futures Trust Shares do not comply with any statements or representations included in the applicable rule proposal under Section 19(b) regarding: (a) the description of the reference assets or trust holdings; (b) limitations on reference assets or trust holdings; (c) dissemination and availability of the reference asset or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals;

(vi) if any of the requirements set forth in this rule are not continuously maintained; or

(vii) if such other event shall occur or condition exists which in the opinion of TXSE makes further dealings on TXSE inadvisable.

Upon termination of a Trust, TXSE requires that Commodity Futures Trust Shares issued in connection with such trust be removed from TXSE listing. A Trust will terminate in accordance with the provisions of the Trust prospectus.

(C) Term —The stated term of the Trust shall be as stated in the prospectus. However, a Trust may be terminated under such earlier circumstances as may be specified in the Trust prospectus.

(D) Trustee —The following requirements apply on an initial and continued listing basis:

(i) The trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as

trustee, a qualified trust company or banking institution must be appointed co-trustee.

(ii) No change is to be made in the trustee of a listed issue without prior notice to and approval of TXSE.

(E) Voting—Voting rights shall be as set forth in the applicable Trust prospectus.

(7) Market Maker Accounts.

(A) A registered Market Maker in Commodity Futures Trust Shares must file with TXSE, in a manner prescribed by TXSE, and keep current a list identifying all accounts for trading the underlying commodity, related futures or options on futures, or any other related derivatives, which the registered Market Maker may have or over which it may exercise investment discretion. No registered Market Maker in the Commodity Futures Trust Shares shall trade in the underlying commodity, related futures or options on futures, or any other related derivatives, in an account in which a registered Market Maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to TXSE as required by this TXSE Rule.

(B) In addition to the existing obligations under TXSE Rules regarding the production of books and records, the registered Market Maker in Commodity Futures Trust Shares shall make available to TXSE such books, records or other information pertaining to transactions by such entity or any limited partner, officer or approved person thereof, registered or non-registered employee affiliated with such entity for its or their own accounts in the underlying commodity, related futures or options on futures, or any other related derivatives, as may be requested by TXSE.

(8) Limitation of TXSE Liability. Neither TXSE nor any agent of TXSE shall have any liability for damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating any underlying futures contract value; the current value of positions or interests if required to be deposited to the Trust in connection with issuance of Commodity Futures Trust Shares; net asset value; or other information relating to the purchase, redemption or trading of Commodity Futures Trust Shares, resulting from any negligent act or omission by TXSE, or any agent of TXSE, or any act, condition or cause beyond the reasonable control of TXSE or its agent, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reporting of transactions in an underlying futures contract.

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.01 Members trading in Commodity Futures Trust Shares shall provide all purchasers of newly issued Commodity Futures Trust Shares a prospectus for the series of Commodity Futures Trust Shares.

.02 Transactions in Commodity Futures Trust Shares will occur during Regular Trading Hours.

.03 If the Intraday Indicative Value or the value of the underlying futures contract is not being disseminated as required, TXSE may halt trading during the day in which the interruption to the dissemination of the Intraday Indicative Value or the value of the underlying futures contract occurs. If the interruption to the dissemination of the Intraday Indicative Value or the value of the underlying futures contract persists past the trading day in which it occurred, TXSE will halt trading no later than the beginning of the trading day following the interruption.

In addition, if TXSE becomes aware that the net asset value with respect to a series of Commodity Futures Trust Shares is not disseminated to all market participants at the same time, it will halt trading in such series until such time as the net asset value is available to all market participants.

.04 TXSE's rules governing the trading of equity securities apply.

.05 TXSE will implement and maintain written surveillance procedures for Commodity Futures Trust Shares.

(h) Partnership Units

(1) TXSE will consider for trading, whether by listing or pursuant to unlisted trading privileges, Partnership Units that meet the criteria of this TXSE Rule.

(2) Definitions. The following terms as used in the TXSE Rule shall, unless the context otherwise requires, have the meanings herein specified:

(A) Commodity. The term "commodity" is defined in Section 1(a)(4) of the Commodity Exchange Act.

(B) Partnership Units. The term "Partnership Units" for purposes of this TXSE Rule means a security (a) that is issued by a partnership that invests in any combination of futures contracts, options on futures contracts, forward contracts, commodities and/or securities; and (b) that is issued and redeemed daily in specified aggregate amounts at net asset value.

(3) Designation. TXSE may list and trade Partnership Units based on an underlying asset, commodity or security. Each issue of a Partnership Unit shall be designated as a separate series and shall be identified by a unique symbol.

(4) TXSE will file separate proposals under Section 19(b) of the Act before listing and trading separate and distinct Partnership Units designated on different underlying investments, commodities and/or assets. Any statements or representations included in the applicable rule proposal under Section 19(b) of the Act regarding: (a) the description of the portfolio or reference assets; (b) limitations on portfolio holdings or reference assets; (c) dissemination and availability of the reference asset or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals shall constitute continued listing standards.

(5) Initial and Continued Listing. Partnership Units will be listed and/or traded on TXSE subject to application of the following criteria:

(A) Initial Listing—TXSE will establish a minimum number of Partnership Units required to be outstanding at the time of commencement of trading on TXSE.

(B) Continued Listing— TXSE will consider the suspension of trading in and will initiate delisting proceedings under the TXSE Rule Series 16.500 of Partnership Units under any of the following circumstances:

(i) if following the initial twelve-month period following the commencement of trading of Partnership Units, (a) the partnership has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Partnership Units; (b) the partnership has fewer than 50,000 Partnership Units issued and outstanding; or (c) the market value of all Partnership Units issued and outstanding is less than $1,000,000;

(ii) if an interruption to the dissemination of the value of the underlying benchmark investment, commodity or asset persists past the trading day in which it occurred or is no longer calculated or available on at least a 15-second delayed basis by TXSE or one or more major market data vendors during the Regular Trading Hours;

(iii) if an interruption to the dissemination of the Intraday Indicative Value persists past the trading day in which it occurred or is no longer made available on at least a 15-second delayed basis;

(iv) if the Partnership Units do not comply with any statements or representations included in the applicable rule proposal under Section 19(b) of the Act regarding: (a) the description of the portfolio or reference assets; (b) limitations on portfolio holdings or reference assets; (c) dissemination and availability of the reference asset or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals;

(v) if any of the requirements set forth in this rule are not continuously maintained; or

(vi) if such other event shall occur or condition exists which in the opinion of TXSE makes further dealings on TXSE inadvisable.

Upon termination of a partnership, TXSE requires that Partnership Units issued in connection with such partnership be removed from TXSE listing. A partnership will terminate in accordance with the provisions of the partnership prospectus.

(C) Term—The stated term of the partnership shall be as stated in the prospectus. However, such entity may be terminated under such earlier circumstances as may be specified in the Partnership prospectus.

(D) General Partner—The following requirements apply on an initial and continued listing basis:

(i) The general partner of a partnership must be an entity having substantial capital and surplus and the experience and facilities for handling partnership business. In cases where, for any reason, an individual has been appointed as general partner, a qualified entity must also be appointed as general partner.

(ii) No change is to be made in the general partner of a listed issue without prior notice to and approval of TXSE.

(E) Voting—Voting rights shall be as set forth in the applicable partnership prospectus.

(6) Market Maker Accounts.

(A) A registered Market Maker in Partnership Units must file with TXSE, in a manner prescribed by TXSE, and keep current a list identifying all accounts for trading the underlying asset or commodity, related futures or options on futures, or any other related derivatives, which the registered Market Maker may have or over which it may exercise investment discretion. No registered Market Maker in the Partnership Units shall trade in the underlying asset or commodity, related futures or options on futures,

or any other related derivatives, in an account in which a registered Market Maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to TXSE as required by this TXSE Rule.

(B) In addition to the existing obligations under TXSE Rules regarding the production of books and records, a registered Market Maker in Partnership Units shall make available to TXSE such books, records or other information pertaining to transactions by such entity or any limited partner, officer or approved person thereof, registered or non-registered employee affiliated with such entity for its or their own accounts in the underlying asset or commodity, related futures or options on futures, or any other related derivatives, as may be requested by TXSE.

(7) Limitation of TXSE Liability. Neither TXSE nor any agent of TXSE shall have any liability for damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating any underlying asset or commodity value, the current value of the underlying asset or commodity if required to be deposited to the partnership in connection with issuance of Partnership Units; net asset value; or other information relating to the purchase, redemption or trading of Partnership Units, resulting from any negligent act or omission by TXSE, or any agent of TXSE, or any act, condition or cause beyond the reasonable control of TXSE or its agent, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in an underlying asset or commodity.

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.01 TXSE requires that Members provide to all purchasers of newly issued Partnership Units a prospectus for the series of Partnership Units.

(i) Trust Units

(1) Applicability. The provisions in this TXSE Rule are applicable only to Trust Units. In addition, except to the extent inconsistent with this TXSE Rule, or unless the context otherwise requires, the rules and procedures of the Board of Directors shall be applicable to the trading on TXSE of such securities. Trust Units are included within the definition of “security,” “securities,” and “derivative securities products” as such terms are used in the TXSE Rules.

(2) TXSE will file separate proposals under Section 19(b) of the Act before listing and trading separate and distinct Trust Units designated on different underlying investments, commodities, assets and/or portfolios. Any statements or representations included in the applicable rule proposal under

Section 19(b) regarding: (a) the description of the reference assets or trust holdings; (b) limitations on reference assets or trust holdings; (c) dissemination and availability of the reference asset or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals shall constitute continued listing standards.

(3) Definitions. The following terms as used in this TXSE Rule shall, unless the context otherwise requires, have the meanings herein specified:

(A) Commodity. The term “commodity” is defined in Section 1(a)(4) of the Commodity Exchange Act.

(B) Trust Units. The term “Trust Units” for purposes of this TXSE Rule means a security that is issued by a trust or other similar entity that is constituted as a commodity pool that holds investments comprising or otherwise based on any combination of futures contracts, options on futures contracts, forward contracts, swap contracts, commodities and/or securities.

(4) Designation. TXSE may list and trade Trust Units based on an underlying asset, commodity, security or portfolio. Each issue of a Trust Unit shall be designated as a separate series and shall be identified by a unique symbol.

(5) Initial and Continued Listing. Trust Units will be listed and/or traded on TXSE subject to application of the following criteria:

(A) Initial Listing.

(i) TXSE will establish a minimum number of Trust Units required to be outstanding at the time of commencement of trading on TXSE.

(ii) TXSE will obtain a representation from the issuer of each series of Trust Units that the net asset value per share for the series will be calculated daily and will be made available to all market participants at the same time.

(B) Continued Listing.

(i) TXSE will consider the suspension of trading in and will initiate delisting proceedings under the TXSE Rule Series 16.500 of Trust Units under any of the following circumstances:

(a) if following the initial twelve-month period following the commencement of trading of Trust Units, (i) the trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of

Trust Units; (ii) the trust has fewer than 50,000 Trust Units issued and outstanding; or (iii) the market value of all Trust Units issued and outstanding is less than $1,000,000; or

(b) if the Trust Units do not comply with any statements or representations included in the applicable rule proposal under Section 19(b) of the Act regarding: (a) the description of the reference assets or trust holdings; (b) limitations on reference assets or trust holdings; (c) dissemination and availability of the reference asset or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals;

(c) if any of the requirements set forth in this rule are not continuously maintained; or

(d) if such other event shall occur or condition exists which in the opinion of TXSE makes further dealings on TXSE inadvisable.

(ii) TXSE will halt trading in a series of Trust Units if the circuit breaker parameters in TXSE Rule 11.021 have been reached. In exercising its discretion to halt or suspend trading in a series of Trust Units, TXSE may consider any relevant factors. In particular, if the portfolio and net asset value per share are not being disseminated as required, TXSE may halt trading during the day in which the interruption to the dissemination of the portfolio holdings or net asset value per share occurs. If the interruption to the dissemination of the portfolio holdings or net asset value per share persists past the trading day in which it occurred, TXSE will halt trading no later than the beginning of the trading day following the interruption.

Upon termination of a trust, TXSE requires that Trust Units issued in connection with such trust be removed from TXSE listing. A trust will terminate in accordance with the provisions of the prospectus.

(C) Term — The stated term of the trust shall be as stated in the prospectus. However, such entity may be terminated under such earlier circumstances as may be specified in the prospectus.

(D) Trustee — The following requirements apply on an initial and continued listing basis:

(i) The trustee of a trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as

trustee, a qualified trust company or banking institution must be appointed co-trustee.

(ii) No change is to be made in the trustee of a listed issue without prior notice to and approval of TXSE.

(E) Voting — Voting rights shall be as set forth in the prospectus.

(6) Limitation of TXSE Liability. Neither TXSE nor any agent of TXSE shall have any liability for damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating any underlying portfolio value; net asset value; or other information relating to the purchase, redemption or trading of Trust Units, resulting from any negligent act or omission by TXSE, or any agent of TXSE, or any act, condition or cause beyond the reasonable control of TXSE or its agent, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in the Trust Units.

