

Proposed deletions are enclosed in [brackets]; proposed new text is underlined.

Rules of National Stock Exchange, Inc.

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CHAPTER I. Adoption, Interpretation and Application of Rules, and Definitions

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Rule 1.5. Definitions

A. through D.: *No changes.*

E.

ETP

(1) The term "ETP" shall refer to an Equity Trading Permit issued by the Exchange for effecting approved securities transactions on the Exchange's trading facilities. [An ETP may be issued 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].

ETP Holder

(2) The term "ETP Holder" shall mean the Exchange-approved holder of an ETP.

F. through L. *No changes.*

M.

Market Maker

(1) *No Changes.*

Market Maker Authorized Trader

(2) The term "Market Maker Authorized Trader" or "MMAT" shall mean an [a]Authorized [t]Trader who performs market making activities pursuant to Chapter XI on

behalf of a Market Maker.

N. through O.: *No changes.*

P.

Person

(1) The term "Person" shall refer to a natural person, corporation, partnership, limited liability company, association, joint stock company, trustee of a trust fund, or any organized group of persons whether incorporated or not.

Person Associated with an ETP Holder

(1)2) The terms "[p]Person [a]Associated with an ETP Holder" or "[a]Associated [p]Person of an ETP Holder" shall mean any partner, officer, director, or branch manager of an ETP Holder (or any [p]Person occupying a similar status or performing similar functions), any [p]Person directly or indirectly controlling, controlled by, or under common control with an ETP Holder, or any employee of such ETP Holder, except that any [p]Person [a]Associated with an ETP Holder whose functions are solely clerical or ministerial shall not be included in the meaning of such terms.

Principal

(3) The term "Principal" shall mean any Person Associated with an ETP Holder actively engaged in the management of the ETP Holder's securities business, including supervision, solicitation, conduct of the ETP Holder's business, or the training of Authorized Traders and Persons Associated with an ETP Holder for any of these functions. Such Persons shall include: Sole Proprietors, Officers, Partners, and Directors of Corporations.

Principal – Financial and Operations

(4) The term "Principal - Financial and Operations" shall mean a Person Associated with an ETP Holder whose duties include: final approval and responsibility for the accuracy of financial reports submitted to any duly established securities industry regulatory body; final preparation of such reports; supervision of individuals who assist in the preparation of such reports; supervision of and responsibility for individuals who are involved in the actual maintenance of the ETP Holder's books and records from which such reports are derived; supervision and/or performance of the ETP Holder's responsibilities under all financial responsibility rules promulgated pursuant to the

provisions of the Act; overall supervision of and responsibility for the individuals who are involved in the administration and maintenance of the ETP Holder's back office operations; or any other matter involving the financial and operational management of the ETP Holder.

Protected NBBO

[(2)5] *No changes to rule text.*

Protected BBO

[(3)6] *No changes to rule text.*

Protected Quotation

[(4)7] The term "protected quotation" shall mean[s] a bid or offer in a stock that (i) is displayed by an automated trading center; (ii) is disseminated pursuant to a national market system plan approved by the Commission; and (iii) is an automated quotation that is the best bid or best offer of a national securities exchange or association.

Q. through R.: *No changes.*

S.

Securities Trader

(1) The term "Securities Trader" means any Person engaged in the purchase or sale of securities or other similar instruments for the account of an ETP Holder with which such Person is associated, as an employee or otherwise, and who does not transact any business with the public.

Securities Trader Principal

(2) The term "Securities Trader Principal" means a Person who has become qualified and registered as a Securities Trader and passes the General Securities Principal qualification examination. Each Principal with responsibility over securities trading activities on the Exchange shall become qualified and registered as a Securities Trader Principal.

Sponsored Participant

[(1)3] The term "Sponsored Participant" shall mean a [p]Person which has entered into a sponsorship arrangement with a Sponsoring ETP Holder pursuant to Rule 11.9.

Sponsoring ETP Holder

[(2)4] *No changes to rule text.*

Statutory Disqualification

[(3)5] *No changes to rule text.*

System

[(4)6] *No changes to rule text.*

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Chapter II. ETP Holders of the Exchange

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Rule 2.2. Obligations of ETP Holders and the Exchange

(a) In addition to all other obligations imposed by the Exchange in its By-Laws or the Exchange Rules, all ETP Holders, 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, its By-Laws, 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 ETP Holders and Persons Associated with ETP Holders for violations of the provisions of the Exchange Rules, its By-Laws, 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 an ETP Holder, or any other fitting sanction.

(b) Each ETP Holder shall require that each Person Associated with such ETP Holder as defined in Rule 1.5P.(2) agree:

(i) to supply the Exchange with such information with respect to such Person's business relationship and dealings with the ETP Holder as may be specified by the Exchange;

(ii) to permit examination of such Person's books and records by the Exchange to verify the accuracy of any information so supplied; and

(iii) to be regulated by the Exchange and to recognize that the Exchange is obligated to enforce compliance with the provisions of the Exchange Rules, the By-Laws, the interpretations and policies of the Exchange and the provisions of the Act and the regulations thereunder.

