EXHIBIT 5A – Current Rulebook of Nasdaq PHLX LLC Rules
All text to be deleted.

Nasdaq PHLX LLC Rules

* * * * *

Nasdaq PSX Rules
[Rule 3000. Nasdaq PSX

Rule 3100. Limit Up-Limit Down Plan and Trading Halts on PSX

(a) Authority to Initiate Trading Halts or Pauses

In circumstances in which the Exchange deems it necessary to protect investors and the public interest, and pursuant to the procedures set forth in this Rule:

(1) The Exchange may halt trading on PSX of a security listed on another national securities exchange when such exchange imposes a trading halt in that security because of an order imbalance or influx ("operational trading halt"). In the event that the Exchange initiates a trading halt based on another exchange's operational trading halt, PSX may resume trading and permit PSX Participants to commence entry of orders and quotations and trading at any time following initiation of the other exchange's operational trading halt.

(2) Limit Up-Limit Down Mechanism.

(A) Definitions.

(1) "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).

(2) All capitalized terms not otherwise defined in this Rule shall have the meanings set forth in the Plan or Exchange rules, as applicable.

(B) Exchange Participation in the Plan. The Exchange is a Participant in, and subject to the applicable requirements of, the Plan, which establishes procedures to address extraordinary volatility in NMS Stocks.

(C) Member Organization Compliance. Member organizations shall comply with the applicable provisions of the Plan.

(D) Exchange Compliance with the Plan. Exchange systems shall not display or execute buy (sell) interest above (below) the Upper (Lower) Price Bands, unless such interest is specifically exempted under the Plan.

(E) Repricing and Cancellation of Interest. Exchange systems shall reprice and/or cancel buy (sell) interest that is priced or could be executed above (below) the Upper (Lower) Price Band. Any interest that is repriced pursuant to this Rule shall receive a new time stamp and new execution priority.

(1) Market Orders. If a market order with a time in force other than Immediate or Cancel cannot be fully executed at or within the Price Bands, Exchange systems shall post the unexecuted portion of the buy (sell) market order at the Upper (Lower) Price Band.

(2) Limit-priced Interest. Both displayable and non-displayable incoming limit-priced interest to buy (sell) that is priced above (below) the Upper (Lower) Price Band shall be repriced to the Upper (Lower) Price Band.

(a) For limit-priced orders entered via the OUCH protocol, the order shall be re-priced upon entry only if the Price Bands are such that the price of the limit-priced interest to buy (sell) would be above (below) the upper (lower) Price Band. Once slid:

(i) if the Price Bands move such that the price of the order to buy (sell) would be below (above) the lower (upper) Price Band, the order will not be re-priced again. Rather, the order will either remain on the book at the same price or be cancelled back to the entering party, depending on how the entering party has configured its order entry port.

(ii) if the Price Bands move such that the price of the order to buy (sell) would be above (below) the upper (lower) Price Band, the order will not be re-priced again. Rather, the order will be cancelled.

(b) For limit-priced orders entered via RASH or FIX protocols, the order shall be eligible to be repriced by the system multiple times if the Price Bands move such that the price of resting limit-priced interest to buy (sell) would be above (below) the upper (lower) Price Band. Once slid, if the Price Bands again move such that the price of resting limit interest to buy (sell) would be below (above) the upper (lower) Price Band the order will continue to be repriced either to its original limit price or to the new price bands, whichever is less aggressive.

(3) IOC Orders. If an IOC order cannot be fully executed at or within the Price Bands, Exchange systems shall cancel any unexecuted portion of the IOC Order.

(4) Routable Orders. Exchange systems shall not route buy (sell) interest to an away market displaying a sell (buy) quote that is above (below) the Upper (Lower) Price Band. Orders that are eligible to be routed to away destinations will be price slid before routing if the buy (sell) is priced above (below) the Upper (Lower) Price Band.

(5) Sell Short Orders. During a Short Sale Price Test, as defined in Rule 3303, Short Sale Orders priced below the Lower Price Band shall be repriced to the higher of the Lower Price Band or the Permitted Price, as defined in Rule 3303.

(b) Definitions. For purposes of this Rule:

(1) "Derivative Securities Product" means a series of Trust Shares, Index Fund Shares, Managed Fund Shares or Trust Issued Receipts, a series of Commodity-Related Securities (as defined in Rule 3230), securities representing interests in unit investment trusts or investment companies, or any other derivative security traded on PSX.

(A) The term "Trust Shares" means a security (a) that is based on a unit investment trust ("Trust") which holds the securities which comprise an index or portfolio underlying a series of Trust Shares; (b) 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 plus a cash amount; (c) 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 cash then comprising the "Portfolio Deposit"; and (d) that pays holders a periodic cash payment corresponding to the regular cash dividends or distributions declared with respect to the component securities of the stock index or portfolio of securities underlying the Trust Shares, less certain expenses and other charges as set forth in the Trust prospectus.

(B) The term "Index Fund Shares" means a security (a) that is issued by an open-end management investment company based on a portfolio of stocks that seeks to provide investment results that correspond generally to the price and yield performance of specified foreign or domestic stock index; (b) 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 with a value equal to the next determined net asset value; and (c) 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 with a value equal to the next determined net asset value.

(C) The term "Managed Fund Shares" means a security that (a) represents an interest in a registered investment company ("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.

(D) The term "Trust Issued Receipts" 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.

(2) "Pre-Market Session" means the trading session that begins at 8:00 a.m. and continues until 9:30 a.m.

(3) "Post-Market Session" means the trading session that begins at 4:00 p.m. or 4:15 p.m., and that continues until 5:00 p.m.

(4) "Regular Market Session" means the trading session from 9:30 a.m. until 4:00 p.m. or 4:15 p.m.

(5) The term "UTP Listing Market" means the primary listing market for a UTP Security.

(6) The term "UTP Regulatory Halt" means a trade suspension, halt, or pause called by the UTP Listing Market in a UTP Security that requires all market centers to halt trading in that security.

(7) The term "UTP Security" means a security that is listed on a national securities exchange other than the Exchange and that trades on the Exchange pursuant to unlisted trading privileges.

(c) Procedure for Initiating and Terminating a Trading Halt

(1) Should the Exchange determine that a basis exists under Rule 3100 for initiating a trading halt, the commencement of the trading halt will be effective at the time specified by the Exchange in a notice posted on a publicly available Exchange website. In addition, the Exchange shall disseminate notice of the commencement of a trading halt through major wire services.

(2) Trading in a halted security shall resume at the time specified by the Exchange in a notice posted on a publicly available Exchange website. In addition, the Exchange shall disseminate notice of the resumption of trading through major wire services.

(3) A trading halt initiated under this Rule shall be terminated when the Exchange releases the security for trading, at a time announced to market participants in advance by the Exchange.

(d) UTP Regulatory Halts. If the UTP Listing Market, as defined in (b)(5) above, declares a UTP Regulatory Halt, as defined in (b)(6) above, the Exchange will halt trading in that security until it receives notification from the UTP Listing Market that the halt or suspension is no longer in effect or as provided for in Rule 3100(a)(2) and Phlx Rule 133 provided that, during Regular Market Session, the Exchange will halt trading until it receives the first Price Band in that security. If a UTP Regulatory Halt was issued for the purpose of dissemination of material news, the Exchange will assume that adequate publication or dissemination has occurred upon the expiration of one hour after initial publication in a national news dissemination service of the information that gave rise to an UTP Regulatory Halt and may, at its discretion, reopen trading at that time, notwithstanding notification from the UTP Listing Market that the halt or suspension is no longer in effect.

(e) The Exchange will not conduct a halt cross or re-opening cross in a UTP Security and will process new and existing orders in a UTP Security during a trading halt as follows:

(1) cancel any unexecuted portion of Midpoint Peg and Midpoint Peg Post-Only Orders;

(2) maintain all other resting Orders in the Exchange Book at their last ranked price and displayed price;

(3) accept and process all cancellations; and

(4) Orders, including Order modifications, entered during the trading halt or pause will not be accepted.

(f) Halts in Exchange Traded Products. Trading Halts for UTP Exchange Traded Products. A "UTP Exchange Traded Product" means one of the following Exchange Traded Products that trades on the Exchange pursuant to unlisted trading privileges: Equity Linked Notes, Investment Company Units, Index Fund Shares, NextShares, 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, and Managed Trust Securities.

(1) Pre-Market Session. If a UTP Exchange Traded Product begins trading on the Exchange in the Pre-Market 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 Session.

(2) Regular Market Session. During the Regular Market Session, 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 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.

(3) Post-Market Session and Next Business Day's Pre-Market Session.

(A) If the IIV or the value of the underlying index continues not to be calculated or widely available after the close of the Regular Market Session, the Exchange may trade the UTP Exchange Traded Product in the Post-Market Session only if the 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 Session on the next business day, the Exchange shall not commence trading of the UTP Exchange Traded Product in the Pre-Market 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.

Rule 3101. Trading Halts Due to Extraordinary Market Volatility

This Rule shall be in effect during a pilot period that expires at the close of business on October 18, 2021. If the pilot is not either extended or approved permanently at the end of the pilot period, the prior version of this Rule shall be in effect.

(a) The Exchange shall halt trading in all stocks and shall not reopen for the time periods specified in this Rule if there is a Level 1, 2, or 3 Market Decline.

(i) For purposes of this Rule, a Market Decline means a decline in price of the S&P 500® Index between 9:30 a.m. EST and 4:00 p.m. EST 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 before 9:30 a.m. EST.

(ii) A "Level 1 Market Decline" means a Market Decline of 7%.

(iii) A "Level 2 Market Decline" means a Market Decline of 13%.

(iv) A "Level 3 Market Decline" means a Market Decline of 20%.

(b) Halts in Trading.

(i) 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, EST or in the case of an early scheduled close, 12:25 p.m. EST the Exchange shall halt trading in all stocks for 15 minutes after a Level 1 or Level 2 Market Decline. The Exchange shall halt trading based on a Level 1 or Level 2 Market Decline only once per trading day. The Exchange will not halt trading if a Level 1 Market Decline or a Level 2 Market Decline occurs after 3:25 p.m. EST or in the case of an early scheduled close, 12:25 p.m. EST.

(ii) If a Level 3 Market Decline occurs at any time during the trading day, the Exchange shall halt trading in all stocks for the remainder of the trading day.

(c) Re-opening of Trading

(i) The re-opening of trading following a Level 1 or 2 trading halt shall follow procedures set forth in Rule 3100.

(ii) If the primary listing market halts trading in all stocks, the Exchange will halt trading 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 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.

Rule 3102. Limitation of Exchange Liability and Reimbursement of Certain Expenses

(a) The Exchange, including for purposes of PSX Rule 3102 its officers, directors and employees, shall not be liable for any damages sustained by a member, member organization, or person associated with any of the foregoing, arising out of or relating to the use or enjoyment by such person or entity of the facilities afforded by the Exchange to members for the conduct of their business.

(b) The cost to the Exchange of producing, pursuant to court order or other legal process, records relating to the business or affairs of a member, member organization, or person associated with any of the foregoing, may, in the discretion of the Exchange, be required to be paid to the Exchange by such person or entity, whether such production is required at the instance of such person or entity, or at the instance of any other party.

(c) In the event any action or proceeding is brought, or claim made, to impose liability on the Exchange for an alleged failure on its part to prevent or to require action by a member, member organization, or person associated with any of the foregoing, such person or entity may, in the discretion of the Exchange, be required to reimburse the Exchange for:

(1) all expenses, including counsel fees, incurred by the Exchange in connection with said action, proceeding, or claim, (2) the recovery, if any, adjudged against the Exchange upon a final determination that the Exchange was liable for the damage sustained, and (3) any payment made by the Exchange with the approval of the member, member organization, or person associated with any of the foregoing in connection with any settlement of any such action, proceeding, or claim; provided, however, that no member, member organization, or person associated with any of the foregoing shall be required to reimburse the Exchange for any fine or any other civil penalty imposed on the Exchange by the Securities and Exchange Commission ("Commission") or any other governmental entity for a violation by the Exchange of any provision of the Act or of any Commission regulation, or where indemnification would otherwise be prohibited by law.

(2) Each member organization that physically conducts a business on the Exchange's trading floor is required, at its sole cost, to procure and maintain liability insurance that provides defense and indemnity coverage for itself, any person associated with it and the Exchange for any action or proceeding brought, or claim made, to impose liability upon such member organization, associated person or the Exchange resulting from, relating to, or arising out of the conduct of the member organization or associated person (hereinafter, "Insurance"). The Insurance shall further provide defense and indemnity coverage to the Exchange for the Exchange's sole, concurrent, or contributory negligence, or other wrongdoing, relating to or in connection with such claim. The Exchange shall be expressly named by endorsement as an Additional Insured under the Insurance. The Exchange's status and rights to coverage under the Insurance shall be the same rights of the named insured of the Insurance, including, without limitation, rights to the full policy limits. In addition:

(i) The limits for the Insurance shall be not less than $1,000,000 without erosion by defense costs, but under no circumstance shall the Exchange be entitled to less than the full policy limits of such Insurance.

(ii) The Insurance shall state that it is primary to any insurance maintained by the Exchange.

(iii) Each member organization annually shall cause a certificate of insurance to be issued directly to the Exchange demonstrating that insurance compliant with this Rule has been

procured and is maintained. Each member organization also shall furnish a copy of the Insurance to the Exchange for review upon the Exchange's request at any time.

(a) This section (2) is the only section of PSX Rule 3102 specifically limited to member organizations physically located on the Exchange's trading floor.

(d) In the event that a member, member organization, or person associated with any of the foregoing fails to remit any amount due the Exchange under this Rule or General 2, Section 3, such person shall be responsible for all costs of collection incurred by the Exchange, including counsel fees. This subsection does not apply to any objection or appeal by a member, member organization, or person associated with any of the foregoing considered by the Exchange or the Commission, or any appeal from a decision of the Commission.

(e) PSX Rule 3102(a), (b) & (c) shall apply to any action, proceeding, claim, or other legal process brought, made, or asserted on or after the date of the filing of this Rule with the Commission. PSX Rule 3102(d) shall apply to any costs incurred by the Exchange upon approval of this Rule.

Rule 3200. Requirements for PSX Participants

Rule 3201. Scope

Unless otherwise specified, the Rules set forth in this 3200 Series apply only to the quoting and trading of System Securities via PSX.

Rule 3202. Application of Other Rules of the Exchange

The following Rules of the Exchange shall be applicable to market participants trading on PSX.

The Limited Liability Company Agreement of the Exchange

The By-Laws of the Exchange

Sec. 44 FINRA Jurisdiction Over Arbitrations Against Exchange Members

Rule 3203. Definitions

(a) For purposes of the Rule 3000 Series, unless the context requires otherwise:

(1) "SEC Rule 100," "SEC Rule 101," and "SEC Rule 104" means the rules adopted by the Commission under Regulation M, and any amendments thereto.

(2) "Stabilizing bid" means the terms "stabilizing" or to "stabilize" as defined in SEC Rule 100 under Regulation M.

(3) "Underwriting Activity Report" is a report provided by the Corporate Financing Department of FINRA in connection with a distribution of securities subject to SEC Rule 101 under Regulation M and includes forms that are submitted by member organizations to comply with their notification obligations under Rules 3214, 3219, and 3223.

(b) For purposes of Rules 3214, 3219, and 3223, the following terms shall have the meanings as defined in SEC Rule 100 under Regulation M: "affiliated purchaser," "distribution," "distribution participant," "independent bid," "net purchases," "penalty bid," "reference security," "restricted period," "subject security," and "syndicate covering transaction."

Rule 3204. Securities Traded under Unlisted Trading Privileges

(a) General Provisions and Unlisted Trading Privileges. Only such securities admitted pursuant to unlisted trading privileges shall be dealt in on the Exchange. The Exchange will not list equity securities pursuant to any Rule until the Exchange files a proposed rule change under Section 19(b)(2) under the Exchange Act to amend its Rules to make any changes needed to comply with Rules 10A-3 and 10C-1 under the Exchange Act and to incorporate additional qualitative and other listing criteria, and such proposed rule change is approved by the Commission. Therefore, the provisions of the Exchange's Rules are not effective to permit the listing of equity securities.

(1) 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.

(2) UTP Exchange Traded Product. Any UTP Security, which is defined in Rule 3100(b)(7), that is a UTP Exchange Traded Product, which is defined in Rule 3100(f), will be subject to the additional following rules:

(A) 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 new Exchange Traded Product, (b) the Exchange Rules that will apply to the new Exchange Traded Product, and (c) information about the dissemination of value of the underlying assets or indices.

(B) Product Description.