(7) Market Maker Accounts. A registered Market Maker in Trust Units must file with TXSE, in a manner prescribed by TXSE, and keep current a list identifying all accounts for trading in an underlying commodity, related commodity futures or options on commodity futures, or any other related commodity derivatives, which the registered Market Maker may have or over which it may exercise investment discretion. No registered Market Maker shall trade in an underlying commodity, related commodity futures or options on commodity futures, or any other related commodity derivatives, in an account in which a registered Market Maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to TXSE as required by this TXSE Rule.

In addition to the existing obligations under TXSE Rules regarding the production of books and records, a registered Market Maker in Trust Units shall make available to TXSE such books, records or other information pertaining to transactions by such entity or registered or non-registered employee affiliated with such entity for its or their own accounts for trading the underlying physical commodity, related commodity futures or options on commodity futures, or any other related commodity derivatives, as may be requested by TXSE .

• • • Supplementary Material • • •

.01 TXSE requires that Members provide to all purchasers of newly issued Trust Units a prospectus for the series of Trust Units.

.02 Transactions in Trust Units will occur during Regular Trading Hours.

(j) Managed Trust Securities

(1) TXSE will consider for trading, whether by listing or pursuant to unlisted trading privileges, Managed Trust Securities that meet the criteria of this TXSE Rule.

(2) Applicability. This TXSE Rule is applicable only to Managed Trust Securities. Managed Trust Securities are included within the definition of "security" or "securities" as such terms are used in the Exchange LLC Agreement and TXSE Rules.

(3) TXSE will file separate proposals under Section 19(b) of the Act before listing and trading separate and distinct Managed Trust Securities. Any statements or representations included in the applicable rule proposal under Section 19(b) of the Act regarding: (a) the description of the portfolio or reference assets; (b) limitations on portfolio holdings or reference assets; (c) dissemination and availability of the reference asset or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals shall constitute continued listing standards.

(4) Definitions. The following terms as used in the TXSE Rules shall, unless the context otherwise requires, have the meanings herein specified:

(A) Managed Trust Securities. The term "Managed Trust Securities" as used in the TXSE Rules shall, unless the context otherwise requires, mean a security that is registered under the Securities Act, (1) is issued by a trust ("Trust") that (a) is a commodity pool as defined in the Commodity Exchange Act and regulations thereunder, and that is managed by a commodity pool operator registered with the Commodity Futures Trading Commission and (b) holds long and/or short positions in exchange-traded futures contracts and/or certain currency forward contracts selected by the Trust's advisor consistent with the Trust's investment objectives, which will only include exchange-traded futures contracts involving commodities, currencies, stock indices, fixed income indices, interest rates and sovereign, private and mortgage or asset backed debt instruments, and/or forward contracts on specified currencies, each as disclosed in the Trust's prospectus as such may be amended from time to time; and (2) is issued and redeemed continuously in specified aggregate amounts at the next applicable net asset value.

(B) Disclosed Portfolio. The term "Disclosed Portfolio" means the identities and quantities of the securities and other assets held by the Trust that will form the basis for the Trust's calculation of net asset value at the end of the business day.

(C) Intraday Indicative Value. For purposes of this TXSE Rule, the term "Intraday Indicative Value" is the estimated indicative value of a

Managed Trust Security based on current information regarding the value of the securities and other assets in the Disclosed Portfolio.

(D) Reporting Authority. The term “Reporting Authority” in respect of a particular series of Managed Trust Securities means TXSE, an institution, or a reporting or information service designated by TXSE or by the Trust or the exchange that lists a particular series of Managed Trust Securities (if TXSE is trading such series pursuant to unlisted trading privileges) as the official source for calculating and reporting information relating to such series, including, but not limited to, the Intraday Indicative Value, the Disclosed Portfolio, the amount of any cash distribution to holders of Managed Trust Securities, net asset value, or other information relating to the issuance, redemption or trading of Managed Trust Securities. A series of Managed Trust Securities may have more than one Reporting Authority, each having different functions.

(5) Designation. TXSE may trade, either by listing or pursuant to unlisted trading privileges, Managed Trust Securities based on the underlying portfolio of exchange-traded futures and/or certain currency forward contracts described in the related prospectus. Each issue of Managed Trust Securities shall be designated as a separate trust or series and shall be identified by a unique symbol.

(6) Initial and Continued Listing. Managed Trust Securities will be listed and traded on TXSE subject to application of the following criteria:

(A) Initial Listing—Each series of Managed Trust Securities will be listed and traded on TXSE subject to application of the following initial listing criteria:

(i) TXSE will establish a minimum number of Managed Trust Securities required to be outstanding at the time of commencement of trading on TXSE.

(ii) TXSE will obtain a representation from the issuer of each series of Managed Trust Securities that the net asset value per share for the series will be calculated daily and that the net asset value and the Disclosed Portfolio will be made available to all market participants at the same time.

(B) Continued Listing—Each series of Managed Trust Securities will be listed and traded on TXSE subject to application of the following continued listing criteria:

(i) Intraday Indicative Value. The Intraday Indicative Value for Managed Trust Securities will be widely disseminated by one or more major market data vendors at least every 15 seconds during the time when the Managed Trust Securities trade on TXSE.

(ii) Disclosed Portfolio.

(a) The Disclosed Portfolio must be disseminated at least once daily and will be made available to all market participants at the same time.

(b) The Reporting Authority that provides the Disclosed Portfolio must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material nonpublic information regarding the actual components of the portfolio.

(iii) Rule Proposal Representations. Managed Trust Securities must continue to comply with any statements or representations included in the applicable rule proposal under Section 19(b) of the Act regarding: (a) the description of the portfolio or reference assets; (b) limitations on portfolio holdings or reference assets; (c) dissemination and availability of the reference asset or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals.

(iv) Suspension of trading or removal. TXSE will consider the suspension of trading in, and will initiate delisting proceedings under the TXSE Rule Series 16.500 of, a series of Managed Trust Securities under any of the following circumstances:

(a) if, following the initial twelve-month period beginning upon the commencement of trading of the Managed Trust Securities: (A) the Trust has fewer than 50,000 Managed Trust Securities issued and outstanding; (B) the market value of all Managed Trust Securities issued and outstanding is less than $1,000,000; or (C) there are fewer than 50 record and/or beneficial holders of Managed Trust Securities;

(b) if an interruption to the dissemination of the Intraday Indicative Value for the Trust persists past the trading day in which it occurred or is no longer calculated or available or the Disclosed Portfolio is not made available to all market participants at the same time;

(c) if the Trust issuing the Managed Trust Securities has failed to file any filings required by the Securities and Exchange Commission or if TXSE is aware that the Trust is not in compliance with the conditions of any exemptive order or no-action relief granted by the Securities

and Exchange Commission to the Trust with respect to the series of Managed Trust Securities;

(d) if the series of Managed Trust Securities fails to comply with any of the requirements in paragraph (B); or

(e) if such other event shall occur or condition exists which in the opinion of TXSE makes further dealings on TXSE inadvisable.

(v) Trading Halts. If the Intraday Indicative Value of a series of Managed Trust Securities is not being disseminated as required, TXSE may halt trading during the day in which the interruption to the dissemination of the Intraday Indicative Value occurs. If the interruption to the dissemination of the Intraday Indicative Value persists past the trading day in which it occurred, TXSE will halt trading no later than the beginning of the trading day following the interruption. If a series of Managed Trust Securities is trading on TXSE pursuant to unlisted trading privileges, TXSE will halt trading in that series as specified in TXSE Rule 11.020H, as applicable. In addition, if TXSE becomes aware that the net asset value or the Disclosed Portfolio with respect to a series of Managed Trust Securities is not disseminated to all market participants at the same time, it will halt trading in such series until such time as the net asset value or the Disclosed Portfolio is available to all market participants.

(vi) Upon termination of a Trust, TXSE requires that Managed Trust Securities issued in connection with such Trust be removed from TXSE listing. A Trust will terminate in accordance with the provisions of the Trust prospectus.

(C) Term —The stated term of the Trust shall be as stated in the prospectus. However, a Trust may be terminated under such earlier circumstances as may be specified in the Trust prospectus.

(D) Trustee —The following requirements apply on an initial and continued listing basis:

(i) The trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, a qualified trust company or banking institution must be appointed co-trustee.

(ii) No change is to be made in the trustee of a listed issue without prior notice to and approval of TXSE.

(E) Voting—Voting rights shall be as set forth in the applicable Trust prospectus.

(7) Market Maker Accounts.

(A) A registered Market Maker in Managed Trust Securities must file with TXSE, in a manner prescribed by TXSE, and keep current a list identifying all accounts for trading the underlying commodity or applicable currency, related futures or options on futures, or any other related derivatives, which a registered Market Maker may have or over which it may exercise investment discretion. No registered Market Maker in the Managed Trust Securities shall trade in the underlying commodity or applicable currency, related futures or options on futures, or any other related derivatives, in an account in which a registered Market Maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to TXSE as required by this TXSE Rule.

(B) In addition to the existing obligations under TXSE Rules regarding the production of books and records, a registered Market Maker in Managed Trust Securities shall make available to TXSE such books, records or other information pertaining to transactions by such entity or any limited partner, officer or approved person thereof, registered or non-registered employee affiliated with such entity for its or their own accounts in the underlying commodity or applicable currency, related futures or options on futures, or any other related derivatives, as may be requested by TXSE.

(8) Limitation of TXSE Liability. Neither TXSE, the Reporting Authority nor any agent of TXSE shall have any liability for damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating any underlying futures contract value; the current value of positions or interests if required to be deposited to the Trust in connection with issuance of Managed Trust Securities; net asset value; or other information relating to the purchase, redemption or trading of Managed Trust Securities, resulting from any negligent act or omission by TXSE, or the Reporting Authority, or any agent of TXSE, or any act, condition or cause beyond the reasonable control of TXSE or its agent, or the Reporting Authority, including, but not limited to, fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reporting of transactions in an underlying futures contract.

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.01 TXSE requires that Members provide all purchasers of newly issued Managed Trust Securities a prospectus for the series of Managed Trust Securities.

.02 Transactions in Managed Trust Securities will occur during Regular Trading Hours.

.03 TXSE Rules governing the trading of equity securities apply.

.04 TXSE will implement and maintain written surveillance procedures for Managed Trust Securities.

.05 If the Trust's advisor is affiliated with a broker-dealer, the broker-dealer shall erect and maintain a "fire wall" around the personnel who have access to information concerning changes and adjustments to the Disclosed Portfolio. Personnel who make decisions on the Trust's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable Trust portfolio.

Rule 17.112. Reserved

Rule 17.113. Paired Class Shares

(a) TXSE will consider for trading, whether by listing or pursuant to unlisted trading privileges, Paired Class Shares that meet the criteria of this TXSE Rule.

(b) Applicability. This TXSE Rule is applicable only to Paired Class Shares. Except to the extent inconsistent with this TXSE Rule, or unless the context otherwise requires, the Exchange LLC Agreement and all other rules and procedures of the Board of Directors shall be applicable to the trading on TXSE of such securities. Paired Class Shares are included within the definition of "security" or "securities" as such terms are used in the Exchange LLC Agreement and TXSE Rules.

(c) TXSE will file separate proposals under Section 19(b) of the Exchange before listing and trading Paired Class Shares. In addition, prior to a substitute or replacement Underlying Benchmark being selected for the Fund, TXSE must file a related proposed rule change pursuant to Rule 19b-4 under the Act to continue listing and trading the Paired Class Shares. Any statements or representations included in the applicable rule proposal under Section 19(b) regarding: (a) the description of the portfolio or reference assets; (b) limitations on portfolio holdings or reference assets; (c) dissemination and availability of the reference asset or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals shall constitute continued listing standards.

(d) Paired Class Shares. The term "Paired Class Share" means a security: (1) that is issued by a trust (the "Trust") on behalf of a segregated series (the "Fund") as part of a pair of shares of opposing classes whose respective underlying values move in

opposite directions as the value of the Fund's Underlying Benchmark (defined in TXSE Rule 17.113(f)) varies from its starting level, where one constituent of the pair is positively linked to the Fund's Underlying Benchmark ("Up Shares") and the other constituent is inversely linked to the Fund's Underlying Benchmark ("Down Shares"); (2) that is issued in exchange for cash; (3) the issuance proceeds of which are invested and reinvested in highly rated short-term financial instruments that mature within 90 calendar days and that serve the functions of (i) covering the Fund's expenses, (ii) providing income distributions to investors, based on income (after expenses) from the financial instruments held by the Fund, (iii) providing cash proceeds for regular and special distributions to be made in cash in lieu of Paired Class Shares and (iv) providing cash proceeds to be paid upon the redemption of Paired Class Shares; (4) that represents a beneficial interest in the Fund; (5) the value of which is determined by the underlying value of the Fund that is attributable to the class of which such security is a part, which security underlying value will either (i) increase as a result of an increase in the Underlying Benchmark and decrease as a result of a decrease in the Underlying Benchmark (in the case of an Up Share) or (ii) increase as a result of a decrease in the Underlying Benchmark and decrease as the result of an increase in the Underlying Benchmark (in the case of a Down Share); (6) that, when timely aggregated in a specified minimum number or amount of securities, along with an equal number or amount of the securities of the opposite class that constitute the other part of the pair, may be redeemed for a distribution of cash on specified dates by authorized parties; and (7) that may be subject to mandatory redemption of all Paired Class Shares under specified circumstances.

