

**Rule G-12: Uniform Practice**

(a) – (g) No change.

(h) *Close-Out*. Transactions which have been compared or otherwise agreed upon by both parties but which have not been completed shall be closed out in accordance with this section, or cancelled by the parties, no later than [20] 10 calendar days after settlement date.

(i) *Close-Out by Purchaser*. With respect to a transaction which has not been completed by the seller according to its terms and the requirements of this rule, the purchaser may close out the transaction in accordance with the following procedures:

(A) *Notice of Close-Out*. If the purchaser elects to close out a transaction, the purchaser shall, not earlier than the first business day following the purchaser's original transaction settlement date, notify the seller via an inter-dealer communication system of the registered clearing agency through which the transaction was compared of the purchaser's intention to close out the transaction ("notice").

(1) The purchaser's notice shall state:

(a) No change.

(b) the period of time, during which the purchaser intends to execute the close-out transaction, provided that the close-out transaction initiated by the notice (or subsequent notices) must be completed and settled no later than the [twentieth business] tenth calendar day following the purchaser's original transaction settlement date; and

(c) No change.

(B) *Retransmittal*. Any party receiving a notice of close-out may retransmit the notice to another broker, dealer or municipal securities dealer from whom the securities are due ("obliged party"). The retransmitting party shall, not later than 5:15 p.m. EST of the first business day following its receipt of the notice from the originating party:

(1) No change.

(2) retransmit the notice to the obliged party, which shall contain the requirements specified in section (C)(2) below; and

(3) No change.

(C) *Contents of Notices.* Notices sent in accordance with the requirements of subparagraphs (A) or (B) above shall contain the following information:

(1) The notice of close-out required under subparagraph (A) above shall set forth:

(a) – (i) No change.

(j) the name and telephone number of the person at the broker, dealer, or municipal securities dealer originating the notice to contact concerning the close-out.

(2) The notice of retransmittal required under subparagraph (B) above shall set forth:

(a) – (j) No change.

(k) the name and telephone number of the person at the broker, dealer, or municipal securities dealer retransmitting the notice to contact concerning the retransmittal.

(3) The notice of extension of dates required under subparagraph (B) above shall set forth:

(a) – (i) No change.

(j) the name and telephone number of the person at the broker, dealer, or municipal securities dealer retransmitting the notice to contact concerning the close-out.

(D) No change.

(E) *Purchaser's Options.* If the securities described in the notice of close-out are not delivered to the originating purchaser by the date specified in the original notice, or the extended date resulting from a retransmittal, such purchaser may, at its discretion, grant the seller one 10 calendar day extension. [close out the transaction in accordance with the terms of the notice.] To close out a transaction in accordance with the terms of the notice as provided herein the purchaser may, at its option, take one of the following actions:

(1) – (3) No change.

A purchaser executing a close-out shall, upon execution, notify the selling dealer for whose account and liability the transaction was closed out, stating the means of close-out utilized. The purchaser shall immediately thereafter confirm such notice in writing, sent return receipt requested, and forward a copy of the confirmation of the executed transaction. A retransmitting party shall give

immediate notice of the execution of the close-out, in accordance with the procedure set forth herein, to the party to whom it retransmitted the notice.

A close-out will operate to close out all transactions covered under retransmitted notices. Any moneys due on the transaction, or on the close-out of the transaction, shall be forwarded to the appropriate party within five business days of the date of execution of the close-out notice. A buy-in may be executed from a long position in customers' accounts maintained with the party executing the buy-in or, with the agreement of the seller, from the purchaser's contra-party. In all cases, the purchaser must be prepared to defend the price at which the close-out is executed relative to market conditions at the time of the execution.

If the purchasing dealer has multiple transactions in fail status with multiple counterparties, the purchasing dealer may utilize the FIFO (first-in-first-out) method for determining the contract date for the failing quantity.

(F) No change.

(ii) Close-Out by Seller. If a seller makes good delivery according to the terms of the transaction and the requirements of this rule and the purchaser rejects delivery, the seller may close out the transaction in accordance with the following procedures:

(A) No change.

(B) *Content of Notice*. The written notice sent in accordance with the requirements of subparagraph (A) above shall set forth:

(1) – (8) No change.

(9) the date by which the delivery of the securities must be accepted, which shall be completed within [20] 10 calendar days; and

(10) the name and telephone number of the person at the broker, dealer, or municipal securities dealer originating the notice to contact regarding the close-out.

(C) – (D) No change.

(iii) – (iv) No change.

(i) – (j) No change.