(c)(i) An ETP Holder shall register with the Exchange as a Principal any Person who meets the definition of a "Principal" as described in Rule 1.5P(3). A "Principal" includes any individual responsible for supervising the activities of the ETP Holder's Authorized Traders, and any individual designated as a Chief Compliance Officer on Schedule A of the ETP Holder's Form BD. Each of these Principals must be registered as such through the Financial Industry Regulatory Authority's ("FINRA") Central Registration Depository System ("CRD"), and must pass the General Securities Principal (Series 24) Examination. With the exception of *Interpretation and Policy* provision .04, below, a Principal must pass the Series 7 examination or an equivalent foreign examination module as a prerequisite to taking the Series 24 examination.

(ii) Each ETP Holder, other than a sole proprietorship or a proprietary trading firm, which is an entity that only trades using the firm's capital and does not trade on behalf of customers and has 25 or fewer Authorized Traders ("Limited Size Proprietary Firm"), is required to register at least two Principals with the Exchange. A Person registered solely as a Principal-Financial and Operations ("FINOP") as defined in Rule 1.5P.(4) does not count toward the two-Principal requirement and shall not be qualified to function in a Principal capacity with responsibility over any area of business activity not described in Rule 1.5P.(4). A Limited Size Proprietary Firm is required to register at least one Principal with the Exchange. The Exchange may waive the provisions of subparagraph (ii) in situations that indicate conclusively that only one Person associated with an applicant for membership should be required to register as a Principal.

(iii) For purposes of this Rule 2.2, a "proprietary trading firm" shall mean an ETP Holder meeting the following characteristics: it trades its own capital, does not have customers, excluding broker-dealers, and is not a FINRA member. 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.

(d) Each ETP Holder shall designate and register with the Exchange, through the CRD System, a FINOP as defined in Rule 1.5P.(4), who shall successfully complete the Financial and Operations Principal (Series 27) qualification examination. The registered FINOP shall be responsible for performing the duties described in Exchange Rule 1.5P(4). The FINOP of an ETP Holder may be an employee of the ETP Holder or an independent contractor.

(e) Continuing Education Requirements. This Rule prescribes requirements regarding the continuing education of certain Registered Persons subsequent to their initial qualification and registration with the Exchange. For purposes of this Rule 2.2(e), the term "Registered Person" shall mean any Person registered with the Exchange as a General Securities Representative, Securities Trader, Principal, FINOP, Person Associated with an ETP Holder, Authorized Trader or Market Maker Authorized Trader pursuant to Exchange Rules. The requirements shall consist of a Regulatory Element and a Firm Element as set forth below.

(i) Regulatory Element.

(A) Requirements. No ETP Holder shall permit any Registered Person to continue to, and no Registered Person shall continue to, perform duties as a Registered Person unless such Person has complied with the requirements of this Rule 2.2(e). Each Registered Person shall complete the Regulatory Element on the occurrence of their second registration anniversary date and every three years thereafter, or as otherwise prescribed by the Exchange. On each occasion, the Regulatory Element must be completed within 120 days after the Person's registration anniversary date. A Person's initial registration date, also known as the "base date", shall establish the cycle of anniversary dates for purposes of this Rule. The content of the Regulatory Element shall be determined by the Exchange and shall be appropriate to the status of the Person subject to this Rule.

(B) Failure to Complete. Unless otherwise determined by the Exchange, any Registered Person who has not completed the Regulatory Element within the prescribed timeframes will have their registrations deemed inactive until such time as the requirements of the program have been satisfied. Any Person whose registration has been deemed inactive under this Rule shall cease all activities as a Registered Person and is prohibited from performing any duties and functioning in any capacity requiring registration. A registration that is inactive for a period of two years will be

administratively terminated. A Person whose registration is so terminated may reactivate the registration only by reapplying for registration and meeting the qualification requirements of the applicable provisions of these Rules. The Exchange may, upon application and a showing of good cause, allow for additional time for a Registered Person to satisfy the program requirements.

(C) Disciplinary Actions. Unless otherwise determined by the Exchange, a Registered Person will be required to retake the Regulatory Element and satisfy all of its requirements in the event such Person:

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

(2) 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 governmental securities regulatory agency, securities industry self-regulatory organization, or as imposed by any such regulatory or self-regulatory organization in connection with a disciplinary proceeding; or

(3) is ordered as a sanction in a disciplinary action to retake the Regulatory Element by any governmental securities regulatory agency or by any self-regulatory organization.

