

**PHILADELPHIA STOCK EXCHANGE**  
**OPTIONS FLOOR PROCEDURE ADVICES**

**C-9 Floor Brokers and Clerks Trading in their Customer Accounts**

All persons employed on the trading floor in association with a Member or Participant, other than ROTs and Specialists, are prohibited from initiating trades in PHLX options in their customer accounts while on the floor. A Member or Participant [Firm]Organization which accepts an order for the customer account of such a person must process the order through the channels it normally provides for its other customer orders. When any such order is received by the Member or Participant [Firm]Organization and delivered to the floor for execution, it may not be handled by any person with a beneficial interest in the account, or by any associated person with knowledge that the order is for the account of an associate. Once such a person has placed an order for his/her customer account in an option, that person is prohibited from brokering orders in that option for the remainder of that day or until such order has been executed or cancelled whichever is later. This provision shall not apply to any transaction permissible under Section 11(a) (1) of the Securities Exchange Act of 1934.

FINE SCHEDULE (Implemented on a three-year running calendar basis)

Matters subject to review by Business Conduct Committee.

**F-31 Communications and Equipment**

(1) **Registration.** Members and member organizations must register, prior to use, any new telephone to be used on the Options Floor. Each phone registered with the Exchange must be registered by category of user. If there is a change in the category of any user, the phone must be re-registered with the Exchange. At the time of registration, members and [member firm]representatives of Member Organizations must sign a statement that they are aware of and understand the rules and procedures governing the use of telephones on the Options Floor.

(2) **Capacity and Functionality.** No wireless telephone used on the Options Floor may have an output greater than one watt. No person on the Options Floor may use any device for the purpose of maintaining an open line of continuous communication whereby a person not located in the trading crowd may continuously monitor the activities in the trading crowd. This prohibition covers intercoms, walkie-talkies and any similar device. Speed-dialing features are permitted on any member telephone.

(3) **Specialists and Registered Options Traders.**

(a) Specialists and Registered Options Traders (“ROT”) may use their own cellular and cordless phones to place calls to any person at any location (whether on or off the Options Floor).

(b) ROTs located off the Options Floor may not place an order by calling a Floor Broker who is present in the trading crowd. ROTs located off the Options Floor may not otherwise place an order by calling the specialist phone in the trading crowd. Any telephonic order entered from off

the Options Floor must be placed with a person located in a [member firm]Member Organization booth.

**(4) Floor Brokers.**

(a) Floor Brokers may use cellular and cordless telephones, but only to communicate with persons located on the Options Floor. These telephones may not include a call forwarding feature. Headsets are permitted for Floor Brokers, but if the Exchange determines that a Floor Broker is maintaining a continuous open line through the use of a headset, the Floor Broker will be prohibited from future use of any headset for a length of time to be determined by the Exchange.

(b) All orders phoned to Floor Brokers must be received initially at the Floor Broker's booth. Floor Brokers may not receive telephonic orders while in the trading crowd except from their booth. Any telephonic order entered from off the Options Floor must be placed with a person located in a [member firm]Member Organization booth.

**(5) Clerks.**

(a) Floor Broker clerks are subject to the same terms and conditions on telephone use as Floor Brokers.

(b) Stock Execution clerks are subject to the same terms and conditions on telephone use as Floor Brokers.

(c) The Options Committee reserves the right to prohibit clerks from using cellular or cordless phones on the floor at any time that it is necessary due to electronic interference problems or capacity problems resulting from the number of such phones then in use on the Options Floor. In such circumstances, the Committee will first consider restricting the use of such phones by Stock Execution Clerks, and then by Floor Broker Clerks.

**(6) General Access In-House Phones.** The general access in-house telephones located outside of the trading post areas may be used by any member, clerk or floor broker to communicate with persons located on the Options Floor or within the Exchange complex.

**(7) Telephone Records.** Members must maintain their cellular or cordless telephone records, including logs of calls placed, for a period of not less than one year. The Exchange reserves the right to inspect and/or examine such telephone records.