(i) Prospectus Delivery Requirements. Member organizations are subject to the prospectus delivery requirements under the Securities Act of 1933, unless the UTP

Exchange Traded Product is the subject of an order by the Securities and Exchange Commission exempting the product from certain prospectus delivery requirements under Section 24(d) of the Investment Company Act of 1940 and the product is not otherwise subject to prospectus delivery requirements under the Securities Act of 1933.

(ii) Written Description of Terms and Conditions. The Exchange will inform member organizations of the application of the provisions of this subparagraph to UTP Exchange Traded Products by means of an information circular. The Exchange requires that member organizations 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, member organizations 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 organization 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 organization carrying an omnibus account for a nonmember organization is required to inform such non-member organizations 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 organizations to make such written description available to its customers on the same terms as are directly applicable to the member organization under this Rule.

(iii) Customer Requests for a Prospectus. Upon request of a customer, a member organization will also provide a prospectus for the particular UTP Exchange Traded Product.

(C) Trading Halts. The Exchange will halt trading in a UTP Exchange Traded Product as provided for in Rule 3100. Nothing in this rule will limit the power of the Exchange under the 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.

(D) Market Maker Restrictions. The following restrictions will apply to each member organization 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, "Reference Assets"):

(i) The member organization 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 organization acting as a registered Market Maker on the Exchange may have or over which it may exercise investment discretion. No member organization 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 organization 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 Rule.

(ii) 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: (a) in which the Market Maker holds an interest; (b) over which it has investment discretion; or (c) 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 Rule.

(iii) 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.

(iv) A Market Maker on the Exchange will not use any material nonpublic information in connection with trading a Related Instrument.

(E) 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.

(3) Prior to the commencement of trading of CVRs on the Exchange, the Exchange will distribute a circular to its member organizations providing guidance regarding member organization compliance responsibilities (including suitability recommendations and account approval) when handling transactions in CVRs.

Rule 3210. Registration and Other Requirements

 Rule 3211. Reserved

 Rule 3212. Registration as a Market Maker

(a) Quotations and quotation sizes may be entered into PSX only by a member organization registered as a PSX Market Maker or other entity approved by the Exchange to function in a market-making capacity. Member organizations seeking to become registered as a PSX Market Maker must comply with the applicable requirements of Rule 910.

(b) A PSX Market Maker may become registered in an issue by entering a registration request via an Exchange approved electronic interface with PSX's systems or by contacting PSX Market Operations. Registration shall become effective on the day the registration request is entered.

(c) A PSX Market Maker's registration in an issue shall be terminated by the Exchange if the market maker fails to enter quotations in the issue within five (5) business days after the market maker's registration in the issue becomes effective.

Rule 3213. Market Maker Obligations

A member organization registered as a Market Maker shall engage in a course of dealings for its own account to assist in the maintenance, insofar as reasonably practicable, of fair and orderly markets in accordance with this Rule.

(a) Quotation Requirements and Obligations

(1) Two-Sided Quote Obligation. For each security in which a member organization is registered as a Market Maker, the member organization shall be willing to buy and sell such security for its own account on a continuous basis during regular market 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 PSX's quotation montage 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. After an execution against its Two-Sided Obligation, a Market Maker must ensure that additional trading interest exists in PSX 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 PSX book that will satisfy this obligation.

(2) Pricing Obligations. For NMS stocks (as defined in Rule 600 under Regulation NMS) a Market Maker shall adhere to the pricing obligations established by this 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 re-commence 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 National Best Bid, or if no National Best Bid, not more than the Designated Percentage away from the last reported sale from the responsible single plan processor. In the event that the National Best Bid (or if no National Best Bid, 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 National Best Bid (or if no National Best Bid, 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 National Best Bid (or if no National Best Bid, the last reported sale), or 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 National Best Offer, or if no National Best Offer, not more than the Designated Percentage away from the last reported sale received from the responsible single plan processor. In the event that the National Best Offer (or if no National Best Offer, 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 National Best Offer (or if no National Best Offer, 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 National Best Offer (or if no National Best Offer, the last reported sale), or identify to the Exchange current resting interest that satisfies the Two-Sided Obligation.

(C) The National Best Bid and Offer shall be determined by the Exchange in accordance with its procedures for determining protected quotations under Rule 600 under Regulation NMS.

(D) For purposes of this Rule, the "Designated Percentage" shall be:

(i) 8% for all Tier 1 NMS Stocks under the LULD Plan;

(ii) 28% for all Tier 2 NMS Stocks under the LULD Plan with a price equal to or greater than $1;

(iii) 30% for all Tier 2 NMS Stocks with a price less than $1,

except that prior to 9:45 a.m. and between 3:35 p.m. and the close of trading, 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, and 30% for Tier 2 NMS Stocks under the LULD Plan with a price less than $1. The Designated Percentage for rights and warrants shall be 30%.

(E) For purposes of this Rule, the "Defined Limit" shall be 9.5% for Tier 1 NMS Stocks under the LULD Plan, 29.5% for all Tier 2 NMS Stocks under the LULD Plan with a price equal to or greater than $1, and 31.5% for all Tier 2 NMS Stocks under the LULD Plan with a price less than $1, except that prior to 9:45 a.m. and between 3:35 p.m. and the close of trading, the Defined Limit shall be 21.5% for all Tier 1 NMS Stocks under the LULD Plan, 29.5% for all Tier 2 NMS Stocks under the LULD Plan with a price equal to or greater than $1, and 31.5% for all Tier 2 NMS Stocks under the LULD Plan with a price less than $1. The Defined Limit for rights and warrants shall be 31.5%.

(F) Nothing in this Rule shall preclude a Market Marker from quoting at price levels that are closer to the National Best Bid and Offer than the levels required by this Rule.

(G) The minimum quotation increment for quotations of $1.00 or above in all System Securities shall be $0.01. The minimum quotation increment in the System for quotations below $1.00 in System Securities shall be $0.0001.

(H) The individual Market Participant Identifier ("MPID") assigned to a member organization to meet its Two-Sided Obligation pursuant to subparagraph (a)(1) of this Rule, or Rule 3223, shall be referred to as the member organization's "Primary MPID." Market Makers and ECNs may request the use of additional MPIDs that shall be referred to as "Supplemental MPIDs." A Market Maker may request the use of Supplemental MPIDs for displaying Attributable Quotes/Orders in the PSX quotation montage for any security in which it is registered and meets the obligations set forth in subparagraph (1) of this rule. An ECN may request the use of Supplemental MPIDs for displaying Attributable Quotes/Orders in the PSX quotation montage for any security in which it meets the obligations set forth in Rule 3223. A Market Maker or ECN that ceases to meet

the obligations appurtenant to its Primary MPID in any security shall not be permitted to use a Supplemental MPID for any purpose in that security.

(I) Market Makers and ECNs that are permitted the use of Supplemental MPIDs for displaying Attributable Quotes/Orders pursuant to subparagraph (2) of this rule are subject to the same rules applicable to their first quotation, with two exceptions: (a) the continuous twosided quote requirement and excused withdrawal procedures described in subparagraph (1) above do not apply to Market Makers' Supplemental MPIDs; and (b) Supplemental MPIDs may not be used by Market Makers to enter stabilizing bids pursuant to Rule 3214.

(b) Firm Orders and Quotations. All quotations and orders to buy and sell entered into the System by PSX Participants are firm and automatically executable for their displayed and nondisplayed size in the System.

(c) Impaired Ability to Enter or Update Quotations

In the event that a PSX Market Maker's ability to enter or update quotations is impaired, the market maker shall immediately contact PSX Market Operations to request the withdrawal of its quotations.

In the event that a PSX Market Maker's ability to enter or update quotations is impaired and the market maker elects to remain in PSX, the PSX Market Maker shall execute an offer to buy or sell received from another member organization at its quotations as disseminated through PSX.

(d) Locked and Crossed Markets.

(1) Locked and Cross Markets within the System. Any orders that are entered into the System that would lock or cross another order in the System will be executed by the System. This processing, set forth in Rule 3307, ensures that no locked or crossed markets can exist within the System and that price improvement is allocated fairly.

(2) Inter-market Locked and Crossed Markets. The provisions of this subsection (d)(2) apply to the trading of securities governed by Regulation NMS.

(A) Definitions. For purposes of this Rule, the following definitions shall apply:

(i) The terms automated quotation, effective national market system plan, intermarket sweep order, manual quotation, NMS stock, protected quotation, regular trading hours, and trading center shall have the meanings set forth in rule 600(b) of Regulation NMS under the Securities Exchange Act of 1934.

(ii) The term crossing quotation shall mean the display of a bid for an NMS stock during regular trading hours at a price that is higher than 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 during regular trading hours at a price that is lower than the price of a bid for such NMS stock previously disseminated pursuant to an effective national market system plan.

(iii) The term locking quotation shall mean the display of a bid for an NMS stock during regular trading hours 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 during regular trading hours at a price that equals the price of a bid for such NMS stock previously disseminated pursuant to an effective national market system plan.

(B) Prohibition. Except for quotations that fall within the provisions of paragraph (D) of this Rule, Exchange member organizations 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.

(C) Manual quotations. If an Exchange member organization displays a manual quotation that locks or crosses a quotation previously disseminated pursuant to an effective national market system plan, such member organization shall promptly either withdraw the manual quotation or route an intermarket sweep order to execute against the full displayed size of the locked or crossed quotation.

(D) Exceptions.

(i) The locking 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.

(ii) The locking or crossing quotation was displayed at a time when a protected bid was higher than a protected offer in the NMS stock.

(iii) The locking or crossing quotation was an automated quotation, and the Exchange member organization displaying such automated quotation simultaneously routed an intermarket sweep order to execute against the full displayed size of any locked or crossed protected quotation.

(iv) The locking or crossing quotation was a manual quotation that locked or crossed another manual quotation, and the Exchange member organization displaying the locking or crossing manual quotation simultaneously routed an intermarket sweep order to execute against the full displayed size of the locked or crossed manual quotation.

Rule 3214. Stabilizing Bids

(a) PSX Market Maker Obligation/Identifier

A PSX Market Maker that intends to stabilize the price of a security that is a subject or reference security under SEC Rule 101 shall submit a request to the Exchange's MarketWatch Department for the entry of a one-sided bid that is identified on the Exchange as a stabilizing bid in compliance with the standards set forth in this Rule and SEC Rules 101 and 104.

(b) Eligibility

Only one PSX Market Maker in a security may enter a stabilizing bid.

(c) Limitations on Stabilizing Bids

(1) A stabilizing bid shall not be entered in PSX unless at least one other PSX Market Maker in addition to the market maker entering the stabilizing bid is registered as a PSX Market Maker in the security and entering quotations that are considered an independent bid under SEC Rule 104.

(2) A stabilizing bid must be available for all freely tradable outstanding securities of the same class being offered.

(d) Submission of Request to the Exchange

(1) A PSX Market Maker that wishes to enter a stabilizing bid shall submit a request to the Exchange's MarketWatch Department for entry in PSX of a one-sided bid identified as a stabilizing bid. The PSX Market Maker shall confirm its request in writing no later than the close of business the day the stabilizing bid is entered by submitting an Underwriting Activity Report to the Exchange's MarketWatch Department that includes the information required by subparagraph (d)(2).

(2) In lieu of submitting the Underwriting Activity Report as set forth in subparagraph (d)(1), the market maker may provide written confirmation to MarketWatch that shall include:

(A) the identity of the security and its symbol;

(B) the contemplated effective date of the offering and the date when the offering will be priced;

(C) the date and time that an identifier should be included on the Exchange; and

(D) a copy of the cover page of the preliminary or final prospectus or similar offering document, unless the Exchange determines otherwise.

Rule 3215. Exchange Sharing of PSX Participant Risk Settings

The Exchange may share any PSX Participant risk settings in the trading system specified in the commentary below with the clearing member that clears transactions on behalf of the PSX Participant. For purposes of this Rule, the term "PSX Participant" has the meaning set forth in Rule 3301(c).

Commentary:

The Exchange offers certain risk settings applicable to a PSX Participant's activities on the Exchange. The risk settings currently offered by the Exchange are:

(a) Share Size Control - When enabled by a PSX Participant, this optional control will allow a PSX Participant to limit the number of shares that the PSX Participant may associate with an order placed on the Exchange;

(b) ISO Control - When enabled by a PSX Participant, this optional control will prevent a PSX Participant from entering an ISO order onto the Exchange;

(c) Cancel-on-Disconnect Control - When enabled by a PSX Participant, this optional control will allow a PSX Participant, when it experiences a disruption in its connection to the Exchange, to immediately cancel all pending Exchange orders except for Good-Till-Canceled orders (RASH & FIX only);

(d) The Phlx Kill Switch - This control is described in Rule 3316;

(e) Limit Order Protection - This control is described in Rule 3307(f);

(f) Price Collar Check - This control will automatically restrict a routed order from executing at a price that differs from the NBBO (at the time of order entry) by more than five percent or $0.25, whichever difference is greater. The system will proceed to route an order unless and until it crosses the greater of these two price collars, and if it does so, then the system will block further routings of the order that fall outside of the collars. For example, if the NBBO is $99 x $100 at the time of entry of a buy order, then the system will route the order at prices at or below $105, but will stop doing so if the offer price rises above $105 (five percent of the NBO).

(g) Maximum Order Volume Check - This control will automatically reject an order for routing away that exceeds a maximum volume of shares. As applied to equity orders, the default maximum order volume is set at 25,000 shares, but the PSX Participant may request that the Exchange set a higher default based on historic volume.

(h) Maximum Single Order Notional Check – When enabled by a PSX Participant, this optional control will allow the PSX Participant to limit the maximum dollar amount that the Participant may associate with an order placed on the Exchange;

(i) Cumulative Order Volume Check - This control will automatically block an attempt by a PSX Participant using a particular MPID to route orders away to buy or sell equity securities that, cumulatively, exceed 9.5 million shares during a five second time period; and

(j) Duplication Control - This control will automatically reject an order that a PSX Participant submits to the Exchange to the extent that it is duplicative of another order that the PSX Participant submitted to the Exchange during the prior five seconds.

Rule 3216. Reports

A PSX Participant shall make such reports to the Exchange as may be prescribed from time to time by the Exchange.

Rule 3217. Normal Business Hours

The System operates from 8:00 a.m. to 5:00 p.m. Eastern Time on each business day, unless modified by the Exchange. A PSX Market Maker shall be open for business as of 9:30 a.m. Eastern Time and shall close no earlier than 4:00 p.m. Eastern Time. A PSX Market Maker may voluntarily open for business prior to 9:30 a.m. and remain open for business later than 4:00 p.m. Eastern Time. PSX Market Makers whose quotes are open prior to 9:30 a.m. Eastern Time or after 4:00 p.m. Eastern Time shall be obligated to comply, while their quotes are open, with all PSX Rules that are not by their express terms, or by an official interpretation of the Exchange, inapplicable to any part of the 8:00 a.m. to 9:30 a.m. or 4:00 p.m. to 5:00 p.m. Eastern Time period.

Rule 3218. Clearance and Settlement

(a) All transactions through the facilities of PSX 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, by entry into a correspondent clearing arrangement with another member organization that clears trades through such a clearing agency, or by use of the services of CDS Clearing and Depository Services, Inc. in its capacity as a member of such a clearing agency.

(b) Notwithstanding paragraph (a), transactions may be settled "ex-clearing" provided that both parties to the transaction agree.

Rule 3219. Withdrawal of Quotations

(a) Except as provided in paragraph (b) of this Rule, a market maker that wishes to withdraw quotations in a security shall contact the Exchange's MarketWatch Department to obtain excused withdrawal status prior to withdrawing its quotations. Withdrawals of

quotations shall be granted by MarketWatch only upon satisfying one of the conditions specified in this Rule.

(b) A PSX Market Maker that wishes to obtain excused withdrawal status based on a market maker's systemic equipment problems, such as defects in a PSX Market Maker's software or hardware systems or connectivity problems associated with the circuits connecting PSX systems with the PSX Market Maker's systems, shall contact Exchange Market Operations. Exchange Market Operations may grant excused withdrawal status based on systemic equipment problems for up to five (5) business days, unless extended by Exchange Market Operations.

(c) A PSX Market Maker that wishes to withdraw quotations shall contact the Exchange's MarketWatch Department to obtain excused withdrawal status prior to withdrawing its quotations. Excused withdrawal status based on illness, vacations or physical circumstances beyond the PSX Market Maker's control may be granted for up to five (5) business days, unless extended by MarketWatch. Excused withdrawal status based on investment activity or advice of legal counsel, accompanied by a representation that the condition necessitating the withdrawal of quotations is not permanent in nature, may, upon written request, be granted for not more than sixty (60) days. The withdrawal of quotations because of pending news, a sudden influx of orders or price changes, or to effect transactions with competitors shall not normally constitute acceptable reasons for granting excused withdrawal status, unless the Exchange has initiated a trading halt for market makers in the security, pursuant to Rule 3100.