The retaking of the Regulatory Element shall commence with participation within 120 days of the Registered Person becoming subject to the statutory disqualification, in the case of (1) above, or the disciplinary action becoming final, in the case of (2) and (3) above. The date of the disciplinary action shall be treated as such Person's new base date with the Exchange.

(D) Reassociation in a Registered Capacity. Any Registered Person who has terminated association with an ETP Holder and who has, within two years of the date of termination, become reassociated in a registered capacity with an ETP Holder shall participate in the Regulatory Element at such intervals that may apply (second anniversary and every three years thereafter) based on the initial registration anniversary date rather than based on the date of reassociation in a registered capacity.

(ii) Firm Element

(A) Persons Subject to the Firm Element. The requirements of this Rule 2.2(e)(ii) shall apply to any Person registered with an ETP Holder who has direct

contact with customers in the conduct of the ETP Holder's securities sales, trading and investment banking activities and to the immediate supervisors of such Persons (collectively, "Covered Registered Persons"). "Customer" shall mean any natural person and any organization, other than another broker or dealer, executing securities transactions with or through or receiving investment banking services from an ETP Holder.

(B) Standards for the Firm Element

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

(2) Minimum Standards for Training Programs. Programs used to implement an ETP Holder's training plan must be appropriate for the business of the ETP Holder and, at a minimum must cover the following matters concerning securities products, services, and strategies offered by the ETP Holder: general investment features and associated risk factors; suitability and sales practice considerations; and applicable regulatory requirements.

(3) Administration of Continuing Education Program. An ETP Holder must administer its continuing education programs 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 Covered Registered Persons.

(C) Participation in the Firm Element. Covered Registered Persons included in an ETP Holder's plan must take all appropriate and reasonable steps to participate in continuing education programs as required by the ETP Holder.

(D) Specific Training Requirements. The Exchange may require an ETP Holder, individually or as part of a larger group, to provide specific training to its Covered Registered Persons in such areas as the Exchange deems appropriate. Such a requirement may stipulate the class of Covered Registered Persons for which it is

applicable, the time period in which the requirement must be satisfied and, where appropriate, the actual training content.

Interpretations and Policies

.01 The Exchange requires the General Securities Representative Examination (“Series 7”) or an equivalent foreign examination module approved by the Exchange in qualifying Persons seeking registration as general securities representatives.

.02 The Exchange will accept the New York Stock Exchange (“NYSE”) Chief Compliance Officer Examination (“NYSE Series 14”) as an alternative qualification to the Series 24 to register as a Principal an individual identified as the Chief Compliance Officer on ETP Holder’s Form BD.

.03 Each Person Associated with an ETP Holder meeting the definition of a Securities Trader under Rule 1.5S.(1) must pass the Securities Trader Qualification examination (“Series 57”) and register as such in CRD. A Person registered as a Securities Trader shall not function in any other registration category unless he/she is also qualified in such other registration category.

.04 A Person Associated with an ETP Holder who meets the definition of a Securities Trader Principal as defined in Rule 1.5S.(2) and who has supervisory responsibility for Securities Trading activity as described in NASD Rule 1032(f)(1) must become qualified and registered as a Securities Trader Principal. To qualify as a Securities Trader Principal, such Person must first qualify and register as a Securities Trader as provided in Interpretation and Policy .03, above. A Person who is qualified and registered as a Securities Trader Principal may only have supervisory responsibilities for the trading activity described in NASD Rule 1032(f)(1), unless such Person is separately qualified and registered in another appropriate principal registration category. A Person who is registered as a General Securities Principal shall not be qualified to supervise the trading activities described in NASD Rule 1032(f)(1), unless such Person has also become qualified and registered as a Securities Trader under NASD Rule 1032(f) by passing the Securities Trader qualification examination and registered as a Securities Trader Principal.

.05 The Exchange requires the Uniform Application for Securities Industry Registration or Transfer (“Form U4”) and the the Uniform Termination Notice for Securities Industry Registration (“Form U5”) submitted through CRD as part of its procedure for registration of ETP Holder personnel. The Form U4 shall be amended by

the ETP Holder no later than 30 days after an event that would require an amendment to Form U4.

.06 The Exchange may, in exceptional cases and where good cause is shown, waive a proficiency examination and accept other standards as evidence of an applicant's qualifications for registration. Advanced age or physical infirmity will not individually of themselves constitute sufficient grounds to waive a qualification examination. Experience in fields ancillary to the investment banking or securities business may constitute sufficient grounds to waive a qualification examination.

.07 The Exchange may pass through the reasonable costs associated with such examinations and qualifications to ETP Holders.

Rule 2.3. ETP Holder Eligibility

An ETP may be issued 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 is a member of another registered national securities exchange or national securities association. [Except as hereinafter provided, any registered broker or dealer or any person associated with a registered broker or dealer shall be eligible to be an ETP Holder.] Any Person may become a[n] [associated p]Person Associated with [of]an ETP Holder.