(e) Distributions. A Fund may engage in scheduled regular distributions, special distributions that are automatically triggered upon the Underlying Benchmark exceeding a fixed rate of change since the prior distribution and corrective distributions that are automatically triggered when the trading price of a Paired Class Share deviates by a specified amount from its underlying value for a specified period of time.

(f) Designation. TXSE may trade, either by listing or pursuant to unlisted trading privileges, Paired Class Shares whose values are based on an index or other numerical variable ("Underlying Benchmark") whose value reflects the value of assets, prices, price volatility or other economic interests ("Reference Asset"). Each issue of Up Shares or Down Shares of a Fund shall be designated as a separate series and shall be identified by a unique symbol.

(g) Initial and Continued Listing. Paired Class Shares will be listed and traded on TXSE subject to application of the following criteria:

(1) Initial Listing

(A) TXSE will establish a minimum number of Paired Class Shares for each Fund required to be outstanding at the time of commencement of trading on TXSE;

(B) TXSE will obtain a representation from the Trust on behalf of each Fund that the underlying value per share of each Up Share and Down Share will be calculated daily and that these underlying values and information about the assets of the Fund will be made available to all market participants at the same time; and

(C) If the Underlying Benchmark is maintained by a broker-dealer or investment advisor, the broker-dealer or investment advisor shall erect and maintain a "firewall" around the personnel who have access to information concerning changes and adjustments to the Underlying Benchmark.

(2) Continued Listing— TXSE will consider the suspension of trading in and will initiate delisting proceedings under the TXSE Rule Series 16.500 of a Fund's Paired Class Shares under any of the following circumstances:

(A) if, following the initial twelve-month period beginning upon the commencement of trading of the Paired Class Shares: (i) there are fewer than 50 record and/or beneficial holders of the Fund's Up Shares or Down Shares; (ii) the Fund has fewer than 50,000 Up Shares or 50,000 Down Shares issued and outstanding; or (iii) the combined market value of all shares of a Fund issued and outstanding is less than $1,000,000;

(B) if an interruption to the dissemination of the intraday level of the Underlying Benchmark persists past the trading day in which it occurred, or a substitute or replacement Underlying Benchmark based on the same Reference Asset, is no longer calculated or available on at least a 15-second delayed basis during Regular Trading Hours from a source unaffiliated with the sponsor, the custodian, the trustee of the Trust, the Fund or TXSE that is a major market data vendor (e.g., Reuters or Bloomberg);

(C) if the underlying value per share of each Up Share and Down Share of a Fund is no longer made available on a daily basis to all market participants at the same time;

(D) if an interruption to the dissemination of the estimate of the Intraday Indicative Value of Paired Class Shares of the underlying value of each listed Up Share and Down Share of the Fund persists past the trading day in which it occurred or is no longer made available on at least a 15-second delayed basis by a major market vendor during Regular Trading Hours;

(E) if the "fire wall" erected around the personnel who have access to information concerning changes and adjustments to the Underlying Benchmark is no longer in place;

(F) if Paired Class Shares no longer comply with any statements or representations included in the applicable rule proposal under Section 19(b) regarding: (a) the description of the portfolio or reference assets; (b) limitations on portfolio holdings or reference assets; (c) dissemination and availability of the reference asset or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals;

(G) if any of the requirements set forth in this rule are not continuously maintained; or

(H) if such other event shall occur or condition exists which in the opinion of TXSE makes further dealings on TXSE inadvisable.

(3) Term - The stated term of a Fund shall be as stated in the Fund prospectus. However, a Fund may be terminated under such earlier circumstances as may be specified in the Fund prospectus.

(4) Trustee - The following requirements apply on an initial and continued listing basis:

(A) The trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, a qualified trust company or banking institution must be appointed co-trustee; and

(B) No change is to be made in the trustee of a listed issue without prior notice to and approval of TXSE.

(5) Voting - Voting rights, if any, shall be as set forth in the applicable Fund prospectus.

(h) Limitation of TXSE Liability. Neither TXSE nor any agent of TXSE shall have any liability for damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating any applicable Underlying Benchmark value; the underlying value of the Fund and its Paired Class Shares; distribution values or any other information relating to the purchase, redemption or trading of the Paired Class Shares, resulting from any negligent act or omission by TXSE, or any agent of TXSE, or any act, condition or cause beyond the reasonable control of TXSE or its agent, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in the applicable positions or interests.

(i) Market Maker Accounts.

(1) A registered Market Maker in Paired Class Shares must file with TXSE in a manner prescribed by TXSE and keep current a list identifying all accounts for trading in the applicable securities or physical commodities included in, or options, futures or options on futures on, the Reference Asset of the Underlying Benchmark of any Paired Class Shares or any other derivatives based on such Reference Asset or based on any security or Reference Asset included in the Underlying Benchmark, which the registered Market Maker may have or over which it may exercise investment discretion. No registered Market Maker shall trade in the applicable securities or physical commodities included in, or options, futures or options on futures on, the Reference Asset of the Underlying Benchmark of any Paired Class Shares or any other derivatives based on such Reference Asset or based on any security or Reference Asset included in the Underlying Benchmark, in an account in which a registered Market Maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to TXSE as required by this TXSE Rule.

(2) In addition to the existing obligations under TXSE Rules regarding the production of books and records, a registered Market Maker in Paired Class Shares shall make available to TXSE such books, records or other information pertaining to transactions by such entity or registered or non-registered employee affiliated with such entity for its or their own accounts for trading the applicable securities or physical commodities included in, or options, futures or options on futures on, the Reference Asset of the Underlying Benchmark of any Paired Class Shares or any other derivatives based on such Reference Asset or based on any security or Reference Asset included in the Underlying Benchmark, as may be requested by TXSE.

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.01 TXSE requires that Members provide all purchasers of newly issued Paired Class Shares a prospectus for the Fund.

.02 Transactions in Paired Class Shares will occur during Regular Trading Hours.

.03 TXSE will implement and maintain written surveillance procedures for trading the Paired Class Shares.

Rule 17.115. Selected Equity-linked Debt Securities (“SEEDS”)

(a) Definition

(1) SEEDS are limited-term, non-convertible debt securities of a Company where the value of the debt is based, at least in part, on the value of up to thirty (30) other issuers’ common stock or non-convertible preferred stock (or sponsored ADRs overlying such equity securities).

(2) TXSE may submit a rule filing pursuant to Section 19(b) of the Act to permit the listing and trading of SEEDS that do not otherwise meet the standards set forth in this rule. Any of the statements or representations regarding the index composition or reference asset, the description of the index or reference asset, limitations on the index or reference assets, dissemination and availability of the index, reference asset, or Intraday Indicative Values, or the applicability of TXSE listing rules specified in such proposals, constitute continued listing standards.

(b) Listing Requirements - SEEDS shall meet the following criteria on both an initial and continued listing basis. If a series of SEEDS does not satisfy these requirements, TXSE may halt trading in the securities and will initiate delisting proceedings pursuant to the TXSE Rule Series 16.500.

TXSE will consider listing Selected Equity-linked Debt Securities (SEEDS), pursuant to Rule 19b-4(e) under the Act, that meet the criteria of paragraph (b) of this rule.

(1) Issuer Listing Standards - An issuer of SEEDS shall meet the following criteria on both an initial and continued listing basis. If an issuer of SEEDS does not satisfy these requirements, TXSE may halt trading in the SEEDs and will initiate delisting proceedings pursuant to the TXSE Rule Series 16.500.

(A) The issuer of a SEEDS must be an entity that:

(i) is listed on the TXSE, Nasdaq Global Market, Nasdaq Global Select or the New York Stock Exchange (NYSE) or is an affiliate of a Company listed on TXSE or the NYSE; provided, however, that the provisions of TXSE Rule 17.130(b) will be applied to sovereign issuers of SEEDS on a case-by-case basis; and

(ii) has a minimum net worth of $150 million.

(B) In addition, the market value of a SEEDS offering, when combined with the market value of all other SEEDS offerings previously completed by the Company and traded on the TXSE, Nasdaq Global, Nasdaq Global Select Market or another national securities exchange, may not be greater than 25 percent of the Company’s net worth at the time of issuance.

(2) Issue Listing Standards- SEEDS shall meet the following criteria on both an initial and continued listing basis. If a series of SEEDS does not satisfy these requirements, TXSE may halt trading in the securities and will initiate delisting proceedings pursuant to the TXSE Rule Series 16.500.

(A) Equity-Linked Debt Security Listing Standards. The issue must have:

(i) a minimum public distribution of one million SEEDS;

(ii) a minimum of 400 holders of the SEEDS, provided, however, that if the SEEDS is traded in $1,000 denominations or is redeemable at the option of holders thereof on at least a weekly basis, there is no minimum number of holders and no minimum public distribution;

(iii) a minimum market value of $4 million; and

(iv) a minimum term of one (1) year.

(B) Minimum Standards Applicable to the Linked Security. An equity security on which the value of the SEEDS is based must:

(i) have a Market Value of Publicly Held Shares of at least $3 billion and a trading volume in the United States of at least 2.5 million shares in the one (1)-year period preceding the listing of the SEEDS;

(ii) have a Market Value of Publicly Held Shares of at least $1.5 billion and a trading volume in the United States of at least 10 million shares in the one (1)-year period preceding the listing of the SEEDS; or

(iii) have a Market Value of Publicly Held Shares of at least $500 million and a trading volume in the United States of at least 15 million shares in the one (1)-year period preceding the listing of the SEEDS.

(iv) be issued by a Company that has a continuous reporting obligation under the Act, and the security must be listed on the TXSE, Nasdaq Global Market, Nasdaq Global Select or another national securities exchange and be subject to last sale reporting; and

(v) be issued by:

(a) a U.S. company; or

(b) a non-U.S. company (including a Company that is traded in the United States through sponsored ADRs) (for purposes of this paragraph, a non-U.S. company is any company formed or incorporated outside of the United States) if:

(1) TXSE or its subsidiaries has a comprehensive surveillance sharing agreement in

place with the primary exchange in the country where the security is primarily traded (in the case of an ADR, the primary exchange on which the security underlying the ADR is traded);

(2) the combined trading volume of the non-U.S. security (a security issued by a non-U.S. company) and other related non-U.S. securities occurring in the U.S. market and in markets with which TXSE or its subsidiaries has in place a comprehensive surveillance sharing agreement represents (on a share equivalent basis for any ADRs) at least 50% of the combined world-wide trading volume in the non-U.S. security, other related non-U.S. securities, and other classes of common stock related to the non-U.S. security over the six (6) month period preceding the date of listing; or

(3) the combined trading volume of the non-U.S. security and other related non-U.S. securities occurring in the U.S. market represents (on a share equivalent basis) at least 20% of the combined world-wide trading volume in the non-U.S. security and in other related non-U.S. securities over the six-month period preceding the date of selection of the non-U.S. security for a SEEDS listing.

(4) the average daily trading volume for the non-U.S. security in the U.S. markets over the six-month period preceding the date of selection of the non-U.S. security for a SEEDS listing is 100,000 or more shares; and

(5) the trading volume for the non-U.S. security in the U.S. market is at least 60,000 shares per day for a majority of the trading days for the six-month period preceding the date of selection of the non-U.S. security for a SEEDS listing.

(6) If the underlying security to which the SEEDS is to be linked is the stock of a non-U.S. company which is traded in the U.S. market as a sponsored ADR, ordinary shares or otherwise,

then the minimum number of holders of the underlying linked security shall be 2,000.

(C) Limits on the Number of SEEDS Linked to a Particular Security

(i) The issuance of SEEDS relating to any underlying U.S. security may not exceed five (5%) percent of the total outstanding shares of such underlying security. The issuance of SEEDS relating to any underlying non-U.S. security or sponsored ADR may not exceed:

(a) two (2%) percent of the total shares outstanding worldwide if at least 30 percent of the worldwide trading volume in such security occurs in the U.S. market during the six-month period preceding the date of listing (The two (2%) percent limit, based on 20 percent of the worldwide trading volume in the non-U.S. security or sponsored ADR, applies only if there is a comprehensive surveillance sharing agreement in place with the primary exchange in the country where the security is primarily traded, or, in the case of an ADR, the primary exchange on which the security underlying the ADR is traded. If there is no such agreement, subparagraph (B) above requires that the combined trading volume of such security and other related securities occurring in the U.S. market represents (on a share equivalent basis for any ADRs) at least 50% of the combined worldwide trading volume in such security, other related securities, and other classes of common stock related to such security over the six (6) month period preceding the date of listing.);

(b) three (3%) percent of the total shares outstanding worldwide if at least 50 percent of the worldwide trading volume in such security occurs in the U.S. market during the six-month period preceding the date of listing; or

(c) five (5%) percent of the total shares outstanding worldwide if at least 70 percent of the worldwide trading volume in such security occurs in the U.S. market during the six-month period preceding the date of listing.