(d) Excused withdrawal status may be granted to a PSX Market Maker that fails to maintain a clearing arrangement with a registered clearing agency or with a member of such an agency and is withdrawn from participation in the trade reporting service of PSX, thereby terminating its registration as a PSX Market Maker; provided, however, that if the Exchange finds that the PSX Market Maker's failure to maintain a clearing arrangement is voluntary, the withdrawal of quotations will be considered voluntary and unexcused pursuant to Rule 3220 and the Rule 3300 Series governing PSX. PSX Market Makers that fail to maintain a clearing relationship will have their PSX system status set to "suspend" and be thereby prevented from entering, or executing against, any quotes/orders in the system.

(e) Excused withdrawal status may be granted to a PSX Market Maker that is a distribution participant (or, in the case of excused withdrawal status, an affiliated purchaser) in order to comply with SEC Rule 101 or 104 under the Act on the following conditions:

(1) A member organization acting as a manager (or in a similar capacity) of a distribution of a security that is a subject security or reference security under SEC Rule 101 and any

member organization that is a distribution participant or an affiliated purchaser in such a distribution that does not have a manager shall provide written notice to the Exchange's MarketWatch Department and the Market Regulation Department of FINRA no later than the business day prior to the first entire trading session of the one-day or five-day restricted period under SEC Rule 101, unless later notification is necessary under the specific circumstances.

(A) The notice required by subparagraph (e)(1) of this Rule shall be provided by submitting a completed Underwriting Activity Report that includes a request on behalf of each PSX Market Maker that is a distribution participant or an affiliated purchaser to withdraw the PSX Market Maker's quotations and includes the contemplated date and time of the commencement of the restricted period.

(B) The managing underwriter shall advise each PSX Market Maker that it has been identified as a distribution participant or an affiliated purchaser to MarketWatch and that its quotations will be automatically withdrawn, unless a market maker that is a distribution participant (or an affiliated purchaser of a distribution participant) notifies MarketWatch as required by subparagraph (e)(2), below.

(2) A PSX Market Maker that has been identified to MarketWatch as a distribution participant (or an affiliated purchaser of a distribution participant) shall promptly notify MarketWatch and the manager of its intention not to participate in the prospective distribution in order to avoid having its quotations withdrawn.

(3) If a PSX Market Maker that is a distribution participant withdraws its quotations in order to comply with any provision of SEC Regulation M and promptly notifies MarketWatch of its action, the withdrawal shall be deemed an excused withdrawal. Nothing in this subparagraph shall prohibit the Exchange from taking such action as is necessary under the circumstances against a member organization and its associated persons for failure to contact MarketWatch to obtain an excused withdrawal as required by subparagraphs (a) and (e) of this Rule.

(4) A member organization acting as a manager (or in a similar capacity of a distribution subject to subparagraph (e)(1)) of this Rule shall submit a request to MarketWatch and the Market Regulation Department of FINRA to rescind the excused withdrawal status of distribution participants and affiliated purchasers, which request shall include the date and time of the pricing of the offering, the offering price, and the time the offering terminated, and, if not in writing, shall be confirmed in writing no later than the close of business the day the offering terminates. The request by this subparagraph may be submitted on the Underwriting Activity Report

(f) The Exchange Review Council shall have jurisdiction over proceedings brought by PSX Market Makers seeking review of the denial of an excused withdrawal pursuant to this Rule 3219, or the conditions imposed on their reentry.

Rule 3220. Voluntary Termination of Registration

(a) A market maker may voluntarily terminate its registration in a security by withdrawing its two-sided quotation from PSX. A PSX Market Maker that voluntarily terminates its registration in a security may not re-register as a market maker for one (1) business day. Withdrawal from participation as a PSX Market Maker shall constitute termination of registration as a market maker in that security for purposes of this Rule; provided, however, that a PSX Market Maker that fails to maintain a clearing arrangement with a registered clearing agency or with a member of such an agency and is withdrawn from participation in the PSX and thereby terminates its registration as a PSX Market Maker may register as a market maker at any time after a clearing arrangement has been reestablished unless the Exchange finds that the PSX Market Maker's failure to maintain a clearing arrangement is voluntary, in which case the withdrawal of quotations will be considered voluntary and unexcused.

(b) Notwithstanding the above, a PSX Market Maker that accidentally withdraws as a PSX Market Maker may be reinstated if:

(1) the PSX Market Maker notified the Exchange's MarketWatch Department of the accidental withdrawal as soon as practicable under the circumstances, but within at least one hour of such withdrawal, and immediately thereafter provided written notification of the withdrawal and reinstatement request;

(2) it is clear that the withdrawal was inadvertent and the market maker was not attempting to avoid its market making obligations; and

(3) the PSX Market Maker's firm would not exceed the following reinstatement limitations:

(A) for firms that simultaneously made markets in less than 250 stocks during the previous calendar year, the firm can receive no more than two (2) reinstatements per year;

(B) for firms that simultaneously made markets in 250 or more but less than 500 stocks during the previous calendar year, the firm can receive no more than three (3) reinstatements per year; and

(C) for firms that simultaneously made markets in 500 or more stocks during the previous calendar year, the firm can receive no more than six (6) reinstatements per year.

(c) Factors that the Exchange will consider in granting a reinstatement under paragraph (b) of this rule include, but are not limited to:

(1) the number of accidental withdrawals by the PSX Market Maker in the past, as compared with PSX Market Makers making markets in a comparable number of stocks;

(2) the similarity between the symbol of the stock that the PSX Market Maker intended to withdraw from and the symbol of the stock that the PSX Market Maker actually withdrew from;

(3) market conditions at the time of the withdrawal;

(4) whether, given the market conditions at the time of the withdrawal, the withdrawal served to reduce the exposure of the PSX Market Maker's position in the security at the time of the withdrawal to market risk; and

(5) the timeliness with which the PSX Market Maker notified MarketWatch of the error.

(d) For purposes of paragraph (a) of this Rule, a market maker shall not be deemed to have voluntarily terminated its registration in a security by voluntarily withdrawing its two-sided quotation from PSX if the PSX Market Maker's two-sided quotation in the subject security is withdrawn by the Exchange's systems due to issuer corporate action related to a dividend, payment or distribution, or due to a trading halt, and one of the following conditions is satisfied:

(1) the PSX Market Maker enters a new two-sided quotation prior to the close of the regular market session on the same day when the Exchange's systems withdrew such a quotation;

(2) the PSX Market Maker enters a new two-sided quotation on the day when trading resumes following a trading halt, or, if the resumption of trading occurs when the market is not in regular session, the PSX Market Maker enters a new two-sided quotation prior to the opening of the next regular market session; or

(3) upon request from the market maker, MarketWatch authorizes the market maker to enter a new two-sided quotation, provided that MarketWatch receives the market maker's request prior to the close of the regular market session on the next regular trading day after the day on which the market maker became eligible to re-enter a quotation pursuant to subparagraph (d)(1) or (d)(2) hereof and determines that the market maker was not attempting to avoid its market making obligations by failing to re-enter such a quotation earlier.

(e) The Exchange Review Council shall have jurisdiction over proceedings brought by market makers seeking review of their denial of a reinstatement pursuant to paragraphs (b) or (d) of this Rule.

Rule 3221. Suspension and Termination of Quotations and Order Entry

The Exchange may, pursuant to the procedures set forth in Disciplinary Rules of the Exchange (Rules 960.1 through 960.12), suspend, condition, limit, prohibit or terminate the authority of an PSX Participant to enter quotations or orders in one or more authorized securities for violations of applicable requirements or prohibitions.

Rule 3222. Termination of PSX Service

The Exchange may, upon notice, terminate PSX service in the event that a PSX Participant fails to qualify under specified standards of eligibility or fails to pay promptly for services rendered by PSX.

Rule 3223. Alternative Trading Systems

(a) The Exchange may provide a means to permit alternative trading systems ("ATSs"), as such term is defined in Regulation ATS, and electronic communications networks ("ECNs"), as such term is defined in SEC rule 600,

(1) to comply with SEC rule 301(b)(3);

(2) to comply with the terms of the ECN display alternatives provided for in SEC rule 602(b)(5)(ii)(A) and (B) ("ECN display alternatives"); or

(3) to provide orders to PSX voluntarily.

In providing any such means, the Exchange shall establish a mechanism that permits the ATS or ECN to display the best prices and sizes of orders entered into the ATS or ECN by subscribers of the ATS or ECN, if the ECN or ATS so chooses or is required by SEC rule 301(b)(3) to display a subscriber's order in PSX, and allows any Exchange member organization the electronic ability to effect a transaction with such priced orders that is equivalent to the ability to effect a transaction with other orders displayed by PSX. Orders displayed by ECNs or ATSs shall be displayed without attribution.

 (b) An ATS or ECN that seeks to utilize PSX to comply with SEC rule 301(b)(3) or the ECN display alternatives, or to provide orders to the Exchange voluntarily shall:

(1) demonstrate to the Exchange that it is in compliance with Regulation ATS or that it qualifies as an ECN meeting the definition in the SEC rule 600;

(2) be registered as a member organization;

(3) enter into and comply with the terms of applicable agreements with the Exchange;

(4) agree to provide for the Exchange's dissemination in the data made available to vendors the prices and sizes of subscriber orders of the ATS or ECN, if the ATS or ECN so chooses or is required by SEC rule 301(b)(3) to display a subscriber's order in PSX, at the highest buy price and the lowest sell price for each security entered in and widely disseminated by the ATS or ECN; and prior to entering such prices and sizes, register with the Exchange as an ATS or ECN; and

(5) provide an automatic execution of any quote or order entered into the System by the ATS or ECN.

Rule 3224. Penalty Bids and Syndicate Covering Transactions

(a) A PSX Market Maker acting as a manager (or in a similar capacity) of a distribution of a security that is a subject or reference security under SEC Rule 101 shall provide written notice to the Corporate Financing Department of FINRA of its intention to impose a penalty bid on syndicate members or to conduct syndicate covering transactions pursuant to SEC Rule 104 prior to imposing the penalty bid or engaging in the first syndicate covering transaction. A PSX Market Maker that intends to impose a penalty bid on syndicate members may request that its quotation be identified as a penalty bid on the Exchange pursuant to paragraph (c) below.

(b) The notice required by paragraph (a) shall include:

(1) the identity of the security and its symbol;

(2) the date the PSX Market Maker is intending to impose the penalty bid and/or conduct syndicate covering transactions.

(c) Notwithstanding paragraph (a), a PSX Market Maker may request that its quotation be identified as a penalty bid on the Exchange by providing notice to the Exchange's MarketWatch Department, which notice shall include the date and time that the penalty bid identifier should be entered on the Exchange and, if not in writing, shall be confirmed in writing no later than the close of business the day the penalty bid identifier is entered on the Exchange.

(d) The written notice required by this Rule may be submitted on the Underwriting Activity Report.

Rule 3225. Obligation to Provide Information

(a) An Exchange member organization operating in or participating in PSX shall provide information orally, in writing, or electronically (if such information is, or is required to be, maintained in electronic form) to Exchange staff when staff makes an oral, written, or

electronically communicated request for information relating to a specific Exchange Rule, SEC rule, or provision of a joint industry plan (e.g., UTP, CTA, and CQA) (as promulgated and amended from time-to-time) that the Exchange is responsible for administering or to other duties and/or obligations imposed on the Exchange; this shall include, but not be limited to, information relating to:

(A) a locked or crossed market; or

(B) trading activity, rumors, or information that a member or member organization may possess that may assist in determining whether there is a basis to initiate a trading halt, pursuant to Rule 3100; or

(C) a clearly erroneous transaction, pursuant to Rule 3312; or

(D) a request for an excused withdrawal or reinstatement, pursuant to Rules 3219 or 3220; or

(E) trade-throughs; or

(F) a request to submit a stabilizing bid, pursuant to Rule 3214, or a request to have a quotation identified as a penalty bid, pursuant to Rule 3224; or

(G) information relating to an equipment failure.

(b) A failure to comply in a timely, truthful, and/or complete manner with a request for information made pursuant to this rule may be deemed conduct inconsistent with just and equitable principles of trade.

Rule 3226. Limitation of Liability

(a) Except as provided for in paragraph (b) below, the Exchange and its affiliates shall not be liable for any losses, damages, or other claims arising out of PSX or its use. Any losses, damages, or other claims, related to a failure of PSX to deliver, transmit, execute, compare, submit for clearance and settlement, adjust, retain priority for, or otherwise correctly process an order, Quote/Order, message, or other data entered into, or created by, PSX shall be absorbed by the member organization, or the member organization sponsoring the customer, that entered the order, Quote/Order, message, or other data into PSX.

(b) The Exchange, subject to the express limits set forth below, may compensate users of PSX for losses directly resulting from the System's actual failure to correctly process an order, Quote/Order, message, or other data, provided PSX has acknowledged receipt of the order, Quote/Order, message, or data.

(1) For the aggregate of all claims made by all market participants related to the use of PSX during a single calendar month, the Exchange's liability shall not exceed the larger of $500,000, or the amount of the recovery obtained by the Exchange under any applicable insurance policy.

(2) In the event all of the claims arising out of the use of PSX cannot be fully satisfied because in the aggregate they exceed the maximum amount of liability provided for in this Rule, then the maximum amount will be proportionally allocated among all such claims arising during a single calendar month.

(3) All claims for compensation pursuant to this Rule shall be in writing and must be submitted no later than 12:00 p.m. ET on the next business day following the day on which the use of PSX gave rise to such claims. Nothing in this rule shall obligate the Exchange to seek recovery under any applicable insurance policy.

Rule 3227. Obligation to Honor System Trades

(a) If a PSX Participant, or clearing member acting on a Participant's behalf, is reported by PSX, or shown by the activity reports generated by PSX, as constituting a side of a System trade, such Participant, or clearing member acting on its behalf, shall honor such trade on the scheduled settlement date.

(b) The Exchange shall have no liability if a Participant, or a clearing member acting on the Participant's behalf, fails to satisfy the obligations in paragraph (a).

Rule 3228. Compliance with Rules and Registration Requirements

(a) Failure by a PSX Participant to comply with any of the Rules or registration requirements applicable to PSX identified herein shall subject such Participant to censure, fine, suspension or revocation of its registration as a PSX Participant or any other fitting penalty under the Rules of the Exchange.

(b) (1) If a Participant fails to maintain a clearing relationship as required under paragraphs (a)(2) of Rule 911, it shall be removed from PSX until such time as a clearing arrangement is reestablished.

(2) A Participant that is not in compliance with its obligations under paragraphs (a)(2) of Rule 911 shall be notified when the Exchange exercises it authority under paragraph (b)(1) above.

(3) The authority and procedures contained in this paragraph (b) do not otherwise limit the Exchange's authority, contained in other provisions of the Rules of the Exchange, to enforce its Rules or impose any fitting sanction.

Rule 3230. Trading in Commodity-Related Securities

(a) The Exchange will consider for trading pursuant to unlisted trading privileges on PSX a Commodity-Related Security that meets the criteria of this Rule. Unless otherwise noted, a Commodity-Related Security approved for trading under this Rule is eligible for trading during all PSX market sessions if member organizations comply with Rule 3231 when accepting Commodity-Related Security orders for execution in the pre-market session or post-market session.

(b) Applicability. This Rule is applicable only to Commodity-Related Securities. Except to the extent inconsistent with this Rule, or unless the context otherwise requires, the provisions of all other Rules of the Exchange shall be applicable to the trading on PSX of such securities. Commodity-Related Securities are included within the definition of "security" or "securities" as such terms are used in Rules of the Exchange.

(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 organization 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. Member organizations should refer to NASD/NYSE Joint Memo on Chinese Wall Policies and Procedures (NASD Notice to Members 91-45) for guidance on the "`minimum elements' of adequate Chinese Wall policy and procedures." 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 organization acting as a registered market maker in a Commodity-Related Security must file with the Exchange's Regulation Department in a manner prescribed by such Department 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 Rule. A member organization acting as a registered market maker in a Commodity-Related Security shall not act or register as a market maker in any commodities, futures contracts, options on futures contracts, forward contracts, commodity swaps, or other related derivatives underlying such Commodity-Related Security.

(f) The member organization acting as a registered market maker in a Commodity-Related Security shall make available to the Exchange's Regulation Department such books, records or other information pertaining to transactions by such entity or registered or non-registered employees 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 the Regulation Department.