Rule 2.4. Restrictions

(a) No person may become an ETP Holder or continue as an ETP Holder in any capacity on the Exchange [where]unless:

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

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

(3)]such person is not subject to a statutory disqualification, except that a person may become an ETP Holder or continue as an ETP Holder where, pursuant to Rules 19d-1, 19d-2, 19d-3 and 19h-1 pursuant to the Act, the Commission has issued an order providing relief from such a disqualification and permitting such a person to become an ETP Holder.

(b) – (d) *No changes.*

[(e) No person shall become an associated person of an ETP Holder unless such person agrees:

(i) to supply the Exchange with such information with respect to such person's relationships and dealings with the ETP Holder as may be specified by the Exchange;

(ii) to permit examination of such person's books and records by the Exchange to verify the accuracy of any information so supplied; and

(iii) 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 By-Laws, the interpretations and policies of the Exchange and the provisions of the Act and the regulations thereunder.

Interpretations and Policies

.01 (a) The Exchange may require the successful completion of a written proficiency examination to enable it to examine and verify that prospective ETP Holders and associated Persons of ETP Holders 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 a general securities representative.

.02 The Exchange uses the Uniform Application for Securities Industry Registration or Transfer ("Form U4") as part of its procedure for registration and oversight of its ETP Holder personnel.]

Rule 2.5. Application Procedures for an ETP Holder [or to become an Associated Person of an ETP Holder]

(a) *No changes.*

(b) Reserved. [Applications for association with an ETP Holder shall be made on Form U4 and such other forms as the Exchange may prescribe, and shall be delivered to the Exchange's Vice President of Regulation or such other officer or employee as designated by the Exchange].

(c) – (e) *No changes.*

(f) Reserved. [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 an ETP Holder, the procedure set forth in this Chapter shall govern the processing of any such applications].

Rule 2.6. Revocation of an ETP or an Association with an ETP Holder

ETP Holders or [associated p]Persons Associated with [of]ETP Holders 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 an ETP Holder or [associated p]Person Associated with [of]an ETP Holder, when the Exchange has reason to believe that an ETP Holder or [associated p]Person Associated with [of]an ETP Holder fails to meet such qualifications, the Exchange may act to revoke such [p]Person's ETP or association. Such action shall be instituted under, and governed by, Chapters VII and VIII of the Exchange Rules and may be appealed under Chapter X of the Exchange Rules governing adverse action. In connection with any revocation of an ETP [or voluntary termination of an ETP pursuant to Rule 2.7], the ETP shall be cancelled.

Rule 2.7. Voluntary Termination of Rights as an ETP Holder

An ETP Holder may voluntarily terminate [such person's]its rights as an ETP Holder 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 days after all of the following conditions have been satisfied: (i) receipt of such written resignation; (ii) all indebtedness due the Exchange shall have been paid in full; (iii) any Exchange investigations or disciplinary action brought against the ETP Holder has reached a final disposition; and (iv) any examination of such ETP Holder 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. In connection with any voluntary termination of an ETP pursuant to this Rule, the ETP shall be cancelled.

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Rule 2.11. NSX Securities, LLC

(a) *No changes.*

(1) *No changes.*

(2) [The National Association of Securities Dealers (“NASD”)] The Financial Industry Regulatory Authority (“FINRA”), a self-regulatory organization unaffiliated with the Exchange or any of its affiliates, will carry out oversight and enforcement responsibilities as the designated examining authority designated by the Commission pursuant to Rule 17d-1 of the Act with the responsibility for examining NSX Securities for compliance with the applicable financial responsibility rules.

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CHAPTER XI. Trading Rules

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Rule 11.6. Obligations of Market Maker Authorized Traders

(a) *No changes.*

(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 [p]Person as a MMAT, subject to the eligibility criteria described below.

(1) MMATs may be officers, partners, employees or other[associated p] Persons Associated with [of] ETP Holders that are registered with the Exchange as Market Makers.

(2) To be eligible for registration as a MMAT, a [p]Person must successfully complete the [General Securities Representative Examination (Series 7) or] Securities Trader Examination (Series 57) and[any] such other training and/or certification programs as may be required by the Exchange[;] and must register in CRD, [provided, however, the requirement to complete the Series 7 Examination may be waived by the Exchange if the applicant MMAT has served as a dealer-specialist or market maker on a registered national securities exchange or association for at least two consecutive years within three years of the date of application.]

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Rule 11.10. Authorized Traders

(a) – (d) *No changes.*

(e) Each ETP Holder shall register all Authorized Traders with the Exchange in CRD. To be eligible to register as an Authorized Trader of an ETP Holder, a Person must pass the Securities Trader Examination (Series 57) and any other training and/or certification programs as may be required by the Exchange.