(ii) If a Company proposes to issue SEEDS that relate to more than the allowable percentages of the underlying security specified above, then TXSE, with the concurrence of the staff of the Division of Market Regulation of the Commission, will evaluate the

maximum percentage of SEEDS that may be issued on a case-by-case basis.

(D) Prior to the commencement of trading of a particular SEEDS listed pursuant to this subsection, TXSE or its subsidiaries will distribute a circular to the membership providing guidance regarding TXSE member firm compliance responsibilities (including suitability recommendations and account approval) when handling transactions in SEEDS.

(3) Prior to the commencement of trading of a particular SEEDS listed pursuant to this subsection, TXSE or its subsidiaries will distribute a circular to the membership providing guidance regarding TXSE member firm compliance responsibilities (including suitability recommendations and account approval) when handling transactions in SEEDS.

Rule 17.120. Trust Issued Receipts

(a) Definitions

(1) The term “Trust Issued Receipt” means a security (a) that is issued by a trust (“Trust”) which holds specified securities deposited with the Trust; (b) that, when aggregated in some specified minimum number, may be surrendered to the trust by the beneficial owner to receive the securities; and (c) that pays beneficial owners dividends and other distributions on the deposited securities, if any are declared and paid to the trustee by an issuer of the deposited securities.

(b) TXSE may submit a rule filing pursuant to Section 19(b) of the Act to permit the listing and trading of Trust Issued Receipts that do not otherwise meet the standards set forth below. Any statements or representations included in the applicable rule proposal under Section 19(b) of the Act regarding: (a) the description of the portfolio or reference assets; (b) limitations on portfolio holdings or reference assets; or (c) dissemination and availability of the reference asset, or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals shall constitute continued listing standards.

(c) Listing Requirements

(1) TXSE requires that Members provide to all purchasers of newly issued Trust Issued Receipts a prospectus for the series of Trust Issued Receipts.

(2) The eligibility requirements for component securities that are represented by a series of Trust Issued Receipts and that became part of the Trust Issued Receipt when the security was either:

(A) distributed by a Company already included as a component security in the series of Trust Issued Receipts; or

(B) received in exchange for the securities of a Company previously included as a component security that is no longer outstanding due to a merger, consolidation, corporate combination or other event, shall be as follows:

(i) the component security must be listed on TXSE or another national securities exchange;

(ii) the component security must be registered under Section 12 of the Act; and

(iii) the component security must have a Standard & Poor's Sector Classification that is the same as the Standard & Poor's Sector Classification represented by the component securities included in the Trust Issued Receipt at the time of the distribution or exchange.

(3) Transactions in Trust Issued Receipts may be effected until 4:00 p.m. Eastern Time each business day.

(4) TXSE may list and trade Trust Issued Receipts based on one or more securities. The Trust Issued Receipts based on particular securities shall be designated as a separate series and shall be identified by a unique symbol. The securities that are included in a series of Trust Issued Receipts shall be selected by TXSE or its agent, a wholly-owned subsidiary of TXSE, or by such other person as shall have a proprietary interest in such Trust Issued Receipts.

(5) Trust Issued Receipts will be listed and traded on TXSE subject to application of the following criteria:

(A) Initial Listing — for each Trust, TXSE will establish a minimum number of Trust Issued Receipts required to be outstanding at the time of the commencement of trading on TXSE.

(B) Continued Listing — TXSE will consider the suspension of trading in, and will initiate delisting proceedings under the TXSE Rule Series 16.500 of, a Trust upon which a series of Trust Issued Receipts is based under any of the following circumstances:

(i) following the initial twelve-month period following formation of a Trust and commencement of trading on TXSE, if the Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Trust Issued Receipts;

(ii) following the initial twelve-month period following formation of a Trust and commencement of trading on TXSE, if the Trust has fewer than 50,000 receipts issued and outstanding;

(iii) following the initial twelve-month period following formation of a Trust and commencement of trading on TXSE, if the market value of all receipts issued and outstanding is less than $1 million;

(iv) if the Trust Issued Receipts do not comply with any statements or representations included in the applicable rule proposal under Section 19(b) of the Act regarding: (a) the description of the portfolio or reference assets; (b) limitations on portfolio holdings or reference assets; (c) dissemination and availability of the reference asset or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals;

(v) if any of the requirements set forth in this rule are not continuously maintained;

(vi) if the series of Trust Issued Receipts was listed pursuant to Rule 19b4-(e) under the Act, any component security does not meet any of the requirements of paragraph (7) below; or

(vii) if such other event shall occur or condition exists which, in the opinion of TXSE, makes further dealings on TXSE inadvisable.

Upon termination of a Trust, TXSE requires that Trust Issued Receipts issued in connection with such Trust be removed from listing. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of securities in the Trust falls below a specified amount.

(C) Term — the stated term of the Trust shall be as stated in the Trust prospectus. However, a Trust may be terminated under such earlier circumstances as may be specified in the Trust prospectus.

(D) Trustee — the following requirements apply on an initial and continued listing basis:

(i) the trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, a qualified trust company or banking institution must be appointed co-trustee.

(ii) (no change is to be made in the trustee of a listed issue without prior notice to and approval of TXSE.

(E) Voting — voting rights shall be as set forth in the Trust prospectus.

(6) Unit of Trading — transactions in Trust Issued Receipts may only be made in Round Lots of 100 receipts or Round Lot multiples.

(7) TXSE may approve a series of Trust Issued Receipts for listing and trading on TXSE pursuant to Rule 19b-4(e) under the Act, provided each of the component securities satisfies the following criteria on an initial and continued listing basis:

(A) each component security must be registered under Section 12 of the Act;

(B) each component security must have a minimum public float of at least $150 million;

(C) each component security must be listed on TXSE or another national securities exchange;

(D) each component security must have an average daily trading volume of at least 100,000 shares during the preceding sixty-day trading period;

(E) each component security must have an average daily dollar value of shares traded during the preceding sixty-day trading period of at least $1 million; and

(F) the most heavily weighted component security may not initially represent more than 20% of the overall value of the Trust Issued Receipt.

Rule 17.125. Index Warrants

(a) Definitions

(1) For this TXSE Rule 17.125, “Index Warrants” mean instruments that are direct obligations of the issuing company, either exercisable throughout their life (i.e., American style) or exercisable only on their expiration (i.e., European style), entitling the holder to a cash settlement in U.S. dollars to the extent that the index has declined below (for a put warrant) or increased above (for a call warrant) the pre-stated cash settlement value of the index. Index Warrants may be based on either foreign or domestic indexes.

(2) TXSE may submit a rule filing pursuant to Section 19(b) of the Act to permit the listing and trading of Index Warrants that do not otherwise meet the standards set forth in this rule. Any of the statements or representations regarding (a) the index composition or reference assets; (b) limitations on the

index or reference assets; (c) dissemination and availability of the index, reference asset or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals constitute continued listing standards.

(b) Listing Requirements. Index Warrants listed pursuant to this rule shall meet the following criteria on an initial and continued listing basis. If any of these criteria are not continuously maintained, TXSE will consider the suspension of trading in, and will initiate delisting proceedings under the TXSE Rule Series 16.500 of, the series of Index Warrants.

(1) An Index Warrant may be listed if it substantially meets the following criteria:

(A) The minimum public distribution shall be at least 1 million warrants.

(B) The minimum number of Public Holders shall be at least 400.

(C) The market value (as calculated by the consolidated Bid Price multiplied by the number of outstanding Index Warrants) of the outstanding Index Warrants shall be at least $4 million.

(D) The issuer of the Index Warrants must have a minimum tangible net worth in excess of $150 million.

(E) The term of the Index Warrant shall be for a period from one (1) to five (5) years.

(F) Limitations on Issuance — Where a Company has a minimum tangible net worth in excess of $150 million but less than $250 million, TXSE will not list stock Index Warrants of the Company if the value of such warrants plus the aggregate value, based upon the original issuing price, of all outstanding stock index, currency index and currency warrants of the Company and its affiliates combined that are listed for trading on TXSE or another national securities exchange exceeds 25% of the Company’s net worth.

(G) A.M. Settlement — The terms of stock Index Warrants for which 25% or more of the value of the underlying index is represented by securities that are traded primarily in the United States must provide that the opening prices of the stocks comprising the index will be used to determine (i) the final settlement value (i.e., the settlement value for warrants that are exercised at expiration) and (ii) the settlement value for such warrants that are valued on either of the two (2) business days preceding the day on which the final settlement value is to be determined.

(H) Automatic Exercise — All stock Index Warrants and any other cash-settled warrants must include in their terms provisions specifying (i) the time by which all exercise notices must be submitted and (ii) that all unexercised warrants that are in the money (or that are in the money by a stated amount) will be automatically exercised on their expiration date or on or promptly following the date on which such warrants are delisted by TXSE (if such warrant issue has not been listed on another national securities exchange).

(I) Foreign Country Securities — In instances where the stock index underlying a warrant is comprised in whole or in part with securities traded outside the United States, the foreign country securities or ADRs thereon that (i) are not subject to a comprehensive surveillance agreement and (ii) have less than 50% of their global trading volume in dollar value within the United States, shall not, in the aggregate represent more than 20% of the weight of the index, unless such index is otherwise approved for warrant or option trading.

(J) Changes in Number of Warrants Outstanding — Issuers of stock Index Warrants either will make arrangements with warrant transfer agents to advise TXSE immediately of any change in the number of warrants outstanding due to the early exercise of such warrants or will provide this information themselves. With respect to stock Index Warrants for which 25% or more of the value of the underlying index is represented by securities traded primarily in the United States, such notice shall be filed with TXSE no later than 4:30 p.m. Eastern Time, on the date when the settlement value for such warrants is determined. Such notice shall be filed in such form and manner as may be prescribed by TXSE from time to time.

(K) Only eligible broad-based indexes can underlie Index Warrants. For purposes of this subparagraph, eligible broad-based indexes shall include those indexes approved by the Commission to underlie Index Warrants or index options traded on TXSE or another national securities exchange.

(L) Rule Proposal Representations. Index Warrants must continue to comply with any statements or representations included in the applicable rule proposal under Section 19(b) of the Act regarding (a) the index composition or reference asset; (b) the description of the index or reference asset; (c) limitations on the index or reference assets; (c) dissemination and availability of the index, reference asset, or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals.

Any Index Warrant listed pursuant to this paragraph shall not be required to meet the requirements of TXSE Rule 16.203(h), 16.203(a) or 16.320. TXSE may apply additional or more stringent criteria as necessary to protect investors and the public interest.

Rule 17.127. Trading in Commodity-Related Securities

(a) TXSE will consider for trading pursuant to unlisted trading privileges, a Commodity-Related Security that meets the criteria of this TXSE Rule. Unless otherwise noted, a Commodity-Related Security approved for trading under this rule is eligible for trading during all TXSE market sessions if members comply with TXSE Rule 3.021 when accepting Commodity-Related Security orders for execution in the pre-market session or post-market session.

(b) Applicability. This TXSE Rule is applicable only to Commodity-Related Securities. Except to the extent inconsistent with this TXSE Rule, or unless the context otherwise requires, the provisions of all other TXSE Rules shall be applicable to the trading on TXSE of such securities. Commodity-Related Securities are included within the definition of “security” or “securities” as such terms are used in the TXSE Rules.

(c) Definitions. The following terms shall, unless the context otherwise requires, have the meaning herein specified:

(1) *Commodity-Related Security*. The term “Commodity-Related Security” means a security that is issued by a trust, partnership, commodity pool or similar entity that invests, directly or through another entity, in any combination of commodities, futures contracts, options on futures contracts, forward contracts, commodity swaps, or other related derivatives, or the value of which is determined by the value of commodities, futures contracts, options on futures contracts, forward contracts, commodity swaps, or other related derivatives.

(2) *Commodity*. The term “commodity” is defined in Section 1(a)(4) of the Commodity Exchange Act.

(d) Information Barriers. A member acting as a registered market maker in a Commodity-Related Security is obligated to establish adequate information barriers when such market maker engages in inter-departmental communications. For purposes of a Commodity-Related Security only, “inter-departmental communications” shall include communications to other departments within the same firm or the firm’s affiliates that involve trading in commodities, futures contracts, options on futures contracts, forward contracts, commodity swaps, or other related derivatives underlying such Commodity-Related Security.

(e) Market Maker Accounts. A member acting as a registered market maker in a Commodity-Related Security must file with TXSE Regulation in a manner prescribed by TXSE Regulation and keep current a list identifying all accounts for trading in commodities, futures contracts, options on futures contracts, forward contracts, commodity swaps, or other related derivatives underlying such Commodity-Related Security, in which the market maker holds an interest, over which it may exercise

investment discretion, or in which it shares in the profits and losses. No market maker shall trade in, or exercise investment discretion with respect to, such underlying commodities, futures contracts, options on futures contracts, forward contracts, commodity swaps, or other related derivatives, in an account in which a market maker, directly or indirectly, controls trading activities, or has an interest in the profits or losses thereof, that has not been reported as required by this TXSE Rule.

(f) The member acting as a registered market maker in a Commodity-Related Security shall make available to TXSE Regulation such books, records or other information pertaining to transactions by such entity or registered or non-registered employee affiliated with such entity for its or their own accounts for trading commodities, futures contracts, options on futures contracts, forward contracts, commodity swaps, or other related derivatives underlying such Commodity-Related Security, as may be requested by TXSE Regulation.