(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 organization 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 organization 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) The Exchange requires that members and member organizations provide all purchasers of a newly issued Commodity-Related Security a prospectus for such Commodity-Related Security.

Rule 3231. Customer Disclosures

No member organization 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 an

updated underlying index value or intraday indicative value is an additional trading risk in extended hours for Derivative Securities Products.

The disclosures required pursuant to this Rule may take the following form or such other form as provides substantially similar information:

(1) 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.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(6) 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.

(7) Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value ("IIV"). For certain Derivative Securities Products, an updated underlying index value or IIV may not be calculated or publicly disseminated in extended trading hours. Since the underlying index value and IIV are not calculated or widely disseminated during the pre-market and post-market 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 3232. Advertising Practices

(a) No member organization, directly or indirectly, in connection with the purchase or sale of any security that has listed or unlisted trading privileges on the Exchange, shall publish, circulate or distribute any advertisement, sales literature or market letter or make oral statements or presentations which the member organization knows, or in the exercise of reasonable care should know, contain any untrue statement of material fact or which is otherwise false or misleading. Exaggerated or misleading statements or claims are prohibited.

(b) Advertisements, sales literature and market letters shall contain the name of the member organization, the person or firm preparing the material, if other than the member organization, and the date on which it was first published, circulated or distributed (except that in advertisements only the name of the member organization need be stated).

(c) No cautionary statements or caveats, often called hedge clauses, may be used if they could mislead the reader or are inconsistent with the content of the material.

(d) Each item of advertising and sales literature and each market letter shall be approved by signature or initial, prior to use, by an officer, partner or other official the member organization has designated to supervise all such matters.

(e) A separate file of all advertisements, sales literature and market letters, including the names of the persons who prepared them and/or approved their use, shall be maintained by the member organization for a period of three years from the date of each use (for the first two years in a place readily accessible to examination or spot checks). Each member organization shall file with the Exchange, or the designated self-regulatory organization for such member organization, within five business days after initial use, each advertisement (i.e., any material for use in any newspaper or magazine or other public media or by radio, telephone, recording, motion picture or television, except tombstone advertisements), unless such advertisement may be published under the rules of another self-regulatory organization regulating the member organization under the Act.

(f) Testimonial material based on experience with the member organization or concerning any advice, analysis, report or other investment related service rendered by the member

organization must make clear that such testimony is not necessarily indicative of future performance or results obtained by others. Testimonials also shall state whether any compensation has been paid to the maker, directly or indirectly, and if the material implies special experience or expert opinion, the qualifications of the maker of the testimonial should be given.

(g) Any statement to the effect that a report or analysis or other service will be furnished free or without any charge shall not be made unless such report or analysis or other service actually is or will be furnished entirely free and without condition or obligation.

(h) No claim or implication may be made for research or other facilities beyond those which the member organization actually possesses or has reasonable capacity to provide.

Rule 3233. Prevention of the Misuse of Material, Nonpublic Information

(a) Every member organization must establish, maintain and enforce written policies and procedures reasonably designed, taking into consideration the nature of such member organization's business, to prevent the misuse of material, non-public information by such member or member organization. Any member or member organization who becomes aware of a possible misuse of material, non-public information must promptly notify the Exchange's regulatory staff.

Supplementary Material:

.01 For purposes of Rule 3233, conduct constituting the misuse of material, non-public information includes, but is not limited to, the following:

(A) 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

(B) Trading in a security or related options or other derivative securities, while in possession of material non-public information concerning imminent transactions in the security or related securities; or

(C) Disclosing to another person or entity any material, non-public 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, non-public information.

.02 This Rule provides that each member organization for which the Exchange is the DEA should establish, maintain, and enforce written policies and procedures similar to the following, as applicable:

(A) All members must be advised in writing of the prohibition against the misuse of material, non-public information; and

(B) All members of the member organization 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 years, the first two years in an easily accessible place; and

(C) Each member organization must receive and retain copies of trade confirmations and monthly account statements for each account in which a member: has a direct or indirect financial interest or makes investment decisions. The activity in such brokerage accounts should be reviewed at least quarterly by the member organization for the express purpose of detecting the possible misuse of material, non-public information; and

(D) All members must disclose to the member organization 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 non-public information.

Maintenance of the foregoing policies and procedures may not, in all cases, satisfy the requirements and intent of this Rule. The adequacy of each member organization's policies and procedures will depend upon the nature of each member organization's business.

.03 Member organizations acting as a registered Market Maker in UTP Exchange Traded Products, and their affiliates, shall also establish, maintain and enforce written policies and procedures reasonably designed to prevent the misuse of any material nonpublic information with respect to such products, any components of the related products, any physical asset or commodity underlying the product, applicable currencies, underlying indexes, related futures or options on futures, and any related derivative instruments.

Rule 3234. Additional Requirements for Securities Issued by Nasdaq or its Affiliates

(a) For purposes of this Rule, the terms below are defined as follows:

(1) "Nasdaq Affiliate" means Nasdaq, Inc. and any entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Nasdaq, Inc., where "control" means that 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 Nasdaq Affiliate or any Exchange-listed option on any such security.

(b) No Equity Affiliate Security will be listed on the Exchange.

(c) Throughout the trading of the Affiliate Security on the Exchange, the Exchange will prepare a quarterly report on the Affiliate Security for the Exchange's Regulatory Oversight Committee that describes Exchange regulatory staff's monitoring of the trading of the Affiliate Security including summaries of all related surveillance alerts, complaints, regulatory referrals, adjusted trades, investigations, examinations, formal and informal disciplinary actions, exception reports and trading data used to ensure the Affiliate Security's compliance with the Exchange's trading rules.

Rule 3236. Restriction

No member organization shall give a proxy to vote stock registered in its name, except as required or permitted under the provisions of Rule 3238, unless the firm is the beneficial owner of such stock.

Rule 3237. Voting Instructions

Whenever a person soliciting proxies shall furnish a member organization:

(1) copies of all soliciting material which such person is sending to registered holders, and

(2) satisfactory assurance that he will reimburse such member organization for all out-of-pocket expenses, including reasonable clerical expenses, if any, incurred by such member organization, in obtaining instructions from the beneficial owners of stock.

Such organization shall transmit to each beneficial owner of stock the material furnished together with a request for voting instructions and also a statement to the effect that, if such instructions are not received by the tenth day before the meeting the proxy may be given at discretion by the owner of record of the stock. However, when the proxy soliciting material is transmitted to the beneficial owner of the stock twenty-five days or more before the meeting, the statement accompanying such material shall be to the effect that the proxy may be given fifteen days before the meeting at the discretion of the owner of record of the stock. This Rule shall not apply to beneficial owners outside the United States.

Rule 3238. Proxies at Direction of Owner

A member organization shall give a proxy for stock registered in its name, at the direction of the beneficial owner. If the stock is not in the control or possession of the member

organization, satisfactory proof of the beneficial ownership as of the record date may be required.

Member organization holdings as executor, etc.

A member organization may give a proxy to vote any stock registered in its name if the member organization holds such stock as executor, administrator, guardian, trustee, or in a similar representative or fiduciary capacity with authority to vote.

A member organization which has in its possession or control stock registered in the name of another member organization shall

(1) forward to such other member organization any voting instructions received from the beneficial owner, or

(2) if the proxy-soliciting material has been transmitted to the beneficial owner of the stock in accordance with Rule 3237 and no instructions have been received by the date specified in the statement accompanying such material, notify such other member organization of such fact in order that such organization may give the proxy as provided below.

(a) When a member organization may vote without customer instructions—A member organization may give a proxy to vote stock provided that:

(1) it has transmitted proxy-soliciting material to the beneficial owner of stock

(2) it has not received voting instructions from the beneficial owner by the date specified in the statement accompanying such material; and

(3) provided such action is adequately disclosed to stockholders and does not include authorization for a merger, consolidation or any matter which may substantially affect the rights or privileges of such stock.

(b) When a member organization may not vote without customer instructions—A member organization may not give or authorize a proxy to vote without instructions from beneficial owners when the matter to be voted upon:

(1) is submitted to stockholders by means of a proxy statement comparable to that specified in Schedule 14-A of the SEC;

(2) is the subject of a counter-solicitation, or is part of a proposal made by a stockholder which is being opposed by management;

(3) relates to a merger or consolidation (except when the company's proposal is to merge with its own wholly owned subsidiary, provided shareholders dissenting thereto do not have rights of appraisal and there is no change in the state of incorporation);

(4) involves right of appraisal;

(5) authorizes mortgaging of property;

(6) authorizes or creates indebtedness or increases the authorized amount of indebtedness;

(7) authorizes or creates a preferred stock or increases the authorized amount of an existing preferred stock;

(8) alters the terms or conditions of existing stock or indebtedness;

(9) involves a waiver or modification of preemptive rights;

(10) changes existing quorum requirements with respect to stockholder meetings;

(11) alters voting provisions or the proportionate voting power of a stock, or the number of its votes per share (except where cumulative voting provisions govern the number of votes per share for election of directors and the company proposal involves a change in the number of its directors by not more than 10% or not more than one);

(12) authorizes the implementation of any equity compensation plan, or any material revision to the terms of any existing equity compensation plan;

••• Commentary:----------

.01 A member organization may not give or authorize a proxy to vote without instructions on a matter relating to executive compensation, even if such matter would otherwise qualify for an exception from the requirements of Item 12, Item 13 or any other Item under this Rule. See Item 21.

----

(13) authorizes:

(i) a new profit-sharing or special remuneration plan, or a new retirement plan, the annual cost of which will amount to more than 10% of average annual income before taxes for the preceding five years, or

(ii) the amendment of an existing plan which would bring its costs above 10% of such average annual income before taxes.

Exception may be made in cases of:

(i) retirement plans based on agreement or negotiations with labor unions (or which have been or are to be approved by such unions) and

(ii) any related retirement plan for benefit of non-union employees having terms substantially equivalent to the terms of such union-negotiated plan which is submitted for action of stockholders concurrently with such union-negotiated plan;

••• Commentary:----------

.02 A member organization may not give or authorize a proxy to vote without instructions on a matter relating to executive compensation, even if such matter would otherwise qualify for an exception from the requirements of Item 12, Item 13 or any other Item under this Rule. See Item 21.

----

(14) changes the purposes or powers of a company to an extent which would permit it to change to a materially different line of business and it is the company's stated intention to make such a change;

(15) authorizes the acquisition of property, assets or a company, where the consideration to be given has a fair value approximating 20% or more of the market value of the previously outstanding shares;

(16) authorizes the sale or other disposition of assets or earning power approximating 20% or more of those existing prior to the transaction;

(17) authorizes a transaction not in the ordinary course of business in which an officer, director or substantial security holder has a direct or indirect interest;

(18) reduces earned surplus by 51% or more, or reduces earned surplus to an amount less than the aggregate of three years' common stock dividends computed at the current dividend rate.

(19) is the election of directors, provided, however, that this prohibition shall not apply in the case of a company registered under the Investment Company Act of 1940;

(20) materially amends an investment advisory contract with an investment company. A material amendment to an investment advisory contract would include any proposal to obtain shareholder approval of an investment company's investment advisory contract with a new investment adviser, which approval is required by the Investment Company Act of 1940, as amended (the "1940 Act"), and the rules thereunder. Such approval will be deemed to be a "matter which may affect substantially the rights or privileges of such

stock" for purposes of this Rule so that a member organization may not give or authorize a proxy to vote shares registered in its name absent instruction from the beneficial holder of the shares. As a result, for example, a member organization may not give or authorize a proxy to vote shares registered in its name, absent instruction from the beneficial holder of the shares, on any proposal to obtain shareholder approval required by the 1940 Act of an investment advisory contract between an investment company and a new investment adviser due to an assignment of the investment company's investment advisory contract, including an assignment caused by a change in control of the investment adviser that is party to the assigned contract; or

(21) is in connection with a vote on executive compensation matters, or any other significant matter, as determined by the Commission by rule.

••• Commentary:----------

.03 A matter relating to executive compensation would include, among other things, the items referred to in Section 14A of the Exchange Act (added by Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act), including (i) an advisory vote to approve the compensation of executives, (ii) a vote on whether to hold such an advisory vote every one, two or three years, and (iii) an advisory vote to approve any type of compensation (whether present, deferred, or contingent) that is based on or otherwise relates to an acquisition, merger, consolidation, sale, or other disposition of all or substantially all of the assets of an issuer and the aggregate total of all such compensation that may (and the conditions upon which it may) be paid or become payable to or on behalf of an executive officer. In addition, a member organization may not give or authorize a proxy to vote without instructions on a matter relating to executive compensation, even if such matter would otherwise qualify for an exception from the requirements of Item 12, Item 13 or any other Item under this Rule. Any vote on these or similar executive compensation-related matters is subject to the requirements of this Rule.

(c) Discretionary and non-discretionary proposals in one proxy form—A proxy form may contain proposals, some of which may be acted upon at the discretion of the member organization in the absence of instruction, and others which may be voted only in accordance with the directions of the beneficial owner. This should be indicated in the letter of transmittal. In such cases, the member organization may vote the proxy in the absence of instructions if it physically crosses out those portions where it does not have discretion.

(d) Cancellation of discretionary proxy where counter-solicitation develops—Where a discretionary proxy has been given in good faith under the rules and counter-solicitation

develops at a later date, thereby creating a "contest", the question as to whether or not the discretionary proxy should then be canceled is a matter which each member organization must decide for itself. After a contest has developed, no further proxies should be given except at the direction of beneficial owners.

(e) Subsequent proxy—Where a member organization gives a subsequent proxy, it should clearly indicate whether the proxy is in addition to, in substitution for, or in revocation of, any prior proxy.

(f) Signing and dating proxy—All proxies should be dated and should show the number of shares voted. Since manual signatures are sometimes illegible, a member organization should also either type or rubber-stamp its name on such proxy.

(g) Proxy records—Records covering the solicitation of proxies shall show the following:

(1) the date of receipt of the proxy material from the issuer or other person soliciting the proxies;

(2) names of customers to whom the material is sent together with date of mailing;

(3) all voting instructions showing whether verbal or written; and

(4) a summary of all proxies voted by the member organization clearly setting forth total shares voted for or against, or not voted, for each proposal to be acted upon at the meeting.

Verbal voting instructions may be accepted provided a record is kept of the instructions of the beneficial owner and the instructions are retained by the member organization. The record shall also indicate the date of the receipt of the instructions and the name of the recipient.

(h) Retention of records—All proxy solicitation records, originals of all communications received and copies of all communications sent relating to such solicitation, shall be retained for a period of not less than three years, the first two years in an easily accessible place.

Rule 3239. Proxy to Show Number of Shares

In all cases in which a proxy is given by a member organization the proxy shall state the actual number of shares of stock for which the proxy is given.

Rule 3240. Transfer to Facilitate Solicitation

A member organization, when so requested by the Exchange shall transfer certificates of a listed stock held either for its own account or for the account of others, if registered in

the name of a previous holder of record, into its own name, prior to the taking of a record of stockholders, to facilitate the convenient solicitation of proxies.

The Exchange will make such request at the instance of the issuer or of persons owning in the aggregate at least ten percent of such stock, provided, if the Exchange so requires, the issuer or persons making such request agree to indemnify member organizations against transfer taxes, and the Exchange may make such a request whenever it deems it advisable.

Rule 3241. Rule Applicable to Individual Members and Nominees

The provisions of Rules 3236 to 3240, inclusive, shall apply also to any nominees of member organizations. They shall apply also to voting in person.

Rule 3242. Transmission of Interim Reports and Other Material

A member organization, when so requested by a company, and upon being furnished with:

(1) copies of interim reports of earnings or other material being sent to stockholders, and

(2) satisfactory assurance that it will be reimbursed by such company for all out-of-pocket expenses, including reasonable clerical expenses, shall transmit such reports or material to each beneficial owner of stock of such company held by such member organization and registered in a name other than the name of the beneficial owner.

This Rule shall not apply to beneficial owners outside the United States.

Rule 3300. Execution Services

Rule 3301. Definitions

The following definitions apply to the Rule 3200 and 3300 Series for the trading of securities on PSX.

