

GENERAL PROVISIONS

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0100. GENERAL PROVISIONS

0110. Adoption and Application of Rules

0111. Adoption of Rules

The following provisions are adopted pursuant to the By-Laws of the Corporation.

0112. EFFECTIVE DATE

The Rules shall become effective as provided in the By-Laws.

0113. INTERPRETATION

The Rules shall be interpreted in such manner as will aid in effectuating the purposes and business of Nasdaq, and so as to require that all practices in connection with the investment banking and securities business shall be just, reasonable and not unfairly discriminatory.

0114. RULES OF OTHER SELF-REGULATORY ORGANIZATIONS

Certain Nasdaq Rules require members to comply with the rules of other self-regulatory organizations. Members shall comply with the rules of these other self-regulatory organizations as though said rules were part of Nasdaq's rules.

0115. APPLICABILITY

(a) These Rules shall apply to all members and persons associated with a member. Persons associated with a member shall have the same duties and obligations as a member under these Rules.

(b) A member or person associated with a member, who has been expelled, canceled or revoked from membership or from registration or who has been barred from being associated with all members, shall cease to have any privileges of membership or registration. A member or person associated with a member who has been suspended from membership or registration shall also cease to have any privileges of membership or registration other than those under the Code of Procedure as set forth in the Rule 9000 Series. In neither case shall such a member or person associated with a member be entitled to recover any admission fees, dues, assessments or other charges paid to Nasdaq.

Cross Reference - IM-8310-1, Effect of a Suspension, Revocation or Bar.

(c) A member or person associated with a member who has been suspended from membership or from registration shall be considered as a non-member during the period of suspension for purposes of applying the provisions of these Rules which govern dealings between members and non-members. However, such member or person associated with a member shall have all of the obligations imposed by the rules of the Corporation.

Selected NASD Notices to Members: 87-53, 88-96.

0120. DEFINITIONS

When used in these Rules, unless the context otherwise requires:

(a) "Act"

The term "Act" means the Securities Exchange Act of 1934, as amended.

(b) "By-Laws"

The term "By-Laws" means the By-Laws of the Corporation.

(c) "Code of Procedure"

The term "Code of Procedure" means the procedural rules contained in the Rule 9000 Series.

(d) "Commission"

The term "Commission" means the Securities and Exchange Commission (SEC), established pursuant to the Act.

(e) "Completion of the Transaction"

The term "the completion of the transaction" means:

(1) In the case of a customer who purchases a security through or from a member, except as provided in subparagraph (2), the time when such customer pays the member any part of the purchase price, or, if payment is effected by a bookkeeping entry, the time when such bookkeeping entry is made by the member for any part of the purchase price;

(2) In the case of a customer who purchases a security through or from a member and who makes payment therefor prior to the time when payment is requested or notification is given that payment is due, the time when such member delivers the security to or into the account of such customer;

(3) In the case of a customer who sells a security through or to a member, except as provided in subparagraph (4), if any security is not in the custody of the member at the time of sale, the time when the security is delivered to the member, and if the security is in the custody of the member at the time of sale, when the member transfers the security from the account of such customer;

(4) In the case of a customer who sells a security through or to a member and who delivers such security to such member prior to the time when delivery is requested or notification is given that delivery is due, the time when such member makes payment to or into the account of such customer.

(f) "Customer"

The term "customer" shall not include a broker or dealer.

(g) "Fixed Price Offering"

The term "fixed price offering" means the offering of securities at a stated public offering price or prices, all or part of which securities are publicly offered in the United States or any territory thereof, whether or not registered under the Securities Act of 1933, except that the term does not include offerings of "exempted securities" or "municipal securities" as those terms are defined in Sections 3(a)(12) and 3(a)(29), respectively, of the Act or offerings of redeemable securities of investment companies registered pursuant to the Investment Company Act of 1940 which are offered at prices determined by the net asset value of the securities.

(h) "Member"

The term "member" means any individual, partnership, corporation or other legal entity admitted to membership in Nasdaq under the provisions of the By- Laws.

(i) "Nasdaq"

The term "Nasdaq" means The Nasdaq Stock Market, Inc.

(j) "NASD"

The term "NASD" means NASD, Inc. or NASD Regulation.

(k) "Nasdaq Review Council"

The term "Nasdaq Review Council" means the committee authorized to act for the Board of Directors of Nasdaq in a manner consistent with the Rules and By-Laws of Nasdaq with respect to (1) an appeal or review of a disciplinary proceeding; (2) a

statutory disqualification decision; (3) a review of a membership proceeding; (4) a review of an offer of settlement, a letter of acceptance, waiver, and consent, and a minor rule violation plan letter; (5) the exercise of exemptive authority; and (6) such other proceedings or actions authorized by the Rule of Nasdaq.

(l) "Person"

The term "person" shall include any natural person, partnership, corporation, association, or other legal entity.

(m) "Rules"

The term "Rules" means the numbered rules set forth in the Nasdaq Manual beginning with the Rule 0100 Series, as adopted by the Nasdaq Board of Governors pursuant to the By-Laws of Nasdaq, as hereafter amended or supplemented.

(n) "Selling Group"

The term "selling group" means any group formed in connection with a public offering, to distribute all or part of an issue of securities by sales made directly to the public by or through members of such selling group, under an agreement which imposes no financial commitment on the members of such group to purchase any such securities except as they may elect to do so.

(o) "Selling Syndicate"

The term "selling syndicate" means any syndicate formed in connection with a public offering, to distribute all or part of an issue of securities by sales made directly to the public by or through participants in such syndicate under an agreement which imposes a financial commitment upon participants in such syndicate to purchase any such securities.

0121. DEFINITIONS IN NASDAQ BY-LAWS

Unless the context otherwise requires, or unless otherwise defined in these Rules, terms used in the Rules and interpretive material, if defined in the Nasdaq By-Laws, shall have the meaning as defined in the Nasdaq By-Laws.

0122. CONTRACTUAL AUTHORITY

Nasdaq has contracted with NASD Regulation to perform some of the functions described in the Nasdaq Rules. Members and associated persons shall be notified when NASD Regulation procedures shall be applicable to proceedings initiated under the Rules and what the applicable procedures shall be. In addition, Nasdaq rules that refer to Nasdaq staff should be understood as referring to NASD Regulation staff as well.

Notwithstanding the fact that Nasdaq has contracted with NASD Regulation to perform some of Nasdaq's function, Nasdaq shall retain ultimate legal responsibility for and control of such functions.

0130. AUTHORITY TO TAKE ACTION UNDER EMERGENCY OR EXTRAORDINARY MARKET CONDITIONS

The Board, or such person or persons as may be designated by the Board, in the event of an emergency or extraordinary market conditions, shall have the authority to take any action regarding:

(a) the trading on or operation of Nasdaq, the operation of any automated system owned or operated by Nasdaq, and the participation in any such system of any or all persons or the trading therein of any or all securities; and

(b) the operation of any or all member firms' offices or systems, if, in the opinion of the Board or the person or persons hereby designated, such action is necessary or appropriate for the protection of investors or the public interest or for the orderly operation of the marketplace or the system.