(g) In connection with trading a Commodity-Related Security or commodities, futures contracts, options on futures contracts, forward contracts, commodity swaps, or other related derivatives underlying a Commodity-Related Security, the member acting as a market maker in a Commodity-Related Security shall not use any material nonpublic information received from any person associated with the member or employee of such person regarding trading by such person or employee in the commodities, futures contracts, options on futures contracts, forward contracts, commodity swaps, or other related derivatives underlying such Commodity-Related Security.

(h) TXSE requires that members provide all purchasers of a newly issued Commodity-Related Security a prospectus for such Commodity-Related Security

Rule 17.130. Listing Requirements for Securities Not Otherwise Specified (Other Securities)

(a) Initial Listing Requirements

(1) TXSE will consider listing any security not otherwise covered by the criteria in the TXSE Rule Series 16.300 or Chapter 17, provided the instrument is otherwise suited to trade through the facilities of TXSE. Such securities will be evaluated for listing against the following criteria:

(A) The Company shall have assets in excess of $100 million and Shareholders' equity of at least $10 million. In the case of a Company which is unable to satisfy the earnings criteria set forth in TXSE Rule 16.310(c)(1) or TXSE Rule 312(b)(2)(A), TXSE generally will require the Company to have the following:

(i) assets in excess of $200 million and stockholders' equity of at least $10 million; or

(ii) assets in excess of $100 million and stockholders' equity of at least $20 million.

(B) For equity securities, there must be:

(i) a minimum of 400 holders of the security; and

(ii) a minimum public distribution of 1,000,000 trading units.

However, if the instrument is redeemable at the option of the holders thereof on at least a weekly basis, these requirements shall not apply.

(C) The aggregate market value/principal amount of the security shall be at least $4 million.

(2) Issuers of securities listed pursuant to this TXSE Rule 17.130 must be listed on TXSE, the Nasdaq Global Market, Nasdaq Global Select Market or the New York Stock Exchange (NYSE) or be an affiliate of a Company listed on the Nasdaq Global Market, Nasdaq Global Select Market or the NYSE; provided, however, that the provisions of TXSE Rule 16.320 will be applied to sovereign issuers of “other” securities on a case-by-case basis.

(3) Prior to the commencement of trading of securities listed pursuant to this paragraph, TXSE will evaluate the nature and complexity of the issue and, if appropriate, distribute a circular to the membership providing guidance regarding TXSE member firm compliance responsibilities and requirements when handling transactions in such securities.

(b) Continued Listing Requirements

Except as otherwise provided in these rules, the aggregate market value or principal amount of Publicly Held units must be at least $1 million.

Rule 17.132. Contingent Value Rights

TXSE will consider listing Contingent Value Rights (“CVRs”) on TXSE. CVRs are unsecured obligations of the issuer, which provide for a possible cash payment either: (i) at maturity based upon the price performance of an affiliate’s equity security (a “Price-Based CVR”); or (ii) within a specified time period, upon the occurrence of a specified event or events related to the business of the issuer or an affiliate of the issuer (an “Event-Based CVR”).

At maturity, the holder of a Price-Based CVR is entitled to a cash payment if the average market price of the related equity security is less than a pre-set target price. The target price is typically established at the time the Price-Based CVR is issued. Conversely, should the average market price of the related equity security equal or exceed the target price, the Price-Based CVR would expire worthless.

Within a specified time period, the holder of an Event-Based CVR is entitled to a cash payment upon occurrence of an event or events related to the business of the issuer or an affiliate of the issuer specified at the time the Event-Based CVR is issued. Conversely, should the specified event or events not occur within the specified time period, the Event-Based CVR would expire worthless.

(a) Initial Listing Requirements

(1) The Company must have assets in excess of $100 million.

(2) The Company must satisfy TXSE Rule 16.310(c)(1) or have at least $200,000,000 in global market capitalization.

(3) The Company must satisfy the Market Value of Publicly Held Shares requirement of TXSE Rule 16.310(b).

(4) The issuer of the CVR must not be considered non-compliant with the listing standards of the national securities exchange where either the equity security to whose price performance a Price-Based CVR, or in an Event-Based CVR, where the Primary Equity Security is linked or the issuer’s common stock is listed.

(5) The CVR issue must have:

(A) a minimum of 400 holders;

(B) a minimum of 1 million CVRs outstanding;

(C) a minimum of $4 million market value;

(D) a minimum life of one (1) year; and

(E) a minimum $4.00 Bid Price.

(b) Disclosure Requirements

The issuer of an Event-Based CVR will be required to make public disclosure in accordance with the provisions of TXSE Rule 16.207(b) and Supplementary Material .01 to TXSE Rule 16.207: (i) upon the occurrence of any event that must occur as a condition to the issuer’s obligation to make a cash payment with respect to the CVR (or if such an event is deemed to have occurred pursuant to the terms of the documents governing the CVR); or (ii) at any such time as it becomes clear that a condition to the cash payment with respect to the CVR has not been met as required by the documents governing the terms of the CVR.

(c) Circular

Prior to listing a CVR, TXSE will distribute an information circular to its members in substantially the following form:

The following Contingent Voting Rights of COMPANY NAME have been approved for listing and will commence trading at a date to be announced.

NUMBER ISSUED Contingent Value Rights expiring DATE unless extended as more fully explained in the joint proxy/prospectus.

The Contingent Value Rights will trade with the ticker symbol XXXX.

Since the Contingent Value Rights have certain unique characteristics, investors should be afforded an explanation of such special characteristics and risks attendant to trading thereof, including the possibility that the maturity date may be extended and that the CVR's may possibly expire without value (consult the joint proxy/prospectus for full details). The Exchange suggests that transactions in CVR's be recommended only to investors whose accounts have been approved for options trading. If a customer has not been approved for options trading, or does not wish to open an options account, the firm should ascertain that CVR's are suitable for the customer.

Before a member, member organization or employee of such member organization undertakes to recommend a transaction in the Contingent Value Rights, such member or member organization should make a determination that such Contingent Value Rights are suitable for such customer and the person making the recommendation should have a reasonable basis for believing, at the time of making the recommendation, that the customer has such knowledge and experience in financial matters that he may reasonably be expected to be capable of evaluating the risks and special characteristics of recommended transaction and is financially able to bear the risks of the recommended transaction.

(d) Continued Listing Requirements

(1) At least 100,000 Publicly Held Shares;

(2) At least 100 Holders;

(3) Market Value of Publicly Held Shares of at least $1 million;

(4) Either the equity security to whose price performance a Price-Based CVR is linked or the issuer's common stock must remain listed; and

(5) TXSE will delist an Event-Based CVR once the occurrence of the specified event or events related to the business of the issuer or an affiliate of the issuer has occurred or once it goes beyond the time that the specified event or events should have occurred.

Rule 17.135. Managed Fund Shares

(a) TXSE will consider listing Managed Fund Shares that meet the criteria of TXSE Rule 17.135.

(b) Applicability. TXSE Rule 17.135 is applicable only to Managed Fund Shares. Except to the extent inconsistent with TXSE Rule 17.135, or unless the context otherwise requires, the rules and procedures of the Board of Directors shall be applicable to the trading on TXSE of such securities. Managed Fund Shares are included within the definition of “security” or “securities” as such terms are used in the TXSE Rules.

(1) TXSE may approve Managed Fund Shares for listing and/or trading (including pursuant to unlisted trading privileges) pursuant to Rule 19b-4(e) under the Exchange Act. Components of a series of Managed Fund Shares listed pursuant to Rule 19b-4(e) shall satisfy the criteria set forth in this TXSE Rule 17.135 upon initial listing and on a continual basis. TXSE will file separate proposals under Section 19(b) of the Exchange Act before the listing and trading of a series of Managed Fund Shares with components that do not satisfy the criteria set forth in this TXSE Rule 17.135(b)(1) or components other than those specified below. Any of the statements or representations regarding (a) the description of the portfolio or reference assets; (b) limitations on portfolio holdings or reference assets; (c) dissemination and availability of the reference asset or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals shall constitute continued listing standards.

(A) Equity - Equity securities include the following: U.S. Component Stocks (as defined in TXSE Rule 17.105); Non-U.S. Component Stocks (as defined in TXSE Rule 17.105); and Exchange Traded Derivative Securities (as defined in TXSE Rule 17.135(c)(6)); and Linked Securities (as defined in TXSE Rule 17.110). For Exchange Traded Derivative Securities and Linked Securities, no more than 25% of the equity weight of the portfolio shall consist of leveraged and/or inverse leveraged Exchange Traded Derivative Securities or Linked Securities. The securities defined in TXSE Rule 17.105, 17.110 and 17.135(c)(6), as referenced above, shall include securities listed on another national securities exchange pursuant to substantially equivalent listing rules. To the extent that a portfolio includes convertible securities, the equity security into which such security is converted shall meet the criteria of this TXSE Rule 17.135(b)(1)(A) after converting.

(i) U.S. Component Stocks. The component stocks of the equity portion of a portfolio that are U.S. Component Stocks shall meet the following criteria initially and on a continuing basis:

(a) Component stocks (excluding Exchange Traded Derivative Securities and Linked Securities) that in

the aggregate account for at least 90% of the equity weight of the portfolio (excluding such Exchange Traded Derivative Securities and Linked Securities) each shall have a minimum market value of at least $75 million;

(b) Component stocks (excluding Exchange Traded Derivative Securities and Linked Securities) that in the aggregate account for at least 70% of the equity weight of the portfolio (excluding such Exchange Traded Derivative Securities and Linked Securities) each shall have a minimum monthly trading volume of 250,000 shares, or minimum notional volume traded per month of $25,000,000, averaged over the last six (6) months;

(c) The most heavily weighted component stock (excluding Exchange Traded Derivative Securities and Linked Securities) shall not exceed 30% of the equity weight of the portfolio, and, to the extent applicable, the five (5) most heavily weighted component stocks (excluding Exchange Traded Derivative Securities and Linked Securities) shall not exceed 65% of the equity weight of the portfolio;

(d) Where the equity portion of the portfolio does not include Non-U.S. Component Stocks, the equity portion of the portfolio shall include a minimum of 13 component stocks; provided, however, that there shall be no minimum number of component stocks if (i) one or more series of Exchange Traded Derivative Securities or Linked Securities constitute, at least in part, components underlying a series of Managed Fund Shares or (ii) one or more series of Exchange Traded Derivative Securities or Linked Securities account for 100% of the equity weight of the portfolio of a series of Managed Fund Shares;

(e) Except as provided herein, equity securities in the portfolio shall be U.S. Component Stocks listed on a national securities exchange and shall be NMS Stocks as defined in Rule 600 of Regulation NMS under the Act; and

(f) ADRs in a portfolio may be exchange-traded or non-exchange-traded. However, no more than 10% of the equity weight of a portfolio shall consist of non-exchange-traded ADRs.

(ii) Non-U.S. Component Stocks. The component stocks of the equity portion of a portfolio that are Non-U.S. Component

Stocks shall meet the following criteria initially and on a continuing basis:

(a) Non-U.S. Component Stocks each shall have a minimum market value of at least $100 million;

(b) Non-U.S. Component Stocks each shall have a minimum global monthly trading volume of 250,000 shares, or minimum global notional volume traded per month of $25,000,000, averaged over the last six (6) months;

(c) The most heavily weighted Non-U.S. Component stock shall not exceed 25% of the equity weight of the portfolio, and, to the extent applicable, the five (5) most heavily weighted Non-U.S. Component Stocks shall not exceed 60% of the equity weight of the portfolio;

(d) Where the equity portion of the portfolio includes Non-U.S. Component Stocks, the equity portion of the portfolio shall include a minimum of 20 component stocks; provided, however, that there shall be no minimum number of component stocks if (i) one or more series of Exchange Traded Derivative Securities or Linked Securities constitute, at least in part, components underlying a series of Managed Fund Shares or (ii) one or more series of Exchange Traded Derivative Securities or Linked Securities account for 100% of the equity weight of the portfolio of a series of Managed Fund Shares; and

(e) Each Non-U.S. Component Stock shall be listed and traded on an exchange that has last-sale reporting.