(a) The term "PSX," or "System" shall mean the automated system for order execution and trade reporting owned and operated by the Exchange. The Exchange will operate PSX as an automated trading center for purposes of Rule 600(b)(4) of Regulation NMS. PSX comprises:

(1) a montage for Quotes and Orders, referred to herein as the "PSX Book", that collects and ranks all Quotes and Orders submitted by Participants;

(2) an Order execution service that enables Participants to automatically execute transactions in System Securities; and provides Participants with sufficient monitoring and updating capability to participate in an automated execution environment;

(3) a trade reporting service that submits "locked-in" trades for clearing to a registered clearing agency for clearance and settlement; transmits last-sale reports of transactions automatically to the National Trade Reporting System, if required, for dissemination to the public and industry; and provides participants with monitoring and risk management capabilities to facilitate participation in a "locked-in" trading environment; and

(4) data feeds that can be used to display with attribution to PSX Participants' MPIDs all Quotes and Displayed Orders on both the bid and offer side of the market for all price levels then within the PSX Market, and that disseminate such additional information about Quotes, Orders, and transactions within PSX as shall be reflected in the PSX Rules.

(b) The term "System Securities" shall mean any NMS stock, as defined in SEC Rule 600 except securities specifically excluded from trading via a list of excluded securities posted on www.nasdaqtrader.com.

(c) The term "PSX Participant" or "Participant" shall mean an entity that fulfills the obligations contained in Rule 3211 regarding participation in the System, and shall include:

(1) "Equities ECNs," which are member organizations that meet all of the requirements of Rule 3223, and that participate in the System with respect to one or more System Securities;

(2) "PSX Market Makers" or "Market Makers", member organizations that are registered as PSX Market Makers for purposes of participation in the System on a fully automated basis with respect to one or more System securities; and

(3) "Order Entry Firms," which are member organizations that are registered for the purposes of entering orders in System Securities into the System. This term shall also include any Electronic Communications Network or Alternative Trading System (as such terms are defined in Regulation NMS) that fails to meet all the requirements of Rule 3223.

(d) The term "Quote" means a single bid or offer quotation submitted to the System by a Market Maker or Equities ECN and designated for display (price and size) next to the Participant's MPID in the PSX Book. Quotes are entered in the form of Orders with Attribution (as defined in Rule 3301B). Accordingly, all Quotes are also Orders.

(e) The term "Order" means an instruction to trade a specified number of shares in a specified System Security submitted to PSX by a Participant. An "Order Type" is a standardized set of instructions associated with an Order that define how it will behave with respect to pricing, execution, and/or posting to the PSX Book when submitted to PSX. An "Order Attribute" is a further set of variable instructions that may be associated

with an Order to further define how it will behave with respect to pricing, execution, and/or posting to the PSX Book when submitted to PSX. The available Order Types and Order Attributes, and the Order Attributes that may be associated with particular Order Types, are described in Rules 3301A and 3301B. One or more Order Attributes may be assigned to a single Order; provided, however, that if the use of multiple Order Attributes would provide contradictory instructions to an Order, the System will reject the Order or remove non-conforming Order Attributes.

(f) The term "ET" means Eastern Standard Time or Eastern Daylight Time, as applicable.

(g) The term "Market Hours" means the period of time beginning at 9:30 a.m. ET and ending at 4:00 p.m. ET (or such earlier time as may be designated by the Exchange on a day when PSX closes early). The term "System Hours" means the period of time beginning at 8:00 a.m. ET and ending at 5:00 p.m. ET (or such earlier time as may be designated by the Exchange on a day when PSX closes early). The term "Pre-Market Hours" means the period of time beginning at 8:00 a.m. ET and ending immediately prior to the commencement of Market Hours. The term "Post-Market Hours" means the period of time beginning immediately after the end of Market Hours and ending at 5:00 p.m. ET. The Exchange notes that in certain contexts, times cited in the PSX Rules may be approximate.

(h) The term "marketable" with respect to an Order to buy (sell) means that, at the time it is entered into the System, the Order is priced at the current Best Offer or higher (at the current Best Bid or lower).

(i) The term "market participant identifier" or "MPID" means a unique four-letter mnemonic assigned to each Participant in PSX. A Participant may have one or more than one MPID.

(j) The terms "Best Bid", "Best Offer", "National Best Bid and National Best Offer", "Protected Bid", "Protected Offer", "Protected Quotation" and "Intermarket Sweep Order" shall have the meanings assigned to them under Rule 600 under SEC Regulation NMS; provided, however, that the terms "Best Bid", "Best Offer", "Protected Bid", "Protected Offer", and "Protected Quotation" shall, unless otherwise stated, refer to the bid, offer, or quotation of a market center other than PSX. The term "NBBO" shall mean the "National Best Bid and National Best Offer".

(k) The term "minimum price increment" means $0.01 in the case of a System Security priced at $1 or more per share, and $0.0001 in the case of a System Security priced at less than $1 per share.

(l) The term "System Book Feed" shall mean a data feed for System Securities, generally known as the PSX TotalView ITCH feed.

Rule 3301A. Order Types.

(a) Participants may express their trading interest in PSX by entering Orders. PSX offers a range of Order Types that behave in the manner specified for each particular Order Type. Each Order Type may be assigned certain Order Attributes that further define its behavior. All Order Types and Order Attributes operate in a manner that is reasonably designed to comply with the requirements of Rules 610 and 611 under Regulation NMS. Each Order must designate whether it is to effect a buy, a long sale, a short sale, or an exempt short sale.

The Exchange maintains several communications protocols for Participants to use in entering Orders and sending other messages to PSX:

• OUCH is an Exchange proprietary protocol.

• RASH is an Exchange proprietary protocol.

• FLITE is an Exchange proprietary protocol.

• FIX is a non-proprietary protocol.

Except where otherwise stated, all protocols are available for all Order Types and Order Attributes.

Upon entry, an Order is processed to determine whether it may execute against any contra-side Orders on the PSX Book in accordance with the parameters applicable to the Order Type and Order Attributes selected by the Participant and in accordance with the priority for Orders on the PSX Book provided in Rule 3307. In addition, the Order may have its price adjusted in accordance with applicable parameters and may be routed to other market centers for potential execution if designated as Routable. The Order may then be posted to the PSX Book if consistent with the parameters of the Order Type and Order Attributes selected by the Participant. Thereafter, as detailed in Rules 3301A, 3301B, and 3315, there are numerous circumstances in which the Order on the PSX Book may be modified and receive a new timestamp. The sole instances in which the modification of an Order on the PSX Book will not result in a new timestamp are: (i) a decrease in the size of the Order due to execution or modification by the Participant or by the System, and (ii) a redesignation of a sell Order as a long sale, a short sale, or an exempt short sale. Whenever an Order receives a new timestamp for any reason, it is processed by the System as a new Order with respect to potential execution against Orders on the PSX Book, price adjustment, routing, reposting to the PSX Book, and subsequent execution against incoming Orders, except where otherwise stated.

All Orders are also subject to cancellation and/or repricing and reentry onto the PSX Book in the circumstances described in Rule 3100(a)(5) (providing for compliance with

Plan to Address Extraordinary Market Volatility) and Rule 3303 (providing for compliance with Regulation SHO). In all circumstances where an Order is repriced pursuant to those provisions, it is processed by the System as a new Order with respect to potential execution against Orders on the PSX Book, price adjustment, routing reposting to the PSX Book, and subsequent execution against incoming Orders. If multiple Orders at a given price are repriced, the Order in which they are reentered is random, based on the respective processing time for each such Order; provided, however, that in the case of Price to Comply Orders and Post-Only Orders that have their prices adjusted upon entry because they lock a Protected Quotation but that are subsequently displayed at their original entered limit price as provided in Rules 3301A(b)(1)(B) and (4)(B), they are processed in accordance with the time priority under which they were previously ranked on the PSX Book.

(b) Except where stated otherwise, the following Order Types are available to all Participants:

(1) (A) A "Price to Comply Order" is an Order Type designed to comply with Rule 610(d) under Regulation NMS by avoiding the display of quotations that lock or cross any Protected Quotation in a System Security during Market Hours. The Price to Comply Order is also designed to provide potential price improvement.

When a Price to Comply Order is entered, the Price to Comply Order will be executed against previously posted Orders on the PSX Book that are priced equal to or better than the price of the Price to Comply Order, up to the full amount of such previously posted Orders, unless such executions would trade through a Protected Quotation. Any portion of the Order that cannot be executed in this manner will be posted on the PSX Book (and/or routed if it has been designated as Routable).

During Market Hours, the price at which a Price to Comply Order is posted is determined in the following manner. If the entered limit price of the Price to Comply Order would lock or cross a Protected Quotation and the Price to Comply Order could not execute against an Order on the PSX Book at a price equal to or better than the price of the Protected Quotation, the Price to Comply Order will be displayed on the PSX Book at a price one minimum price increment lower than the current Best Offer (for a Price to Comply Order to buy) or higher than the current Best Bid (for a Price to Comply Order to sell) but will also be ranked on the PSX Book with a non-displayed price equal to the current Best Offer (for a Price to Comply Order to buy) or to the current Best Bid (for a Price to Comply Order to sell). For example, if a Price to Comply Order to buy at $11 would lock a Protected Offer of $11, the Price to Comply Order will be ranked at a non-displayed price of $11 but will be displayed at $10.99. An incoming Order to sell at a price of $11 or lower would execute against the Price to Comply Order at $11 (unless the

incoming Order was an Order Type that was not immediately executable, in which case the incoming Order would behave in the manner specified for that Order Type).

During Pre-Market Hours and Post-Market Hours, a Price to Comply Order will be ranked and displayed at its entered limit price without adjustment.

(B) If a Price to Comply Order is entered through RASH or FIX, during Market Hours the price of the Price to Comply Order will be adjusted in the following manner after initial entry and posting to the PSX Book (unless the Order is assigned a Routing Order Attribute that would cause it to be routed to another market center rather than remaining on the PSX Book):

• If the entered limit price of the Price to Comply Order locked or crossed a Protected Quotation and the NBBO changes, the displayed and non-displayed price of the Price to Comply Order will be adjusted repeatedly in accordance with changes to the NBBO; provided, however, that if the quotation of another market center moves in a manner that would lock or cross the displayed price of a Price to Comply Order, the prices of the Price to Comply Order will not be adjusted. For example, if a Price to Comply Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be ranked at a non-displayed price of $11 but will be displayed at $10.99. If the Best Offer then moves to $11.01, the displayed price will be changed to $11 and the Order will be ranked at a non-displayed price of $11.01. However, if another market center then displays an offer of $11 (thereby locking the previously displayed price of the Price to Comply Order, notwithstanding Rule 610(d) under Regulation NMS), the price of the Price to Comply Order will not be changed. The Order may be repriced repeatedly until such time as the Price to Comply Order is able to be ranked and displayed at its original entered limit price ($11.02 in the example). The Price to Comply Order receives a new timestamp each time its price is changed.

• If the original entered limit price of the Price to Comply Order would no longer lock or cross a Protected Quotation, the Price to Comply Order will be ranked and displayed at that price and will receive a new timestamp, and will not thereafter be adjusted under this paragraph (B).

If a Price to Comply Order is entered through OUCH or FLITE, during Market Hours the price of the Price to Comply Order may be adjusted in the following manner after initial entry and posting to the PSX Book:

• If the entered limit price of the Price to Comply Order crossed a Protected Quotation and the NBBO changes so that the Price to Comply Order could be displayed at a price at or closer to its entered limit price without locking or crossing a Protected Quotation, the Price to Comply Order may either remain on the PSX Book unchanged or may be cancelled back to the Participant, depending on its choice. For example, if a Price to

Comply Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be ranked a non-displayed price of $11 but will be displayed at $10.99. If the Best Offer changes to $11.01, the Order will not be repriced, but rather will either remain with a displayed price of $10.99 but ranked at a non-displayed price of $11 or be cancelled back to the Participant, depending on its choice. A Participant's choice with regard to maintaining the Price to Comply Order or cancelling it is set in advance for each port through which the Participant enters Orders.

• If the entered limit price of the Price to Comply Order locked a Protected Quotation, the price of the Price to Comply Order will be adjusted after initial entry only as follows. If the entered limit price would no longer lock a Protected Quotation, the Price to Comply Order may either remain on the PSX Book unchanged, may be cancelled back to the Participant, or may be ranked and displayed at its original entered limit price, depending on the Participant's choice. For example, if a Price to Comply Order to buy at $11 would lock a Protected Offer of $11, the Price to Comply Order will be ranked at a non-displayed price of $11 but will be displayed at $10.99. If the Best Offer changes to $11.01, the Price to Comply Order may either remain with a displayed price of $10.99 but ranked at a non-displayed price of $11, be cancelled back to the Participant, or be ranked and displayed at $11, depending on the Participant's choice. A Participant's choice with regard to maintaining the Price to Comply Order, cancelling it, or allowing it to be displayed is set in advance for each port through which the Participant enters Orders. If the Price to Comply Order is ranked and displayed at its original entered limit price, it will receive a new timestamp, and will not thereafter be adjusted under this paragraph (B).

(C) The following Order Attributes may be assigned to a Price to Comply Order:

• Price. As described above, the price of the Order may be adjusted to avoid locking or crossing a Protected Quotation, and may include a displayed price as well as a non-displayed price.

• Size.

• Reserve Size (available through RASH and FIX only).

• A Time-in-Force other than IOC. (A Price to Comply Order entered with a Time-in-Force of IOC would be processed as a Non-Displayed Order with a Time-in-Force of IOC).

• Designation as an ISO. In accordance with Regulation NMS, a Price to Comply Order designated as an ISO would be processed at its entered limit price, since such a designation reflects a representation by the Participant that it has simultaneously routed

one or more additional limit orders, as necessary, to execute against the full displayed size of any Protected Quotations that the Price to Comply Order would lock or cross.

• Routing (available through RASH and FIX only).

• Primary Pegging and Market Pegging (available through RASH and FIX only).

• Discretion (available through RASH and FIX only).

• Display. A Price to Comply Order is always displayed, although, as provided above, it may also have a non-displayed price and/or Reserve Size.

• Trade Now (available through OUCH, RASH, FLITE and FIX).

(2) (A) A "Price to Display Order" is an Order Type designed to comply with Rule 610(d) under Regulation NMS by avoiding the display of quotations that lock or cross any Protected Quotation in a System Security during Market Hours. Price to Display Orders are available solely to Participants that are Market Makers for System Securities.

When a Price to Display Order is entered, if its entered limit price would lock or cross a Protected Quotation, the Price to Display Order will be repriced to one minimum price increment lower than the current Best Offer (for a Price to Display Order to buy) or higher than the current Best Bid (for a Price to Display Order to sell). For example, if a Price to Display Order to buy at $11 would cross a Protected Offer of $10.99, the Price to Display Order will be repriced to $10.98. The Price to Display Order (whether repriced or not repriced) will then be executed against previously posted Orders on the PSX Book that are priced equal to or better than the adjusted price of the Price to Display Order, up to the full amount of such previously posted Orders, unless such executions would trade through a Protected Quotation. Any portion of the Order that cannot be executed in this manner will be posted on the PSX Book (and/or routed if it has been designated as Routable).

During Market Hours, the price at which a Price to Display Order is displayed and ranked on the PSX Book will be its entered limit price if the Price to Display Order was not repriced upon entry, or the adjusted price if the Price to Comply Order was repriced upon entry, such that the price will not lock or cross a Protected Quotation.

During Pre-Market Hours and Post-Market Hours, a Price to Display Order will be displayed and ranked at its entered limit price without adjustment.

(B) If a Price to Display Order is entered through RASH or FIX, during Market Hours the Price to Display Order may be adjusted in the following manner after initial entry and posting to the PSX Book (unless the Order is assigned a Routing Order Attribute that

would cause it to be routed to another market center rather than remaining on the PSX Book):

• If the entered limit price of the Price to Display Order locked or crossed a Protected Quotation and the NBBO changes, the price of the Order will be adjusted repeatedly in accordance with changes to the NBBO; provided, however, that if the quotation of another market center moves in a manner that would lock or cross the price of a Price to Display Order, the price of the Price to Display Order will not be adjusted. For example, if a Price to Display Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be displayed and ranked at $10.99. If the Best Offer then moves to $11.01, the displayed/ranked price will be changed to $11. However, if another market center then displays an offer of $11 (thereby locking the previously displayed price of the Price to Display Order, notwithstanding Rule 610(d) under Regulation NMS), the price of the Price to Display Order will not be changed. The Order may be repriced repeatedly until such time as the Price to Display Order is able to be displayed and ranked at its original entered limit price ($11.02 in the example). The Price to Display Order receives a new timestamp each time its price is changed.

• If the original entered limit price of the Price to Display Order would no longer lock or cross a Protected Quotation, the Price to Display Order will be displayed and ranked at that price and will receive a new timestamp, and will not thereafter be adjusted under this paragraph (B).