**(8) Exchange Liability.** The Exchange assumes no liability to members or member organizations due to conflicts between telephones in use on the Options Floor or due to electronic interference problems resulting from the use of telephones on the trading floor.

FINE SCHEDULE (Implemented on a three year running calendar basis)

F-31	
1st Occurrence	\$250.00
2nd Occurrence	\$500.00

3rd Occurrence	\$1,000.00
4th Occurrence	Sanction is discretionary with Business Conduct Committee

**RULE 60--REGULATION AND FINE SCHEDULE  
(ORDER AND DECORUM CODE)**

In most cases, the PHLX will enforce compliance with Order and Decorum Code pursuant to Rule 60. While ordinarily a finding of a violation will result in the appropriate pre-set fine and/or sanction, two Floor Officials or Exchange Staff may refer the matter to the Business Conduct Committee where it shall proceed in accordance with Rules 960.1-960.12.

In the case of repeat violations of a regulation by the same individual, the amount of the fine is determined by the number of such violations which have occurred within the year immediately preceding the current violation.

**Regulation 5 Visitors and Applicants**

Non-member visitors will be permitted on the trading floor at the discretion of the respective floor committee (Options, FCO or Floor Procedures). All visitors must be signed in by a member or Exchange official and accompanied at all times by a member, associated person of a member or an Exchange official.

As a visitor, the applicant must be escorted by a representative of a [member firm]Member Organization at all times while on the trading floor, and failure to do so shall result in a violation of this regulation by such [member]Member [Firm]Organization.

Once an applicant has filed an application with the Office of the Secretary pursuant to By-Law Article XII, Section 12-4, the Examinations Department and the Office of the Secretary shall conduct clearance procedures to verify personal data and financial viability. The applicant may be admitted as a visitor for ten business days, after which the applicant must submit an Applicant Access Card/Floor Badge application which is subject to approval by the Exchange pursuant to satisfactory completion of personal and financial data verification. Twenty-one days after the Access Card is issued, it will automatically expire; an applicant may apply to the Chairman of the Admissions Committee or his designee for a twenty-one day extension.

1st Occurrence	Official Warning
2nd Occurrence	\$50.00
3rd Occurrence	\$100.00
4th Occurrence	\$200.00
5th and Thereafter	Sanction is discretionary with Business Conduct Committee

**Regulation 7 - Proper Utilization of the Security System**

a) Attempt to Circumvent the Security System of the Exchange

Any member/participant or employee of a [member/participant Firm] Member/Participant Organization who wishes to enter or exit the Exchange trading facilities must do so through the areas where the Exchange security systems are located.

1st Occurrence	\$250.00
2nd Occurrence	\$500.00
3rd and Thereafter	Sanction is discretionary with Business Conduct Committee

b) Required Filing for Floor Member [Firm] Organization Employee Status Notices with the Exchange

Following the termination of, or the initiation of a change in the trading status of any member/participant or any non-member/clerk and trading floor personnel including clerks, interns, stock execution clerks and any other associated person, of member/participant organizations who have been issued an Exchange access card and trading floor badge, the appropriate Exchange form must be completed, approved and dated by a firm, principal, officer, or member of the firm with authority to do so, and submitted to the appropriate Exchange Department as soon as possible, but no later than 9:30 A.M. the next business day by the member/participant organization employer. Further, every effort should be made to obtain the employee's access card and trading floor badge and to submit these to the appropriate Exchange Department.

1st Occurrence	\$100.00
2nd Occurrence	\$200.00
3rd and Thereafter	Sanction is discretionary with Business Conduct Committee

c) Required Filing for the Termination of, or the Initiation of a Change in the Status of, a Business Relationship between Members/Participants and their Clearing Organizations

Following the commencement or termination of a clearing arrangement between members/participants and their clearing organization, a completed "Clearing Arrangement Notice" must be submitted to the Director of Regulatory Services of the Exchange as soon as possible, but no later than 9:30 AM the next business day by such clearing organization.

1st Occurrence	\$100.00
2nd Occurrence	\$200.00
3rd and Thereafter	Sanction is discretionary with Business Conduct Committee