(B) Fixed Income - Fixed income securities are debt securities that are notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, Treasury Securities, GSE Securities, municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof, investment grade and high yield corporate debt, bank loans, mortgage and asset backed securities and commercial paper. To the extent that a portfolio includes convertible securities, the fixed income security into which such security is converted shall meet the criteria of this TXSE Rule 17.135(b)(1)(B) after converting. The components of the fixed income portion of a portfolio shall meet the following criteria initially and on a continuing basis:

(i) Components that in the aggregate account for at least 75% of the fixed income weight of the portfolio each shall have a

minimum original principal amount outstanding of $100 million or more;

(ii) No component fixed-income security (excluding Treasury Securities and GSE Securities) shall represent more than 30% of the fixed income weight of the portfolio, and the five (5) most heavily weighted component fixed income securities in the portfolio (excluding Treasury Securities and GSE Securities) shall not in the aggregate account for more than 65% of the fixed income weight of the portfolio;

(iii) An underlying portfolio (excluding exempted securities) that includes fixed income securities shall include a minimum of 13 non-affiliated issuers, provided, however, that there shall be no minimum number of non-affiliated issuers required for fixed income securities if at least 70% of the weight of the portfolio consists of equity securities as described in TXSE Rule 17.135(b)(1)(A) above;

(iv) Component securities that in aggregate account for at least 90% of the fixed income weight of the portfolio must be either: (a) from issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Exchange Act; (b) from issuers that have a worldwide market value of its outstanding common equity held by non-affiliates of $700 million or more; (c) from issuers that have outstanding securities that are notes, bonds debentures or evidence of indebtedness having a total remaining principal amount of at least $1 billion; (d) exempted securities as defined in Section 3(a)(12) of the Exchange Act; or (e) from issuers that are a government of a foreign country or a political subdivision of a foreign country; and

(v) Non-agency, non-GSE and privately-issued mortgage-related and other asset-backed securities components of a portfolio shall not account, in the aggregate, for more than 20% of the weight of the portfolio.

(C) Cash and Cash Equivalents. Cash equivalents shall include short-term instruments with maturities of less than 3 months (as described herein). In addition, a portfolio may hold cash.

(i) There shall be no limitation to the percentage of the portfolio invested in such holdings.

(ii) Short-term instruments shall include the following:

(a) U.S. Government securities, including bills, notes and bonds differing as to maturity and rates of interest,

which are either issued or guaranteed by the U.S. Treasury or by U.S. Government agencies or instrumentalities;

(b) certificates of deposit issued against funds deposited in a bank or savings and loan association;

(c) bankers' acceptances, which are short-term credit instruments used to finance commercial transactions;

(d) repurchase agreements and reverse repurchase agreements;

(e) bank time deposits, which are monies kept on deposit with banks or savings and loan associations for a stated period of time at a fixed rate of interest;

(f) commercial paper, which are short-term unsecured promissory notes; and

(g) money market funds.

(D) Listed Derivatives. The portfolio may hold listed derivatives, including futures, options and swaps on commodities, currencies and financial instruments (e.g., stocks, fixed income, interest rates and volatility) or a basket or index of any of the foregoing. There shall be no limitation to the percentage of the portfolio invested in such holdings, subject to the following requirements:

(i) in the aggregate, at least 90% of the weight of such holdings invested in futures, exchange-traded options and listed swaps shall, on both an initial and continuing basis, consist of futures, options and swaps for which the Exchange may obtain information via the ISG, from other members or affiliates of the ISG, or for which the principal market is a market with which the Exchange has a comprehensive surveillance sharing agreement. (For purposes of calculating this limitation, a portfolio's investment in listed derivatives will be calculated as the aggregate gross notional value of the listed derivatives.); and

(ii) the aggregate gross notional value of listed derivatives based on any five (5) or fewer underlying reference assets shall not exceed 65% of the weight of the portfolio (including gross notional exposures), and the aggregate gross notional value of listed derivatives based on any single underlying reference asset shall not exceed 30% of the weight of the portfolio (including gross notional exposures).

(E) Over-the-Counter ("OTC") Derivatives. The portfolio may hold OTC derivatives, including forwards, options and swaps on commodities, currencies and financial instruments (e.g., stocks, fixed income, interest rates and volatility) or a basket or index of any of the foregoing; however, on both an initial and continuing basis, no more than 20% of the assets in the portfolio may be invested in OTC derivatives. For purposes of calculating this limitation, a portfolio's investment in OTC derivatives will be calculated as the aggregate gross notional value of the OTC derivatives.

(F) To the extent that listed or OTC derivatives are used to gain exposure to individual equities and/or fixed income securities, or to indexes of equities and/or indexes of fixed income securities, the aggregate gross notional value of such exposure shall meet the criteria set forth in TXSE Rules 17.135(b)(1)(A) and 17.135(b)(1)(B), respectively.

(2) Transactions in Managed Fund Shares will occur throughout TXSE's trading hours.

(3) Reserved

(4) Surveillance Procedures. TXSE will implement and maintain written surveillance procedures for Managed Fund Shares.

(5) Creation and Redemption. For Managed Fund Shares based on an international or global portfolio, the statutory prospectus or the application for exemption from provisions of the Investment Company Act of 1940 for the series of Managed Fund Shares must state that such series must comply with the federal securities laws in accepting securities for deposits and satisfying redemptions with redemption securities, including that the securities accepted for deposits and the securities used to satisfy redemption requests are sold in transactions that would be exempt from registration under the Securities Act.

(c) Definitions. The following terms as used in the TXSE Rules shall, unless the context otherwise requires, have the meanings herein specified:

(1) Managed Fund Share. The term "Managed Fund Share" means a security that (a) represents an interest in an Investment Company organized as an open-end management investment company or similar entity, that invests in a portfolio of securities selected by the Investment Company's investment adviser consistent with the Investment Company's investment objectives and policies; (b) is issued in a specified aggregate minimum number in return for a deposit of a specified portfolio of securities and/or a cash amount with a value equal to the next determined net asset value; and (c) when aggregated in the same specified minimum number, may be redeemed at a holder's request, which holder will be paid a specified portfolio of securities and/or cash with a value equal to the next determined net asset value.

(2) Disclosed Portfolio. The term “Disclosed Portfolio” means the identities and quantities of the securities and other assets held by the Investment Company that will form the basis for the Investment Company’s calculation of net asset value at the end of the business day. The website for each series of Managed Fund Shares shall disclose the following information regarding the Disclosed Portfolio, to the extent applicable:

(A) ticker symbol;

(B) CUSIP or other identifier;

(C) description of the holding;

(D) with respect to holdings in derivatives, the identity of the security, commodity, index or other asset upon which the derivative is based;

(E) the strike price for any options;

(F) the quantity of each security or other asset held as measured by;

(i) par value,

(ii) notional value,

(iii) number of shares,

(iv) number of contracts, and

(v) number of units;

(G) maturity date;

(H) coupon rate;

(I) effective date;

(J) market value; and

(K) percentage weighting of the holding in the portfolio.

(3) Reserved.

(4) Reporting Authority. The term “Reporting Authority” in respect of a particular series of Managed Fund Shares means TXSE, an institution, or a reporting service designated by TXSE or by the exchange that lists a particular series of Managed Fund Shares (if TXSE is trading such series pursuant to unlisted trading privileges) as the official source for calculating and reporting

information relating to such series, including, but not limited to, the Disclosed Portfolio; the amount of any cash distribution to holders of Managed Fund Shares, net asset value or other information relating to the issuance, redemption or trading of Managed Fund Shares. A series of Managed Fund Shares may have more than one Reporting Authority, each having different functions.

(5) Normal Market Conditions. The term “Normal Market Conditions” includes, but is not limited to, the absence of trading halts in the applicable financial markets generally; operational issues (e.g., systems failure) causing dissemination of inaccurate market information; or force majeure type events such as a natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

(6) Exchange Traded Derivative Securities. The term “Exchange Traded Derivative Securities” means the securities described in TXSE Rule 17.104 (Exchange Traded Fund Shares); TXSE Rule 17.105(a) (Portfolio Depository Receipts); TXSE Rule 17.105(b) (Index Fund Shares); TXSE Rule 17.120 (Trust Issued Receipts); TXSE Rule 17.111(d) (Commodity Based Trust Shares); TXSE Rule 17.111(e) (Currency Trust Shares); TXSE Rule 17.111(f) (Commodity Index Trust Shares); TXSE Rule 17.111(g) (Commodity Futures Trust Shares); TXSE Rule 17.111(h) (Partnership Units); TXSE Rule 17.111(i) (Trust Units); TXSE Rule 17.111(j) (Managed Trust Shares); and TXSE Rule 17.135 (Managed Fund Shares).

(d) Initial and Continued Listing — Managed Fund Shares will be listed and traded on TXSE subject to application of the following criteria:

(1) Initial Listing — Each series of Managed Fund Shares will be listed and traded on TXSE subject to application of the following initial listing criteria:

(A) For each series, TXSE will establish a minimum number of Managed Fund Shares required to be outstanding at the time of commencement of trading on TXSE.

(B) TXSE will obtain a representation from the issuer of each series of Managed Fund Shares that the net asset value per share for the series will be calculated daily and that the net asset value and the Disclosed Portfolio will be made available to all market participants at the same time.

(C) All Managed Fund Shares shall have a stated investment objective, which shall be adhered to under Normal Market Conditions.

(2) Continued Listing — Each series of Managed Fund Shares will be listed and traded on TXSE subject to application of the following continued listing criteria:

(A) Reserved.

(B) Disclosed Portfolio.

(i) The Disclosed Portfolio will be disseminated at least once daily and will be made available to all market participants at the same time.

(ii) The Reporting Authority that provides the Disclosed Portfolio must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material nonpublic information regarding the actual components of the portfolio.

(C) Suspension of trading or removal. TXSE will consider the suspension of trading in, and will initiate delisting proceedings under the TXSE Rule Series 16.500 of, a series of Managed Fund Shares under any of the following circumstances:

(i) if, following the initial twelve-month period after commencement of trading on TXSE of a series of Managed Fund Shares, there are fewer than 50 beneficial holders of the series of Managed Fund Shares;

(ii) if the Disclosed Portfolio is not made available to all market participants at the same time;

(iii) if the Investment Company issuing the Managed Fund Shares has failed to file any filings required by the Commission or if TXSE is aware that the Investment Company is not in compliance with the conditions of any exemptive order or no-action relief granted by the Commission to the Investment Company with respect to the series of Managed Fund Shares;

(iv) if the series of Managed Fund Shares is not in compliance with any statements or representations included in the applicable rule proposal under Section 19(b) regarding: (a) the description of the portfolio or reference assets; (b) limitations on portfolio holdings or reference assets; (c) dissemination and availability of the reference asset or Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals;

(v) if any of the requirements set forth in this rule are not continuously maintained; or

(vi) if such other event shall occur or condition exists which, in the opinion of TXSE, makes further dealings on TXSE inadvisable.

(D) Trading Halt. If TXSE becomes aware that the net asset value or the Disclosed Portfolio with respect to a series of Managed Fund Shares is not disseminated to all market participants at the same time, it will halt trading in such series until such time as the net asset value or the Disclosed Portfolio is available to all market participants.

(E) Termination. Upon termination of an Investment Company, TXSE requires that Managed Fund Shares issued in connection with such entity be removed from listing on TXSE.

(F) Voting. Voting rights shall be as set forth in the applicable Investment Company prospectus.

(e) Limitation of Liability. Neither TXSE, the Reporting Authority, nor any agent of TXSE shall have any liability for damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating any current portfolio value; the current value of the portfolio of securities required to be deposited to the open-end management investment company in connection with issuance of Managed Fund Shares; the amount of any dividend equivalent payment or cash distribution to holders of Managed Fund Shares; net asset value; or other information relating to the purchase, redemption or trading of Managed Fund Shares, resulting from any negligent act or omission by TXSE, the Reporting Authority, or any agent of TXSE, or any act, condition, or cause beyond the reasonable control of TXSE, its agent, or the Reporting Authority, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in one or more underlying securities.

(f) Disclosures. The provisions of this subparagraph apply only to series of Managed Fund Shares that are the subject of an order by the Securities and Exchange Commission exempting such series from certain prospectus delivery requirements under Section 24(d) of the Investment Company Act of 1940 and are not otherwise subject to prospectus delivery requirements under the Securities Act. TXSE will inform its members regarding application of these provisions of this subparagraph to a particular series of Managed Fund Shares by means of an information circular prior to commencement of trading in such series.

TXSE requires that members provide to all purchasers of a series of Managed Fund Shares a written description of the terms and characteristics of those securities, in a form prepared by the open-end management investment company issuing such securities, not later than the time a confirmation of the first transaction in such series is delivered to such purchaser. In addition, members shall include such a written description with any sales material relating to a series of Managed Fund Shares that is provided to customers or the public. Any other written materials provided by a member to customers or the public making specific reference to a series of Managed Fund Shares as an investment vehicle must include a statement in substantially the following form: “A circular describing the terms and characteristics of (the series of Managed

Fund Shares) has been prepared by the (open-end management investment company name) and is available from your broker. It is recommended that you obtain and review such circular before purchasing (the series of Managed Fund Shares)."

A member carrying an omnibus account for a non-member broker-dealer is required to inform such non-member that execution of an order to purchase a series of Managed Fund Shares for such omnibus account will be deemed to constitute agreement by the non-member to make such written description available to its customers on the same terms as are directly applicable to members under this rule.

Upon request of a customer, a member shall also provide a prospectus for the particular series of Managed Fund Shares.

(g) If the investment adviser to the Investment Company issuing Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect and maintain a "fire wall" between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such Investment Company portfolio. Personnel who make decisions on the Investment Company's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable Investment Company portfolio.

Rule 17.150. Proxy Portfolio Shares

(a) The Exchange will consider for trading, whether by listing or pursuant to unlisted trading privileges, Proxy Portfolio Shares that meet the criteria of this TXSE Rule.