If a Price to Display Order is entered through OUCH or FLITE, during Market Hours the Price to Display Order may be adjusted in the following manner after initial entry and posting to the PSX Book:

• If the entered limit price of the Price to Display Order locked or crossed a Protected Quotation and the NBBO changes so that the Price to Display Order could be ranked and displayed at a price at or closer to its original entered limit price without locking or crossing a Protected Quotation, the Price to Display Order may either remain on the PSX Book unchanged or may be cancelled back to the Participant, depending on the Participant's choice. For example, if a Price to Display Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be ranked and displayed at $10.99. If the Best Offer changes to $11.01, the Price to Display Order will not be repriced, but rather will either remain at its current price or be cancelled back to the Participant, depending on its choice. A Participant's choice with regard to maintaining the Price to Display Order or cancelling it is set in advance for each port through which the Participant enters Orders.

(C) The following Order Attributes may be assigned to a Price to Display Order:

• Price. As described above, the price of the Order may be adjusted to avoid locking or crossing a Protected Quotation.

• Size.

• Reserve Size (available through RASH and FIX only).

• A Time-in-Force other than IOC. (A Price to Display Order entered with a Time-in-Force of IOC would be processed as a Non-Displayed Order with a Time-in-Force of IOC).

• Designation as an ISO. In accordance with Regulation NMS, a Price to Display Order designated as an ISO would be processed at its entered limit price, since such a designation reflects a representation by the Participant that it has simultaneously routed one or more additional limit orders, as necessary, to execute against the full displayed size of any Protected Quotations that the Price to Display Order would lock or cross.

• Routing (available through RASH and FIX only).

• Primary Pegging and Market Pegging (available through RASH and FIX only).

• Discretion (available through RASH and FIX only).

• Attribution. All Price to Display Orders are Attributable Orders.

• Display. A Price to Display Order is always displayed (but may also have Reserve Size).

(3) (A) A "Non-Displayed Order" is an Order Type that is not displayed to other Participants, but nevertheless remains available for potential execution against incoming Orders until executed in full or cancelled. In addition to the Non-Displayed Order Type, there are other Order Types that are not displayed on the PSX Book. Thus, "Non-Display" is both a specific Order Type and an Order Attribute of certain other Order Types.

When a Non-Displayed Order is entered, the Non-Displayed Order will be executed against previously posted Orders on the PSX Book that are priced equal to or better than the price of the Non-Displayed Order, up to the full amount of such previously posted Orders, unless such executions would trade through a Protected Quotation. Any portion of the Non-Displayed Order that cannot be executed in this manner will be posted to the PSX Book (unless the Non-Displayed Order has a Time-in-Force of IOC) and/or routed if it has been designated as Routable.

During Market Hours, the price at which a Non-Displayed Order is posted is determined in the following manner. If the entered limit price of the Non-Displayed Order would

lock a Protected Quotation, the Non-Displayed Order will be placed on the PSX Book at the locking price. If the Non-Displayed Order would cross a Protected Quotation, the Non-Displayed Order will be repriced to a price that would lock the Protected Quotation and will be placed on the PSX Book at that price. For example, if a Non-Displayed Order to buy at $11 would cross a Protected Offer of $10.99, the Non-Displayed Order will be repriced and posted at $10.99. A Non-Displayed Order to buy at $10.99 would also be posted at $10.99.

During Pre-Market Hours and Post-Market Hours, a Non-Displayed Order will be posted at its entered limit price without adjustment.

(B) If a Non-Displayed Order is entered through RASH or FIX, during Market Hours the Non-Displayed Order may be adjusted in the following manner after initial entry and posting to the PSX Book (unless the Order is assigned a Routing Order Attribute that would cause it to be routed to another market center rather than remaining on the PSX Book):

• If the original entered limit price of a Non-Displayed Order is higher than the Best Offer (for an Order to buy) or lower than the Best Bid (for an Order to sell) and the NBBO moves toward the original entered limit price of the Non-Displayed Order, the price of the Non-Displayed Order will be adjusted repeatedly in accordance with changes to the NBBO. For example, if a Non-Displayed Order to buy at $11.02 would cross a Protected Offer of $11, the Non-Displayed Order will be priced and posted at $11. If the Best Offer then changes to $11.01, the price of the Non-Displayed Order will be changed to $11.01. The Order may be repriced repeatedly in this manner, receiving a new timestamp each time its price is changed, until the Non-Displayed Order is posted at its original entered limit price. The Non-Displayed Order will not thereafter be repriced under this paragraph (B), except as provided below with respect to crossing a Protected Quotation.

• If, after being posted to the PSX Book, the NBBO changes so that the Non-Displayed Order would cross a Protected Quotation, the Non-Displayed Order will be repriced at a price that would lock the new NBBO and receive a new timestamp. For example, if a Non-Displayed Order to buy at $11 would lock a Protected Offer of $11, the Non-Displayed Order will be posted at $11. If the Best Offer then changes to $10.99, the Non-Displayed Order will be repriced at $10.99, receiving a new timestamp. The Non-Displayed Order may be repriced and receive a new timestamp repeatedly.

If a Non-Displayed Order is entered through OUCH or FLITE, during Market Hours the Non-Displayed Order may be adjusted in the following manner after initial entry and posting to the PSX Book:

• If the original entered limit price of the Non-Displayed Order locked or crossed a Protected Quotation and the NBBO changes so that the Non-Displayed Order could be posted at a price at or closer to its original entered limit price without crossing a Protected Quotation, the Non-Displayed Order may either remain on the PSX Book unchanged or may be cancelled back to the Participant, depending on its choice. For example, if a Non-Displayed Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be priced at $11. If the Best Offer changes to $11.01, the Order will not be repriced, but rather will either remain at its current $11 price or be cancelled back to the Participant, depending on its choice. A Participant's choice with regard to maintaining the Non-Displayed Order or cancelling it is set in advance for each port through which the Participant enters Orders.

• If, after a Non-Displayed Order is posted to the PSX Book, the NBBO changes so that the Non-Displayed Order would cross a Protected Quotation, the Non-Displayed Order will be cancelled back to the Participant. For example, if a Non-Displayed Order to buy at $11 would lock a Protected Offer of $11, the Non-Displayed Order will be posted at $11. If the Best Offer then changes to $10.99, the Non-Displayed Order will be cancelled back to the Participant.

(C) The following Order Attributes may be assigned to a Non-Displayed Order:

• Price. As described above, the price of the Order may be adjusted to avoid crossing a Protected Quotation.

• Size.

• Minimum Quantity.

• Time-in-Force.

• Designation as an ISO. In accordance with Regulation NMS, a Non-Displayed Order designated as an ISO would be processed at its entered limit price, since such a designation reflects a representation by the Participant that it has simultaneously routed one or more additional limit orders, as necessary, to execute against the full displayed size of any Protected Quotations that the Non-Displayed Order would cross. As discussed above, a Non-Displayed Order would be accepted at a price that locked a Protected Quotation, even if the Order was not designated as an ISO, because the non-displayed nature of the Order allows it to lock a Protected Quotation under Regulation NMS. Accordingly, the System would not interpret receipt of a Non-Displayed Order marked ISO that locked a Protected Quotation as the basis for determining that the Protected Quotation had been executed for purposes of accepting additional Orders at that price level.

• Routing (available through RASH and FIX only).

• Primary Pegging and Market Pegging (available through RASH and FIX only).

• Pegging to the Midpoint (see Rule 3301B(d) with respect to differences between OUCH and FLITE and RASH and FIX).

• Discretion (available through RASH and FIX only).

• Trade Now (available through OUCH, RASH, FLITE and FIX).

(4) (A) A "Post-Only Order" is an Order Type designed to have its price adjusted as needed to post to the PSX Book in compliance with Rule 610(d) under Regulation NMS by avoiding the display of quotations that lock or cross any Protected Quotation in a System Security during Market Hours, or to execute against locking or crossing quotations in circumstances where economically beneficial to the Participant entering the Post-Only Order.

During Market Hours, a Post-Only Order is evaluated at the time of entry with respect to locking or crossing other Orders on the PSX Book, Protected Quotations, and potential execution as follows:

• If a Post-Only Order would lock or cross a Protected Quotation, the Post Only Order may either be adjusted or be cancelled back to the Participant, depending on the Participant's choice; provided, however, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the PSX Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the PSX Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the PSX Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share. If the Participant elects to have the Post Only Order adjusted, the price of the Order will first be adjusted. If the Order is Attributable, its adjusted price will be one minimum price increment lower than the current Best Offer (for bids) or higher than the current Best Bid (for offers). If the Order is not Attributable, its adjusted price will be equal to the current Best Offer (for bids) or the current Best Bid (for offers). However, the Order will not post or execute until the Order, as adjusted, is evaluated with respect to Orders on the PSX Book.

º If the adjusted price of the Post-Only Order would not lock or cross an Order on the PSX Book, the Order will be posted in the same manner as a Price to Comply Order (if it is not Attributable) or a Price to Display Order (if it is Attributable). Specifically, if the Post-Only Order is not Attributable, it will be displayed on the PSX Book at a price one

minimum price increment lower than the current Best Offer (for bids) or higher than the current Best Bid (for offers) but will be ranked on the PSX Book with a non-displayed price equal to the current Best Offer (for bids) or to the current Best Bid (for offers). For example, if a Post-Only Order to buy at $11 would lock a Protected Offer of $11, the Order will be ranked at a non-displayed price of $11 but will be displayed at $10.99. If the Post-Only Order is Attributable, it will be ranked and displayed on the PSX Book at a price one minimum increment lower than the current Best Offer (for bids) or higher than the current Best Bid (for offers). Thus, in the preceding example, the Post-Only Order to buy would be ranked and displayed at $10.99.

º If the adjusted price of the Post-Only Order would lock or cross a Displayed Order at its displayed price on the PSX Book, the Post Only Order may either be adjusted or be cancelled back to the Participant, depending on the Participant's choice; provided, however, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the PSX Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the PSX Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the PSX Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share. If the Participant elects to have the Post-Only Order adjusted, the Post-Only Order will be repriced, ranked, and displayed at one minimum price increment below the current best displayed price to sell on the PSX Book (for bids) or above the current best displayed price to buy on the PSX Book (for offers); provided, however, the Post-Only Order will execute if it meets the criteria above. For example, if a Participant entered a Non-Attributable Post-Only Order to buy at $11.01, another market center is displaying a Protected Offer at $11, and there is an Order on the PSX Book to sell at $11, the adjusted price of the Post-Only Order will be $11. However, because the Post-Only Order would be executable against the Order on the PSX Book and would receive $0.01 price improvement (as measured against the original $11.01 price of the Post-Only Order), the Post-Only Order would execute.

• If the adjusted price of the Post-Only Order would lock or cross a non-displayed price on the PSX Book, the Post-Only Order will be posted in the same manner as a Price to Comply Order; provided, however, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the PSX Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the PSX Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the PSX Book (as measured against the

original limit price of the Order) equals or exceeds $0.01 per share. For example, if a Participant entered a NonAttributable Post-Only Order to buy at $11.01, another market center is displaying a Protected Offer at $11, and there is a Non-Displayed Order on the PSX Book to sell at $11, the adjusted price of the Post-Only Order will be $11. However, because the Post-Only Order would be executable against the Non-Displayed Order on the PSX Book and would receive $0.01 price improvement (as measured against the original $11.01 price of the Post-Only Order), the Post-Only Order would execute.

• If the Post-Only Order would not lock or cross a Protected Quotation but would lock or cross a Displayed Order at its displayed price on the PSX Book, the Post Only Order may either be adjusted or be cancelled back to the Participant, depending on the Participant's choice; provided, however, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the PSX Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the PSX Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the PSX Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share. If the Participant elects to have the Post Only Order adjusted, the Post Only Order will be repriced, ranked, and displayed at one minimum price increment below the current best-priced Order to sell on the PSX Book (for bids) or above the current best-priced Order to buy on the PSX Book (for offers); provided, however, the Post-Only Order will execute if it meets the criteria above. For example, if a Participant entered a Post-Only Order to buy at $11.02, the Best Offer on an away exchange was $11.04, and there was a Displayed Order on the PSX Book to sell at $11.02, the Post-Only Order would be ranked and displayed at $11.01. However, if a Participant entered a Post-Only Order to buy at $11.03, the Order would execute against the Order on the PSX Book at $11.02, receiving $0.01 per share price improvement.

• If the Post-Only Order would not lock or cross a Protected Quotation but would lock or cross a non-displayed Order on the PSX Book, the Post-Only Order will be posted, ranked, and displayed at its limit price; provided, however, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the PSX Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the PSX Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the PSX Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share. For example, if a Participant entered a Post-Only Order to buy at $11.02, the Best Offer was

$11.04, and there was a Non-Displayed Order on the PSX Book to sell at $11.02, the Post-Only Order would be ranked and displayed at $11.02. However, if a Participant entered a Post-Only Order to buy at $11.03, the Order would execute against the Order on the PSX Book at $11.02, receiving $0.01 per share price improvement.

• If a Post-Only Order is entered with a Time-in-Force of IOC, the Order will be evaluated for possible execution in the same manner as any other Post-Only Order but will be cancelled rather than posted if the Order cannot execute.

• If a Post-Only Order would not lock or cross an Order on the PSX Book or any Protected Quotation, it will be posted on the PSX Book at its entered limit price.

During Pre-Market and Post-Market Hours, a Post-Only Order will be processed in a manner identical to Market Hours with respect to locking or crossing Orders on the PSX Book, but will not be cancelled or have its price adjusted with respect to locking or crossing the quotations of other market centers.

(B) If a Post-Only Order is entered through RASH or FIX, during System Hours the Post-Only Order may be adjusted in the following manner after initial entry and posting to the PSX Book:

• If the original entered limit price of the Post-Only Order is not being displayed, the displayed price (and non-displayed price, if any) of the Order will be adjusted repeatedly in accordance with changes to the NBBO or the best price on the PSX Book, as applicable; provided, however, that if the quotation of another market center moves in a manner that would lock or cross the displayed price of a PostOnly Order, the price(s) of the Post-Only Order will not be adjusted. For example, if a Non-Attributable Post-Only Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be ranked at a non-displayed price of $11 but will be displayed at $10.99. If the Best Offer then moves to $11.01, the displayed price will be changed to $11 and the non-displayed price at which the Order is ranked will be changed to $11.01. However, if another market center then displays an offer of $11 (thereby locking the previously displayed price of the Post-Only Order, notwithstanding Rule 610(d) under Regulation NMS), the price of the Post-Only Order will not be changed. The Order may be repriced repeatedly until such time as the Post-Only Order is able to be displayed at its original entered limit price ($11.02 in the example). The Post-Only Order receives a new timestamp each time its price is changed.

• If the original entered limit price of the Post-Only Order would no longer lock or cross a Protected Quotation or a Displayed Order on the PSX Book, the PostOnly Order will be ranked and displayed at that price and will receive a new time-stamp, and will not thereafter be adjusted under this paragraph (B).

If a Post-Only Order is entered through OUCH or FLITE, the Post-Only Order may be adjusted in the following manner after initial entry and posting to the PSX Book:

• During Market Hours, if the original entered limit price of the Post-Only Order locked or crossed a Protected Quotation, the Post-Only Order may be adjusted after initial entry in the same manner as a Price to Comply Order (or a Price to Display Order, if it is Attributable). Thus, in the case of a Non-Attributable Post-Only Order that crossed a Protected Quotation, if the NBBO changed so that the Post-Only Order could be ranked and displayed at a price at or closer to its original entered limit price without locking or crossing a Protected Quotation, the Post-Only Order may either remain on the PSX Book unchanged or may be cancelled back to the Participant, depending on its choice. In the case of a Non-Attributable Post-Only Order that locked a Protected Quotation, if the limit price would no longer lock a Protected Quotation, the Post-Only Order may either remain on the PSX Book unchanged, may be cancelled back to the Participant, or may be ranked and displayed at its original entered limit price, depending on the Participant's choice, and will not thereafter be adjusted under this paragraph (B). If the Post-Only Order is displayed at its original entered limit price, it will receive a new timestamp. Finally, in the case of an Attributable Post-Only Order that locked or crossed a Protected Quotation, if the NBBO changed so that the Post-Only Order could be ranked and displayed at a price at or closer to its original entered limit price without locking or crossing a Protected Quotation, the Post-Only Order may either remain on the PSX Book unchanged or may be cancelled back to the Participant, depending on the Participant's choice. A Participant's choice with regard to adjustment of Post-Only Orders is set in advance for each port through which the Participant enters Orders.

• During System Hours, if the original entered limit price of the Post-Only Order locked or crossed a Displayed Order on the PSX Book and the PSX Book changes so that the original entered limit price would no longer lock or cross an Order on the PSX Book, the Post-Only Order may either remain on the PSX Book unchanged or may be cancelled back to the Participant, depending on the Participant's choice. For example, if a Post-Only Order to buy at $11 would lock a Displayed Order on the PSX Book priced at $11, the Post-Only Order will be ranked and displayed at $10.99. If the Order at $11 is cancelled or executed, the Post-Only Order may either remain with a displayed price of $10.99 or be cancelled back to the Participant, depending on the Participant's choice. A Participant's choice with regard to maintaining the Post-Only Order or cancelling it is set in advance for each port through which the Participant enters Orders.

(C) The following Order Attributes may be assigned to a Post-Only Order:

• Price. As described above, the price of the Order may be adjusted to avoid locking or crossing a Protected Quotation, and may include a displayed price as well as a non-displayed price.

• Size.

• Time-in-Force; provided, however, that a Post-Only Order with a Time-in-Force of IOC may not be entered through RASH or FIX.

• Designation as an ISO. In accordance with Regulation NMS, a Post-Only Order designated as an ISO that locked or crossed a Protected Quotation would be processed at its entered limit price, since such a designation reflects a representation by the Participant that it has simultaneously routed one or more additional limit orders, as necessary, to execute against the full displayed size of any Protected Quotations that the Post-Only Order would lock or cross. However, as described above, a Post-Only Order designated as an ISO that locked or crossed an Order on the PSX Book would either execute at time of entry, post at its limit price, or would have its price adjusted prior to posting. Accordingly, the System would not interpret receipt of a Post-Only Order marked ISO that had its price adjusted prior to posting as the basis for determining that any Protected Quotation at the Order's original entered limit price level had been executed for purposes of accepting additional Orders at that price level. However, if the Post-Only Order is ranked and displayed at its adjusted price, the System would consider the adjusted price level to be open for purposes of accepting additional Orders at that price level. For example, assume that there is a Protected Offer at $11 and a Participant enters a Post-Only Order marked ISO to buy at $11. If there are no Orders to sell at $11 on the PSX Book, the Order to buy will be displayed and ranked at $11, since the designation of the Order as an ISO reflects the Participant's representation that it has routed one or more additional limit orders, as necessary, to execute against the full displayed size of any Protected Quotations that the Post-Only Order would lock or cross. However, if there was also a Displayed Order to sell at $11 on the PSX Book, the Post-Only Order will be repriced, ranked, and displayed at $10.99. In that case, the mere fact that the Post-Only Order was designated as an ISO would not allow PSX to conclude that the $11 price level was "open" for receiving orders to buy at that price; the $11 price level would be considered open only if market data received by the System demonstrated that the Protected Offer at $11 had been removed or if a subsequent Displayed Order marked ISO was received and ranked at that price.

• Attribution.

• Display. A Post-Only Order is always displayed, although as provided above, may also have a non-displayed price.

• Trade Now (available through OUCH, RASH, FLITE and FIX).

(5) (A) A "Market Maker Peg Order" is an Order Type designed to allow a Market Maker to maintain a continuous two-sided quotation at a displayed price that is compliant with the quotation requirements for Market Makers set forth in Rule 3213(a)(2). The displayed

price of the Market Maker Peg Order is set with reference to a "Reference Price" in order to keep the displayed price of the Market Maker Peg Order within a bounded price range. A Market Maker Peg Order may be entered through RASH or FIX only. A Market Maker Peg Order must be entered with a limit price beyond which the Order may not be priced. The Reference Price for a Market Maker Peg Order to buy (sell) is the then-current National Best Bid (National Best Offer) (including PSX), or if no such National Best Bid or National Best Offer, the most recent reported last-sale eligible trade from the responsible single plan processor for that day, or if none, the previous closing price of the security as adjusted to reflect any corporate actions (e.g., dividends or stock splits) in the security.

Upon entry, the displayed price of a Market Maker Peg Order to buy (sell) is automatically set by the System at the Designated Percentage (as defined in Rule 3213) away from the Reference Price in order to comply with the quotation requirements for Market Makers set forth in Rule 3213(a)(2). For example, if the National Best Bid is $10 and the Designated Percentage for the security is 8%, the displayed price of a Market Marker Peg Order to buy would be $9.20. If the limit price of the Order is not within the Designated Percentage, the Order will be sent back to the Participant.

Once a Market Maker Peg Order has posted to the PSX Book, it is repriced if needed as the Reference Price changes. Specifically, if as a result of a change to the Reference Price, the difference between the displayed price of the Market Maker Peg Order and the Reference Price exceeds the Defined Limit (as defined in Rule 3213), a Market Maker Peg Order to buy (sell) will be repriced to the Designated Percentage away from the Reference Price. In the foregoing example, if the Defined Limit is 9.5% and the National Best Bid increased to $10.17, such that the displayed price of the Market Maker Peg Order would be more than 9.5% away, the Order will be repriced to $9.36, or 8% away from the National Best Bid. Note that prices will be rounded in a manner to ensure that they are calculated and displayed at a level that is consistent with the Designated Percentage and the permissible minimum increment of $0.01 or $0.0001, as applicable. If the limit price of the Order is not within the Designated Percentage, the Order will be sent back to the Participant.

Similarly, if as a result of a change to the Reference Price, the displayed price of a Market Maker Peg Order to buy (sell) is at least one minimum price variation more than (less than) a price that is 4% less than (more than) the Reference Price, rounded up (down), then the Market Maker Peg Order to buy (sell) will be repriced to the Designated Percentage away from the Reference Price. For example, if the National Best Bid is $10 and the Designated Percentage for the security is 8%, the displayed price of a Market Marker Peg Order to buy would initially be $9.20. If the National Best Bid then moved to $9.57, such that the displayed price of the Market Maker Peg Order would be a minimum of $0.01 more than a price that is 4% less than the National Best Bid, rounded up (i.e.

$9.57 - ($9.57 x 0.04) = $9.1872, rounding up to $9.19), the Order will be repriced to $8.81, or 8% away from the National Best Bid.

Market Maker Peg Orders entered with a pegging offset will not be accepted.

A new timestamp is created for a Market Maker Peg Order each time that it is repriced. In the absence of a Reference Price, a Market Maker Peg Order will be cancelled (if on the PSX Book) or rejected (if it is an incoming Order). If, after entry, a Market Maker Peg Order has a displayed price based on a Reference Price other than the NBBO and such Market Maker Peg Order is established as the National Best Bid or National Best Offer, the Market Maker Peg Order will not be subsequently repriced in accordance with this rule until a new Reference Price is established. Additionally, if after entry, a Market Maker Peg Order has a displayed price based on the NBBO, and the NBBO subsequently shifts such that the displayed price of the Market Maker Peg Order to buy (sell) is equal to or greater (less) than the National Best Bid (National Best Offer), the Market Maker Peg Order will not be subsequently repriced in accordance with this Rule until a new Reference Price is established that is more aggressive than the displayed price of the Market Maker Peg Order. In such cases, the new Reference Price may be established by a change in the NBBO based on another market center's quotation or by the entry into the System of any Displayed Order with a price better than the displayed price of the Market Maker Peg Order, whether the new Order is at a price that is lower than, higher than or equal to the prior Reference Price.

Notwithstanding the availability of Market Maker Peg Order functionality, a Market Maker remains responsible for entering, monitoring, and resubmitting, as applicable, quotations that meet the requirements of Rule 3213.

(B) The following Order Attributes may be assigned to a Market Maker Peg Order:

• Price. As discussed above, the displayed price of a Market Maker Peg Order is established by PSX based on the Reference Price, the Designated Percentage, the Defined Limit, and the 4% minimum difference from the Reference Price.

• Size.

• A Time-in-Force other than IOC or GTC.

• Attribution. All Market Maker Peg Orders are Attributable.

• Display. Market Marker Peg Orders are always Displayed.

(6)(A) A "Midpoint Peg Post-Only Order" is an Order Type with a Non-Display Order Attribute that is priced at the midpoint between the NBBO and that will execute upon entry only in circumstances where economically beneficial to the party entering the Order. The Midpoint Peg Post-Only Order is available during the Regular Market Session only.

A Midpoint Peg Post-Only Order must be assigned a limit price. When a Midpoint Peg Post-Only Order is entered, it will be priced at the midpoint between the NBBO, unless such midpoint is higher than (lower than) the limit price of an Order to buy (sell), in which case the Order will be priced at its limit price. If the NBBO is locked, the Midpoint Peg Post-Only Order will be priced at the locking price, if the NBBO is crossed or if there is no NBBO, the Order will not be accepted. The Midpoint Peg Post-Only Order will post to the System book unless it is a buy (sell) Order that is priced higher than (lower than) a sell (buy) Order on the System book, in which case it will execute at the price of the Order on the System book; provided, however, that if the Order has a Time-in-Force of IOC, the Order will be cancelled after determining whether it can be executed. For example, if the Best Bid was $11 and the Best Offer was $11.06, the price of the Midpoint Peg Post-Only Order would be $11.03. If there was a Non-Displayed Order (or another Order with a Non-Display Order Attribute) on the System book to sell at $11.02, the incoming Midpoint Peg Post-Only Order to buy would execute against it at $11.02. However, if there was a Non-Displayed Order (or another Order with a Non-Display Order Attribute) to sell at $11.03, the Midpoint Peg Post-Only Order to buy would post at $11.03. While a Midpoint Peg Post-Only Order that posts to the System book is locking a preexisting Order, the Midpoint Peg Post-Only Order will execute against an incoming Order only if the price of the incoming sell (buy) Order is lower (higher) than the price of the preexisting Order. Thus, in the previous example, if the incoming Midpoint Peg Post-Only Order locked the preexisting Non-Displayed Order at $11.03, the Midpoint Peg Post-Only Order could execute only against an incoming Order to sell priced at less than $11.03.

A Midpoint Peg Post-Only Order that would be assigned a price of $1 or less per share will not be accepted.

(B) If a Midpoint Peg Post-Only Order is entered through RASH or FIX, the Midpoint Peg Post-Only Order may be repriced in the following manner after initial entry and posting to the System book:

• The price of the Midpoint Peg Post-Only Order will be updated repeatedly to equal the midpoint between the NBBO; provided, however, that the Order will not be priced higher (lower) than the limit price of an Order to buy (sell). In the event that the midpoint between the NBBO becomes higher than (lower than) the limit price of an Order to buy (sell), the price of the Order will stop updating and the Order will post (with a Non-Display Order Attribute) at its limit price, but will resume updating if the midpoint becomes lower than (higher than) the limit price of an Order to buy (sell). Similarly, if a Midpoint Peg Post-Only Order is on the System book and subsequently the NBBO is crossed, or if there is no NBBO, the Order will be removed from the System Book and will be re-entered at the new midpoint once there is a valid NBBO that is not crossed.

The Midpoint Peg Post-Only Order receives a new timestamp each time its price is changed.

If a Midpoint Peg Post-Only Order is entered through OUCH or FLITE, the Midpoint Peg Post-Only Order may be repriced in the following manner after initial entry and posting to the System book:

• The price at which the Midpoint Peg Post-Only Order is ranked on the System book is the midpoint between the NBBO, unless the Order has a limit price that is lower than the midpoint between the NBBO for an Order to buy (higher than the midpoint between the NBBO for an Order to sell), in which case the Order will be ranked on the System book at its limit price. The price of the Order will not thereafter be repriced based on changes to the NBBO. However, a Midpoint Peg Post-Only Order entered through OUCH or FLITE will be cancelled back to the Participant after initial entry and posting to the Exchange Book if any of the following conditions are met:

• There is no National Best Bid and/or National Best Offer;

• The Order to buy (sell) is entered with a limit price above (below) the Midpoint of the NBBO and is ranked at the Midpoint of the NBBO; thereafter, the NBBO changes so that the midpoint changes and the Order is no longer at the NBBO Midpoint;

• The Order to buy (sell) is entered at a limit price that is equal to or less than (greater than) the Midpoint of the NBBO and is ranked at its limit price; thereafter, the NBBO changes so that the Midpoint of the NBBO is lower (higher) than the limit price of the Order;

• The Order to buy (sell) is entered at a limit price that is equal to or less than (greater than) the Midpoint of the NBBO and is ranked at its limit price, thereafter the NBBO becomes crossed, such that the Midpoint of the crossed NBBO remains equal to or higher (lower) than the limit price of the Order, and then a new sell (buy) Order is received at a price that locks or crosses the limit price of the resting Midpoint Peg Post-Only Order; or

• The Order to buy (sell) is entered at a limit price that is greater than (less than) the Midpoint of the NBBO and is therefore ranked at the Midpoint of the NBBO, thereafter the NBBO becomes crossed but the Midpoint does not change, and then a new sell (buy) Order is received at a price that locks or crosses the Midpoint of the NBBO.

(C) The following Order Attributes may be assigned to a Midpoint Peg Post-Only Order:

• Price of more than $1 per share.

• Size.

• Time-in-Force; provided, however, that a Midpoint Peg Post-Only Order with a Time-in-Force of IOC may not be entered through RASH or FIX, and provided further, that regardless of the Time-in-Force entered, a Midpoint Post-Only Order may not be active outside of the Regular Market Session. A Midpoint Peg Post- Only Order entered prior to the beginning of the Regular Market Session will be rejected. A Midpoint Peg Post-Only Order remaining on the System book at 4:00 p.m. ET will be cancelled by the System.

• Pegging to the midpoint is required for Midpoint Peg Post-Only Orders entered through RASH or FIX. As discussed above, the price of a Midpoint Peg Post- Only Order entered through OUCH or FLITE will be pegged to the midpoint upon entry and not repriced thereafter.

• Minimum Quantity.

• Non-Display. All Midpoint Peg Post-Only Orders are Non-Displayed.

• Trade Now (available through OUCH, RASH, FLITE and FIX).

Rule 3301B. Order Attributes.

As described in Rule 3301A, the following Order Attributes may be assigned to those Order Types for which they are available.

(a) Time-in-Force

The "Time-in-Force" assigned to an Order means the period of time that PSX will hold the Order for potential execution. Participants specify an Order's Time-in-Force by designating a time at which the Order will become active and a time at which the Order will cease to be active. The available times for activating Orders are:

• The time of the Order's receipt by PSX;

• the beginning of Market Hours;

• the end of Market Hours;

• the resumption of trading, in the case of a security that is the subject of a trading halt.

The available times for deactivating Orders are:

• "Immediate" (i.e., immediately after determining whether the Order is marketable);

• the end of Market Hours;

• the end of System Hours;

• one year after entry; or

• a specific time identified by the Participant; provided, however, that an Order specifying an expire time beyond the current trading day will be cancelled at the end of the current trading day.

Notwithstanding the Time-in-Force originally designated for an Order, a Participant may always cancel an Order after it is entered.

The following Times-in-Force are referenced elsewhere in PSX's Rules by the designations noted below:

(1) An Order that is designated to deactivate immediately after determining whether the Order is marketable may be referred to as having a Time in Force of "Immediate or Cancel" or "IOC". An Order with a Time-in-Force of IOC that is entered at any time between 8:00 a.m. ET and 5:00 p.m. ET may be referred to as having a Time-in-Force of "System Hours Immediate or Cancel" or "SIOC".

(2) An Order that is designated to deactivate at 8:00 p.m. may be referred to as having a Time in Force of "System Hours Day" or "SDAY".

(3) An Order that is designated to deactivate one year after entry may be referred to as a "Good-till-Cancelled" or "GTC" Order. If a GTC Order is designated as eligible for execution during Market Hours only, it may be referred to as having a Time in Force of "Market Hours Good-till-Cancelled" or "MGTC". If a GTC is designated as eligible for execution during System Hours, it may be referred to as having a Time in Force of "System Hours Good-till-Cancelled" or "SGTC".

(4) An Order that is designated to deactivate at the time specified in advance by the entering Participant may be referred to as having a Time-in-Force of "System Hours Expire Time" or "SHEX".

(5) An Order that is designated to activate at any time during Market Hours and deactivate at 4:00 p.m. ET may be referred to as having a Time-in-Force of "Market Hours Day" or "MDAY". An Order entered with a Time-in-Force of MDAY after 4:00 p.m. ET will be accepted but given a Time-in-Force of IOC.

(6) An Order that is designated to activate when entered and deactivate at 4:00 p.m. ET may be referred to as having a Time-in-Force of "Good-till-Market Close" or "GTMC". GTMC Orders entered after 4:00 p.m. ET will not be accepted.

(b) Size. Except as otherwise provided, an Order may be entered in any whole share size between one share and 999,999 shares. Orders for fractional shares are not permitted. The following terms may be used to describe particular Order sizes:

(1) "normal unit of trading" or "round lot" means the size generally employed by traders when trading a particular security, which is 100 shares in most instances;

(2) "mixed lot" means a size of more than one normal unit of trading but not a multiple thereof; and

(3) "odd lot" means a size of less than one normal unit of trading.