(b) Applicability. This TXSE Rule is applicable only to Proxy Portfolio Shares. Except to the extent inconsistent with this TXSE Rule, or unless the context otherwise requires, the rules and procedures of the Board of Directors shall be applicable to the trading on the Exchange of such securities. Proxy Portfolio Shares are included within the definition of "security" or "securities" as such terms are used in the TXSE Rules.

(1) The Exchange will file separate proposals under Section 19(b) of the Exchange Act before the listing and trading of a series of Proxy Portfolio Shares.

(2) Transactions in Proxy Portfolio Shares will occur throughout the Exchange's Regular Trading Hours.

(3) Minimum Price Variance. The minimum price variation for quoting and entry of orders in Proxy Portfolio Shares is $0.01.

(4) Surveillance Procedures. The Exchange will implement and maintain written surveillance procedures for Proxy Portfolio Shares. As part of these surveillance procedures, the Investment Company's investment adviser will

upon request by the Exchange make available to the Exchange the daily Fund Portfolio of each series of Proxy Portfolio Shares.

(5) If the investment adviser to the Investment Company issuing Proxy Portfolio Shares is registered as a broker-dealer or is affiliated with a broker-dealer, such investment adviser will erect and maintain a “fire wall” between the investment adviser and personnel of the broker-dealer or broker-dealer affiliate, as applicable, with respect to access to information concerning the composition of and/or changes to the Fund Portfolio, the Proxy Basket and/or Custom Basket, as applicable. Any person related to the investment adviser or Investment Company who makes decisions pertaining to the Investment Company’s Fund Portfolio, the Proxy Basket and/or Custom Basket, as applicable, or has access to nonpublic information regarding the Fund Portfolio, the Proxy Basket and/or Custom Basket, as applicable, or changes thereto must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the Fund Portfolio and/or the Proxy Basket and/or Custom Basket, as applicable, or changes thereto.

(6) Any person or entity, including a custodian, Reporting Authority, distributor or administrator, who has access to nonpublic information regarding the Fund Portfolio, the Proxy Basket or the Custom Basket, as applicable, or changes thereto, must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable Fund Portfolio, the Proxy Basket or the Custom Basket, as applicable, or changes thereto. Moreover, if any such person or entity is registered as a broker-dealer or affiliated with a broker-dealer, such person or entity will erect and maintain a “fire wall” between the person or entity and the broker-dealer with respect to access to information concerning the composition and/or changes to such Fund Portfolio, Proxy Basket or the Custom Basket, as applicable.

(c) Definitions. The following terms as used in the TXSE Rules shall, unless the context otherwise requires, have the meanings herein specified:

(1) Proxy Portfolio Share. The term “Proxy Portfolio Share” means a security that: (A) represents an interest in an Investment Company organized as an open-end management investment company, that invests in a portfolio of securities selected by the Investment Company’s investment adviser consistent with the Investment Company’s investment objectives and policies; (B) is issued in a specified aggregate minimum number in return for a deposit of a specified Proxy Basket or Custom Basket, as applicable, and/or a cash amount with a value equal to the next determined net asset value; (C) when aggregated in the same specified minimum number, may be redeemed at a holder’s request, which holder will be paid specified Proxy Basket or Custom Basket, as applicable, and/or a cash amount with a value equal to the next determined net asset value; and (D) the portfolio holdings for which are disclosed within at least 60 days following the end of every fiscal quarter.

(2) Fund Portfolio. The term “Fund Portfolio” means the identities and quantities of the securities and other assets held by the Investment Company that will form the basis for the Investment Company’s calculation of net asset value at the end of the business day.

(3) Reporting Authority. The term “Reporting Authority” in respect of a particular series of Proxy Portfolio Shares means the Exchange, an institution or a reporting service designated by the Exchange or by the exchange that lists a particular series of Proxy Portfolio Shares (if the Exchange is trading such series pursuant to unlisted trading privileges) as the official source for calculating and reporting information relating to such series, including, but not limited to, the Proxy Basket; the Fund Portfolio; Custom Basket; the amount of any cash distribution to holders of Proxy Portfolio Shares, net asset value, or other information relating to the issuance, redemption or trading of Proxy Portfolio Shares. A series of Proxy Portfolio Shares may have more than one Reporting Authority, each having different functions.

(4) Normal Market Conditions. The term “Normal Market Conditions” includes, but is not limited to, the absence of trading halts in the applicable financial markets generally; operational issues (e.g., systems failure) causing dissemination of inaccurate market information; or force majeure type events such as natural or manmade disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

(5) Proxy Basket. The term “Proxy Basket” means the identities and quantities of the securities and other assets included in a basket that is designed to closely track the daily performance of the Fund Portfolio, as provided in the exemptive relief under the 1940 Act applicable to a series of Proxy Portfolio Shares. The website for each series of Proxy Portfolio Shares shall disclose the following information regarding the Proxy Basket as required under this TXSE Rule 17.150, to the extent applicable:

(A) Ticker symbol;

(B) CUSIP or other identifier;

(C) Description of holding;

(D) Quantity of each security or other asset held; and

(E) Percentage weight of the holding in the portfolio.

(6) Custom Basket. For purposes of this rule, the term “Custom Basket” means a portfolio of securities that is different from the Proxy Basket and is otherwise consistent with the exemptive relief issued pursuant to the Investment Company Act of 1940 applicable to a series of Proxy Portfolio Shares.

(d) Initial and Continued Listing. Proxy Portfolio Shares will be listed and traded on the Exchange subject to application of the following criteria:

(1) Initial Listing. Each series of Proxy Portfolio Shares will be listed and traded on the Exchange subject to application of the following criteria:

(A) For each series, the Exchange will establish a minimum number of Proxy Portfolio Shares required to be outstanding at the time of commencement of trading on the Exchange.

(B) The Exchange will obtain a representation from the issuer of each series of Proxy Portfolio Shares that (i) the net asset value per share for the series will be calculated daily, (ii) each of the following will be made available to all market participants at the same time when disclosed: the net asset value, the Proxy Basket, and the Fund Portfolio and (iii) the issuer and any person acting on behalf of the series of Proxy Portfolio Shares will comply with Regulation Fair Disclosure under the Exchange Act, including with respect to any Custom Basket.

(C) All Proxy Portfolio Shares shall have a stated investment objective, which shall be adhered to under Normal Market Conditions.

(2) Continued Listing. Each series of Proxy Portfolio Shares will be listed and traded on the Exchange subject to application of the following continued listing criteria:

(A) Proxy Basket and Custom Basket. (i) The Proxy Basket will be publicly disseminated at least once daily and will be made available to all market participants at the same time. (ii) With respect to each Custom Basket utilized by a series of Proxy Portfolio Shares, each business day, before the opening of trading in Regular Trading Hours, the Investment Company shall make publicly available on its website the composition of any Custom Basket transacted on the previous business day, except a Custom Basket that differs from the applicable Proxy Basket only with respect to cash.

(B) Fund Portfolio. The Fund Portfolio will at a minimum be publicly disclosed within at least 60 days following the end of every fiscal quarter and will be made available to all market participants at the same time.

(C) Suspension of trading or removal. The Exchange will consider the suspension of trading in and will commence delisting proceedings for a series of Proxy Portfolio Shares pursuant to the TXSE Rule Series 16.500 under any of the following circumstances:

(i) if, following the initial twelve-month period after commencement of trading on the Exchange of a series of Proxy

Portfolio Shares, there are fewer than 50 beneficial holders of the series of Proxy Portfolio Shares;

(ii) if either the Proxy Basket or Fund Portfolio is not made available to all market participants at the same time;

(iii) if the Investment Company issuing the Proxy Portfolio Shares has failed to file any filings required by the Commission or if the Exchange is aware that the Investment Company is not in compliance with the conditions of any exemptive order or no-action relief granted by the Commission or the Commission staff under the 1940 Act to the Investment Company with respect to the series of Proxy Portfolio Shares;

(iv) if any of the requirements set forth in this rule are not continuously maintained;

(v) if any of the applicable Continued Listing Representations for the issue of Proxy Portfolio Shares are not continuously met; or

(vi) if such other event shall occur or condition exists which, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable.

(D) Trading Halt.

(i) The Exchange may consider all relevant factors in exercising its discretion to halt trading in a series of Proxy Portfolio Shares. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the series of Proxy Portfolio Shares inadvisable. These may include: (a) the extent to which trading is not occurring in the securities and/or the financial instruments composing the Proxy Basket or Fund Portfolio; or (b) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.

(ii) If the Exchange becomes aware that one of the following is not being made available to all market participants at the same time: the net asset value, the Proxy Basket or the Fund Portfolio with respect to a series of Proxy Portfolio Shares, then the Exchange will halt trading in such series until such time as the net asset value, the Proxy Basket or the Fund Portfolio is available to all market participants, as applicable.

(E) Termination. Upon termination of an Investment Company, the Exchange requires that Proxy Portfolio Shares issued in connection with such entity be removed from listing on the Exchange.

(F) Voting. Voting rights shall be as set forth in the applicable Investment Company prospectus and/or statement of additional information.

(e) Limitation of Exchange Liability. Neither the Exchange, the Reporting Authority, when the Exchange is acting in the capacity of a Reporting Authority, nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating any current portfolio value; the current value of the portfolio of securities required to be deposited to the open-end management investment company in connection with issuance of Proxy Portfolio Shares; the amount of any dividend equivalent payment or cash distribution to holders of Proxy Portfolio Shares; net asset value; or other information relating to the purchase, redemption or trading of Proxy Portfolio Shares, resulting from any negligent act or omission by the Exchange, the Reporting Authority when the Exchange is acting in the capacity of a Reporting Authority, or any agent of the Exchange, or any act, condition, or cause beyond the reasonable control of the Exchange, its agent, or the Reporting Authority, when the Exchange is acting in the capacity of a Reporting Authority, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission, or delay in the reports of transactions in one or more underlying securities.

Rule 17.160. Managed Portfolio Shares

(a) The Exchange will consider for trading, whether by listing or pursuant to unlisted trading privileges, Managed Portfolio Shares that meet the criteria of this TXSE Rule.

(b) Applicability. This TXSE Rule is applicable only to Managed Portfolio Shares. Except to the extent inconsistent with this TXSE Rule, or unless the context otherwise requires, the rules and procedures of the Board of Directors shall be applicable to the trading on the Exchange of such securities. Managed Portfolio Shares are included within the definition of “security” or “securities” as such terms are used in the TXSE Rules.

(1) TXSE will file separate proposals under Section 19(b) of the Exchange Act before the listing and trading of a series of Managed Portfolio Shares. All statements or representations contained in such rule filing regarding (a) the description of the portfolio or reference assets; (b) limitations on portfolio holdings or reference assets; (c) dissemination and availability of the reference asset or Intraday Indicative Values and Verified Intraday Indicative Values (as applicable); or (d) the applicability of TXSE listing rules specified in such proposals shall constitute continued listing standards.

(2) Transactions in Managed Portfolio Shares will occur throughout the TXSE's Regular Trading Hours.

(3) Minimum Price Variance. The minimum price variation for quoting and entry of orders in Managed Portfolio Shares is $0.01.

(4) Surveillance Procedures. The Exchange will implement and maintain written surveillance procedures for Managed Portfolio Shares. As part of these surveillance procedures, the Investment Company's investment adviser will upon request by the Exchange or FINRA, on behalf of the Exchange, make available to the Exchange or FINRA the daily portfolio holdings of each series of Managed Portfolio Shares.

(5) If the investment adviser to the Investment Company issuing Managed Portfolio Shares is registered as a broker-dealer or is affiliated with a broker-dealer, such investment adviser will erect and maintain a "fire wall" between the investment adviser and personnel of the broker-dealer or broker-dealer affiliate, as applicable, with respect to access to information concerning the composition of and/or changes to such Investment Company portfolio and/or the Creation Basket. Any person related to the investment adviser or Investment Company who makes decisions pertaining to the Investment Company's portfolio composition or has access to information regarding the Investment Company's portfolio composition or changes thereto or the Creation Basket must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable Investment Company portfolio or changes thereto or the Creation Basket.

(6) Any person or entity, including an AP Representative, custodian, Reporting Authority, distributor or administrator, who has access to information regarding the Investment Company's portfolio composition or changes thereto or the Creation Basket, must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable Investment Company portfolio or changes thereto or the Creation Basket. Moreover, if any such person or entity is registered as a broker-dealer or affiliated with a broker-dealer, such person or entity will erect and maintain a "fire wall" between the person or entity and the broker-dealer with respect to access to information concerning the composition and/or changes to such Investment Company portfolio or Creation Basket.

(c) Definitions. The following terms as used in the TXSE Rules shall, unless the context otherwise requires, have the meanings herein specified:

(1) Managed Portfolio Share. The term "Managed Portfolio Share" means a security that (a) represents an interest in an Investment Company organized as an open-end management investment company, that invests in a portfolio of securities selected by the Investment Company's investment adviser consistent with the Investment Company's investment objectives and policies;

(b) is issued in a Creation Unit, or multiples thereof, in return for a designated portfolio of instruments (and/or an amount of cash) with a value equal to the next determined net asset value and delivered to the Authorized Participant (as defined in the Investment Company's Form N-1A filed with the Commission) through a Confidential Account; (c) when aggregated into a Redemption Unit, or multiples thereof, may be redeemed for a designated portfolio of instruments (and/or an amount of cash) with a value equal to the next determined net asset value delivered to the Confidential Account for the benefit of the Authorized Participant; and (d) the portfolio holdings for which are disclosed within at least 60 days following the end of every fiscal quarter.

(2) Verified Intraday Indicative Value. The term "Verified Intraday Indicative Value" is the indicative value of a Managed Portfolio Share based on all of the holdings of a series of Managed Portfolio Shares as of the close of business on the prior business day and, for corporate actions, based on the applicable holdings as of the opening of business on the current business day, priced and disseminated in one second intervals during Regular Trading Hours by the Reporting Authority.

(3) AP Representative. The term "AP Representative" means an unaffiliated broker-dealer, with which an Authorized Participant has signed an agreement to establish a Confidential Account for the benefit of such Authorized Participant, that will deliver or receive, on behalf of the Authorized Participant, all consideration to or from the Investment Company in a creation or redemption. An AP Representative will not be permitted to disclose the Creation Basket to any person, including the Authorized Participants.

(4) Confidential Account. The term "Confidential Account" means an account owned by an Authorized Participant and held with an AP Representative on behalf of the Authorized Participant. The account will be established and governed by contractual agreement between the AP Representative and the Authorized Participant solely for the purposes of creation and redemption, while keeping confidential the Creation Basket constituents of each series of Managed Portfolio Shares, including from the Authorized Participant. The books and records of the Confidential Account will be maintained by the AP Representative on behalf of the Authorized Participant.

(5) Creation Basket. The term "Creation Basket" means on any given business day the names and quantities of the specified instruments and/or an amount of cash that are required for an AP Representative to deposit in-kind on behalf of an Authorized Participant in exchange for a Creation Unit and the names and quantities of the specified instruments and/or an amount of cash that will be transferred in-kind to an AP Representative on behalf of an Authorized Participant in exchange for a Redemption Unit, which will be identical and will be transmitted to each AP Representative before the commencement of trading.

(6) Creation Unit. The term “Creation Unit” means a specified minimum number of Managed Portfolio Shares issued by an Investment Company at the request of an Authorized Participant in return for a designated portfolio of instruments and/or cash.

(7) Redemption Unit. The term “Redemption Unit” means a specified minimum number of Managed Portfolio Shares that may be redeemed to an Investment Company at the request of an Authorized Participant in return for a portfolio of instruments and/or cash.

(8) Reporting Authority. The term “Reporting Authority” in respect of a particular series of Managed Portfolio Shares means the Exchange, the exchange that lists a particular series of Managed Portfolio Shares (if the Exchange is trading such series pursuant to unlisted trading privileges), an institution or a reporting service designated by the Investment Company as the official source for calculating and reporting information relating to such series, including, the net asset value, the Verified Intraday Indicative Value or other information relating to the issuance, redemption or trading of Managed Portfolio Shares. A series of Managed Portfolio Shares may have more than one Reporting Authority, each having different functions.

(9) Normal Market Conditions. The term “Normal Market Conditions” includes, but is not limited to, the absence of trading halts in the applicable financial markets generally; operational issues (e.g., systems failure) causing dissemination of inaccurate market information; or force majeure type events such as natural or manmade disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

(d) Initial and Continued Listing. Managed Portfolio Shares will be listed and traded on the Exchange subject to application of the following criteria:

(1) Initial Listing. Each series of Managed Portfolio Shares will be listed and traded on the Exchange subject to application of the following initial listing criteria:

(A) For each series, the Exchange will establish a minimum number of Managed Portfolio Shares required to be outstanding at the time of commencement of trading on the Exchange.

(B) The Exchange will obtain a representation from the Investment Company that issues each series of Managed Portfolio Shares that the net asset value per share for the series will be calculated daily and that the net asset value will be made available to all market participants at the same time.

(C) All Managed Portfolio Shares shall have a stated investment objective, which shall be adhered to under Normal Market Conditions.

(2) Continued Listing. Each series of Managed Portfolio Shares will be listed and traded on the Exchange subject to application of the following continued listing criteria:

(A) Verified Intraday Indicative Value. The Verified Intraday Indicative Value for Managed Portfolio Shares will be widely disseminated by the Reporting Authority and/or by one or more major market data vendors in one second intervals during Regular Trading Hours, and will be disseminated to all market participants at the same time.

(B) Suspension of trading or removal. The Exchange will consider the suspension of trading in, and will commence delisting proceedings under the TXSE Rule Series 16.500, for a series of Managed Portfolio Shares, under any of the following circumstances:

(i) if, following the initial twelve-month period after commencement of trading on the Exchange of a series of Managed Portfolio Shares, there are fewer than 50 beneficial holders of the series of Managed Portfolio Shares for 30 or more consecutive trading days;

(ii) if the Exchange has halted trading in a series of Managed Portfolio Shares because the Verified Intraday Indicative Value is interrupted pursuant to TXSE Rule 17.160(d)(2)(C)(ii) and such interruption persists past the trading day in which it occurred or is no longer available;

(iii) if the Exchange has halted trading in a series of Managed Portfolio Shares because the net asset value with respect to such series of Managed Portfolio Shares is not disseminated to all market participants at the same time, the holdings of such series of Managed Portfolio Shares are not made available on at least a quarterly basis as required under the 1940 Act, or such holdings are not made available to all market participants at the same time pursuant to TXSE Rule 17.160(d)(2)(C)(ii) and such issue persists past the trading day in which it occurred;

(iv) if the Exchange has halted trading in a series of Managed Portfolio Shares pursuant to TXSE Rule 17.160(d)(2)(C)(i), such issue persists past the trading day in which it occurred;

(v) if the Investment Company issuing the Managed Portfolio Shares has failed to file any filings required by the Commission or if the Exchange is aware that the Investment Company is not in compliance with the conditions of any currently applicable exemptive order or no-action relief granted by the

Commission or Commission staff to the Investment Company with respect to the series of Managed Portfolio Shares;

(vi) if any of the continued listing requirements set forth in this TXSE Rule 17.160 are not continuously maintained;

(vii) if the series of Managed Portfolio Shares is not in compliance with any statements or representations included in the applicable rule proposal under Section 19(b) of the Act regarding: (a) the description of the portfolio or reference assets; (b) limitations on portfolio holdings or reference assets; (c) dissemination and availability of the reference asset or intraday indicative values and Verified Intraday Indicative Values; or (d) the applicability of TXSE listing rules specified in such proposals; or

(viii) if such other event shall occur or condition exists which, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable.

(C) Trading Halt.

(i) The Exchange may consider all relevant factors in exercising its discretion to halt trading in a series of Managed Portfolio Shares. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the series of Managed Portfolio Shares inadvisable. These may include: (a) the extent to which trading is not occurring in the securities and/or the financial instruments composing the portfolio; or (b) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.

(ii) If the Exchange becomes aware that: (a) the Verified Intraday Indicative Value of a series of Managed Portfolio Shares is not being calculated or disseminated in one second intervals, as required; (b) the net asset value with respect to a series of Managed Portfolio Shares is not disseminated to all market participants at the same time; (c) the holdings of a series of Managed Portfolio Shares are not made available on at least a quarterly basis as required under the 1940 Act; or (d) such holdings are not made available to all market participants at the same time (except as otherwise permitted under the currently applicable exemptive order or no-action relief granted by the Commission or Commission staff to the Investment Company with respect to the series of Managed Portfolio Shares), it will halt trading in such series until such time as the Verified Intraday Indicative Value, the net asset value, or the holdings are available, as required.

(D) Termination. Upon termination of an Investment Company, the Exchange requires that Managed Portfolio Shares issued in connection with such entity be removed from Exchange listing.

(E) Voting. Voting rights shall be as set forth in the applicable Investment Company prospectus and/or statement of additional information.

(e) Limitation of Exchange Liability. Neither the Exchange, the Reporting Authority, when the Exchange is acting in the capacity of a Reporting Authority, nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating any current portfolio value; the current value of the portfolio of securities required to be deposited to the open-end management investment company in connection with issuance of Managed Portfolio Shares; the Verified Intraday Indicative Value; the amount of any dividend equivalent payment or cash distribution to holders of Managed Portfolio Shares; net asset value; or other information relating to the purchase, redemption or trading of Managed Portfolio Shares, resulting from any negligent act or omission by the Exchange, the Reporting Authority when the Exchange is acting in the capacity of a Reporting Authority, or any agent of the Exchange, or any act, condition, or cause beyond the reasonable control of the Exchange, its agent or the Reporting Authority, when the Exchange is acting in the capacity of a Reporting Authority, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in one or more underlying securities.

(f) Disclosures. The provisions of this subparagraph apply only to series of Managed Portfolio Shares that are the subject of an order by the Commission exempting such series from certain prospectus delivery requirements under Section 24(d) of the Investment Company Act of 1940 and are not otherwise subject to prospectus delivery requirements under the Securities Act. The Exchange will inform its Members regarding application of this subparagraph to a particular series of Managed Portfolio Shares by means of an information circular prior to commencement of trading in such series.

The Exchange requires that Members provide to all purchasers of a series of Managed Portfolio Shares a written description of the terms and characteristics of those securities, in a form prepared by the open-end management investment company issuing such securities, not later than the time a confirmation of the first transaction in such series is delivered to such purchaser. In addition, Members shall include such a written description with any sales material relating to a series of Managed Portfolio Shares that is provided to customers or the public. Any other written materials provided by a Member to customers or the public making specific reference to a series of Managed Portfolio Shares as an investment vehicle must include a statement in substantially the following form: “A circular describing the terms and characteristics of (the series of Managed Portfolio Shares) has been prepared by the (open-end

management investment company name) and is available from your broker. It is recommended that you obtain and review such circular before purchasing (the series of Managed Portfolio Shares)."

A Member carrying an omnibus account for a non-Member broker-dealer is required to inform such non-Member that execution of an order to purchase a series of Managed Portfolio Shares for such omnibus account will be deemed to constitute agreement by the non-Member to make such written description available to its customers on the same terms as are directly applicable to Members under this rule.

Upon request of a customer, a Member shall also provide a prospectus for the particular series of Managed Portfolio Shares.

Rule 17.170. Trading Halts for Trading Certain Derivative Securities Products on TXSE Pursuant to Unlisted Trading Privileges

(a) During Pre-Market Session. If a Derivative Securities Product begins trading on TXSE in the Pre-Market Session and subsequently a temporary interruption occurs in the calculation or wide dissemination of an applicable Required Value, TXSE may continue to trade the Derivative Securities Product for the remainder of the Pre-Market Session.

(b) During Regular Trading Hours. During the Regular Trading Hours, if a temporary interruption occurs in the calculation or wide dissemination of an applicable Required Value, and the listing market halts trading in the Derivative Securities Product, TXSE, upon notification by the listing market of a halt due to such temporary interruption, also shall immediately halt trading in the Derivative Securities Product on TXSE.

(c) Post-Market Session and Next Trading Day.

(1) If an applicable Required Value continues not to be calculated or widely disseminated after the close of the Regular Trading Hours, TXSE may trade the Derivative Securities Product in the Post-Market Session only if the listing market traded the Derivative Securities Product until the close of its regular trading session without a halt.

(2) If an applicable Required Value continues not to be calculated or widely disseminated as of the beginning of the Pre-Market Session on the next trading day, TXSE shall not commence trading of the Derivative Securities Product in the Pre-Market Session that day. If an interruption in the calculation or wide dissemination of an applicable Required Value continues, TXSE may resume trading in the Derivative Securities Product only if calculation and wide dissemination of the applicable Required Value resumes or trading in the Derivative Securities Product resumes in the listing market.

(d) Definitions. For purposes of this TXSE Rule:

(1) Derivative Securities Product means a series of Exchange Traded Fund Shares, Portfolio Depository Receipts, Index Fund Shares, Managed Fund Shares, Trust Issued Receipts, or Proxy Portfolio Shares (as defined in TXSE Rules 17.104, 17.105(a), 17.105(b), 17.135, 17.120 and 17.150 respectively), a series of Commodity-Related Securities (as defined in TXSE Rule 17.127(c)(1)), securities representing interests in unit investment trusts or investment companies, Index-Linked Exchangeable Notes, Equity Gold Shares, Trust Certificates, Commodity-Based Trust Shares, Currency Trust Shares, Commodity Index Trust Shares, Commodity Futures Trust Shares, Partnership Units, Trust Units, or Managed Trust Securities (as defined in TXSE Rule 17.111(a) - (j)), or any other UTP Derivative Security (as defined in TXSE Rule 1.005(kk)).

(2) Required Value shall mean (i) the value of any index or any commodity-related value underlying a Derivative Securities Product, (ii) the indicative optimized portfolio value, intraday indicative value or other comparable estimate of the value of a share of a Derivative Securities Product updated regularly during the trading day, (iii) a net asset value in the case of a Derivative Securities Product for which a net asset value is disseminated and (iv) a Disclosed Portfolio in the case of a Derivative Securities Product that is a series of Managed Fund Shares, as defined in TXSE Rule 17.135, or Managed Trust Securities, as defined in TXSE Rule 17.111(j).