(c) Price. With limited exceptions, all Orders must have a price, such that they will execute only if the price available is equal to or better than the price of the Order. The maximum price that the System will accept is $199,999.99. Certain Orders have a price that is determined by PSX based on the NBBO or other reference prices, rather than by the Participant. As described below with respect to the Pegging Order Attribute, an Order may have a price that is pegged to the opposite side of the market, in which case the Order will behave like a "market order" or "unpriced order" (i.e., an Order that executes against accessible liquidity on the opposite side of the market, regardless of its price).

(d) Pegging. Pegging is an Order Attribute that allows an Order to have its price automatically set with reference to the NBBO; provided, however, that if PSX is the sole market center at the Best Bid or Best Offer (as applicable), then the price of any Displayed Order with Primary Pegging (as defined below) will be set with reference to the highest bid or lowest offer disseminated by a market center other than PSX. An Order with a Pegging Order Attribute may be referred to as a "Pegged Order." For purposes of this rule, the price to which an Order is pegged will be referred to as the Inside Quotation, the Inside Bid, or the Inside Offer, as appropriate. There are three varieties of Pegging:

• Primary Pegging means Pegging with reference to the Inside Quotation on the same side of the market. For example, if the Inside Bid was $11, an Order to buy with Primary Pegging would be priced at $11.

• Market Pegging means Pegging with reference to the Inside Quotation on the opposite side of the market. For example, if the Inside Offer was $11.06, an Order to buy with Market Pegging would be priced at $11.06.

• Midpoint Pegging means Pegging with reference to the midpoint between the Inside Bid and the Inside Offer (the "Midpoint"). Thus, if the Inside Bid was $11 and the Inside Offer was $11.06, an Order with Midpoint Pegging would be priced at $11.03. An Order with Midpoint Pegging is not displayed. An Order with Midpoint Pegging may be executed in sub-pennies if necessary to obtain a midpoint price.

Pegging is available only during Market Hours. An Order with Pegging may specify a limit price beyond which the Order may not be executed; provided, however, that if an Order has been assigned a Pegging Order Attribute and a Discretion Order Attribute, the

Order may execute at any price within the discretionary price range, even if beyond the limit price specified with respect to the Pegging Order Attribute. If an Order with Pegging is priced at its limit price, the price of the Order may nevertheless be changed to a less aggressive price based on changes to the Inside Quotation. In addition, an Order with Primary Pegging or Market Pegging may specify an Offset Amount, such that the price of the Order will vary from the Inside Quotation by the selected Offset Amount. The Offset Amount may be either aggressive or passive. Thus, for example, if a Participant entered an Order to buy with Primary Pegging and a passive Offset Amount of $0.05 and the Inside Bid was $11, the Order would be priced at $10.95. If the Participant selected an aggressive Offset Amount of $0.02, however, the Order would be priced at $11.02. An Order with Primary Pegging and an Offset Amount will not be Displayed, unless the Order is Attributable. An Order with Midpoint Pegging will not be Displayed. An Order with Market Pegging and no Offset behaves as a "market order" with respect to any liquidity on the PSX Book at the Inside Quotation on the opposite side of the market because it is immediately executable at that price. If, at the time of entry, there is no price to which a Pegged Order can be pegged, the Order will be rejected; provided, however, that a Displayed Order that has Market Pegging, or an Order with a Non-Display Attribute that has Primary Pegging or Market Pegging, will be accepted at its limit price. In the case of an Order with Midpoint Pegging, if the Inside Bid and Inside Offer are locked, the Order will be priced at the locking price, if the Inside Bid and Inside Offer are crossed or if there is no Inside Bid and/or Inside Offer, the Order will not be accepted. However, even if the Inside Bid and Inside Offer are locked, an Order with Midpoint Pegging that locked an Order on the PSX Book would execute (provided, however, that a Midpoint Peg Post-Only Order would execute or post as described in Rule 3301A(b)(6)(A)).

Primary Pegging and Market Pegging are available through RASH and FIX only. An Order entered through OUCH or FLITE with Midpoint Pegging will have its price set upon initial entry to the Midpoint, unless the Order has a limit price, and that limit price is lower than the Midpoint for an Order to buy (higher than the Midpoint for an Order to sell), in which case the Order will be ranked on the PSX Book at its limit price. The price of the Order will not thereafter be adjusted based on changes to the Inside Bid or Offer. However, an Order with Midpoint Pegging entered through OUCH or FLITE will be cancelled back to the Participant after initial entry and posting to the Exchange Book if any of the following conditions are met:

• There is no Inside Bid and/or Inside Offer;

• The Order to buy (sell) is entered with a limit price above (below) the Midpoint and is ranked at the Midpoint; thereafter the Inside Bid and/or Inside Offer change so that the Midpoint changes and the Order is no longer at the Midpoint;

• The Order to buy (sell) is entered at a limit price that is equal to or less than (greater than) the Midpoint and is ranked at its limit price; thereafter, the Inside Bid and/or Inside Offer change so that the Midpoint is lower (higher) than the limit price of the Order;

• The Order to buy (sell) is entered at a limit price that is equal to or less than (greater than) the Midpoint and is ranked at its limit price, thereafter, the Inside Bid and Inside Offer become crossed, such that the Midpoint of the crossed Quotation remains equal to or higher (lower) than the limit price of the Order, and then a new sell (buy) Order is received at a price that locks or crosses the limit price of the resting Order marked for Midpoint Pegging; or

• The Order to buy (sell) is entered at a limit price that is greater than (less than) the Midpoint and is therefore ranked at the Midpoint; thereafter, the Inside Bid and Inside Offer become crossed but the Midpoint does not change, and then a new sell (buy) Order is received at a price that locks or crosses the Midpoint of the Inside Bid and Inside Offer.

An Order entered through RASH or FIX with Pegging will have its price set upon initial entry and will thereafter have its price reset in accordance with changes to the relevant Inside Quotation. An Order with Pegging receives a new timestamp whenever its price is updated and therefore will be evaluated with respect to possible execution (and routing, if it has been assigned a Routing Order Attribute) in the same manner as a newly entered Order. If the price to which an Order is pegged is not available, the Order will be rejected. For an Order with Midpoint Pegging, if the Inside Bid and Inside Offer become crossed or if there is no Inside Bid and/or Inside Offer, the Order will be removed from the Exchange Book and will be re-entered at the new midpoint once there is a valid Inside Bid and Inside Offer that is not crossed.

Primary Pegging Orders and Market Pegging Orders are subject to a collar. Any portion of a Primary Pegging Order or Market Pegging Order that would execute, either on the Exchange or when routed to another market center, at a price of more than $0.25 or 5 percent worse than the NBBO at the time when the order reaches the System, whichever is greater, will be cancelled.

(e) Minimum Quantity. Minimum Quantity is an Order Attribute that allows a Participant to provide that an Order will not execute unless a specified minimum quantity of shares can be obtained. An Order with a Minimum Quantity Order Attribute may be referred to as a "Minimum Quantity Order." For example, a Participant could enter an Order with a Size of 1000 shares and specify a Minimum Quantity of 500 shares. In that case, upon entry, the System would determine whether there were one or more posted Orders executable against the incoming Order with an aggregate size of at least the minimum quantity (500 shares in the above example). If there were not, the Order would post on the PSX Book in accordance with the characteristics of its underlying Order Type. Once

posted to the PSX Book, a Minimum Quantity Order retains its Minimum Quantity Order Attribute, such that the Order may execute only against incoming Orders with a size of at least the minimum quantity condition. An Order that has a Minimum Quantity Order Attribute and that posts to the PSX Book will not be displayed.

A Participant may specify two alternatives with respect to the processing of a Minimum Quantity Order at time of entry:

• First, the Participant may specify that the minimum quantity condition may be satisfied by execution against multiple Orders. In that case, upon entry, the System would determine whether there were one or more posted Orders executable against the incoming Order with an aggregate size of at least the minimum quantity (500 shares in the above example). If there were not, the Order would post on the PSX Book in accordance with the characteristics of its underlying Order Type.

• Second, the Participant may specify that the minimum quantity condition must be satisfied by execution against one or more Orders, each of which must have a size that satisfies the minimum quantity condition. If there are such Orders but there are also other Orders that do not satisfy the minimum quantity condition, the Minimum Quantity Order will execute against Orders on the PSX Book in accordance with Rule 3307(a) (pertaining to execution priority) until it reaches an Order that does not satisfy the minimum quantity condition, and then the remainder of the Order will be cancelled. For example, if a Participant entered an Order to buy at $11 with a size of 1,500 shares and a minimum quantity condition of 500 shares, and there were three Orders to sell at $11 on the PSX Book, two with a size of 500 shares each and one with a size of 200 shares, with the 200 share Order ranked in time priority between the 500 share Orders, the 500 share Order with the first time priority would execute and the remainder of the Minimum Quantity Order would be cancelled. Alternatively, if the Order would lock or cross Orders on the PSX Book but none of the resting Orders would satisfy the minimum quantity condition, an Order with a minimum quantity condition to buy (sell) will be repriced to one minimum price increment lower than (higher than) the lowest price (highest price) of such Orders. For example, if there was an Order to buy at $11 with a minimum quantity condition of 500 shares, and there were resting Orders on the PSX Book to sell 200 shares at $10.99 and 300 shares at $11, the Order would be repriced to $10.98 and ranked at that price.

Once posted to the PSX Book, a Minimum Quantity Order retains its Minimum Quantity Order Attribute, such that the Order may execute only against incoming Orders with a size of at least the minimum quantity condition. An Order that has a Minimum Quantity Order Attribute and that posts to the PSX Book will not be displayed

Upon entry, an Order with a Minimum Quantity Order Attribute must have a size of at least one round lot. An Order entered through OUCH or FLITE may have a minimum quantity condition of any size of at least one round lot. An Order entered through RASH or FIX must have a minimum quantity of one round lot or any multiple thereof, and a mixed lot minimum quantity condition will be rounded down to the nearest round lot. In the event that the shares remaining in the size of an Order with a Minimum Quantity Order Attribute following a partial execution thereof are less than the minimum quantity specified by the Participant entering the Order, the minimum quantity value of the Order will be reduced to the number of shares remaining. An Order with a Minimum Quantity Order Attribute may not be displayed; if a Participant marks an Order with both a Minimum Quantity Order Attribute and a Display Order Attribute, the System will accept the Order but will give a Time-in-Force of IOC, regardless of the Time-in-Force marked by the Participant. An Order marked with a Minimum Quantity Order Attribute and a Routing Order Attribute will be rejected.

(f) Routing. Routing is an Order Attribute that allows a Participant to designate an Order to employ one of several Routing Strategies offered by PSX, as described in Rule 3315; such an Order may be referred to as a "Routable Order." Upon receipt of an Order with the Routing Order Attribute, the System will process the Order in accordance with the applicable Routing Strategy. In the case of a limited number of Routing Strategies, the Order will be sent directly to other market centers for potential execution. For most other Routing Strategies, the Order will attempt to access liquidity available on PSX in the manner specified for the underlying Order Type and will then be routed in accordance with the applicable Routing Strategy. Shares of the Order that cannot be executed are then returned to PSX, where they will (i) again attempt to access liquidity available on PSX and (ii) post to the PSX Book or be cancelled, depending on the Time-in-Force of the Order. Under certain Routing Strategies, the Order may be routed again if the System observes an accessible quotation of another market center, and returned to PSX again for potential execution and/or posting to the PSX Book. In connection with the trading of securities governed by Regulation NMS, all Orders shall be routed for potential execution in compliance with Regulation NMS. Where appropriate, Routable Orders will be marked as Intermarket Sweep Orders.

(g) Discretion. Discretion is an Order Attribute under which an Order has a non-displayed discretionary price range within which the entering Participant is willing to trade; such an Order may be referred to as a "Discretionary Order." Thus, an Order with Discretion has both a price (for example, buy at $11) and a discretionary price range (for example, buy up to $11.03). Depending on the Order Type used, the price may be displayed (for example, a Price to Display Order) or non-displayed (for example, a Non-Displayed Order). The discretionary price range is always non-displayed. In addition, it should be noted that the Discretion Order Attribute may be combined with the Pegging Order

Attribute, in which case either the price of the Order or the discretionary price range or both may be pegged in the ways described in Rule 3301A(d) with respect to the Pegging Order Attribute. For example, an Order with Discretion to buy might be pegged to the Best Bid with a $0.05 passive Offset and might have a discretionary price range pegged to the Best Bid with a $0.02 passive Offset. In that case, if the Best Bid was $11, the price of the Order would be $10.95, with a discretionary price range up to $10.98. If the Best Bid moved to $10.99, the price of the Order would then be $10.94, with a discretionary price range up to $10.97. Alternatively, if the price of the Order was pegged but the discretionary price range was not, the price of the Order would be $10.94, but the discretionary price range would continue to range up to $10.98. Likewise, if the discretionary price range was pegged but the price of the Order was not, the Order would remain priced at $10.95 but with a discretionary price range of up to $10.97. A Participant may also specify a limit price beyond which the discretionary price range may not extend.

Under the circumstances described below, PSX processes an Order with Discretion by generating a Non-Displayed Order with a Time-in-Force of IOC (a "Discretionary IOC") that will attempt to access liquidity available within the discretionary price range. The Discretionary IOC will not be permitted to execute, however, if the price of the execution would trade through a Protected Quotation. If more than one Order with Discretion satisfies conditions that would cause the generation of a Discretionary IOC simultaneously, the order in which such Discretionary IOCs are presented for execution is random, based on the respective processing time for each such Order. Whenever a Discretionary IOC is generated, the underlying Order with Discretion will be withheld or removed from the PSX Book and will then be routed and/or placed on the PSX Book if the Discretionary IOC does not exhaust the full size of the underlying Order with Discretion, with its price determined by the underlying Order Type and Order Attributes selected by the Participant. Because the circumstances under which a Discretionary IOC will be generated are dependent upon a range of factors, several specific scenarios are described below.

• If an Order has been assigned a Discretion Order Attribute, but has not been assigned a Routing Order Attribute, upon entry of the Order, PSX will automatically generate a Discretionary IOC with a price equal to the highest price for an Order with Discretion to buy (lowest price for an Order with Discretion to sell) within the discretionary price range and a size equal to the full size of the underlying Order to determine if there are any Orders within the discretionary price range on the PSX Book. If the Discretionary IOC does not exhaust the full size of the Order with Discretion, the remaining size of the Order with Discretion will post to the PSX Book in accordance with the parameters that apply to the underlying Order Type. Thus, for example, if a Participant enters a Price to Display Order to buy at $11 with a discretionary price range of up to $11.03, upon entry

PSX will generate a Discretionary IOC to buy priced at $11.03. If there is an Order on the PSX Book to sell priced at $11.02 and an execution at $11.02 would not trade through a Protected Quotation, the Discretionary IOC will execute against the Order on the PSX Book, up to the full size of each Order. Any remaining size of the Price to Display Order would post to the PSX Book in accordance with its parameters.

• After the Order posts to the PSX Book, PSX will examine whether at any time there is an Order on the PSX Book with a price in the discretionary price range against which the Order with Discretion could execute. In doing so, PSX will examine all Orders (including Orders that are not Displayed). If PSX observes such an Order, it will generate a Discretionary IOC with a price equal to the highest price for an Order to buy (lowest price for an Order to sell) within the discretionary price range and a size equal to the full size of the Order.

• If an Order that uses a passive routing strategy (i.e., a strategy that does not seek routing opportunities after posting to the PSX Book) has been assigned a Discretion Order Attribute but does not have a pegged discretionary price range, upon entry of the Order, PSX will examine all Orders (including Orders that are not Displayed) on the PSX Book to determine if there is an Order on the PSX Book with a price in the discretionary price range against which the Order with Discretion could execute. If PSX observes such an Order, it will generate a Discretionary IOC with a price equal to the price of the Order on the PSX Book and a size equal to the applicable size of the Order on the PSX Book. PSX will also determine if there are any accessible quotations with prices that are within the discretionary price range at destinations on the applicable routing table for the selected routing strategy. If there are such quotations, PSX will generate one or more Discretionary IOCs to route to such destinations, with a price and size that match the price and size of the market center's quotation. If necessary to maximize execution opportunities and comply with Regulation NMS, the System's routing broker may mark such Discretionary IOCs as Intermarket Sweep Orders. If the Discretionary IOC(s) do not exhaust the full size of the Order with Discretion, the remaining size of the Order with Discretion will post to the PSX Book in accordance with the parameters that apply to the underlying Order Type. PSX will then examine whether at any time there is an Order on the PSX Book with a price in the discretionary price range against which the Order with Discretion could execute. In doing so, PSX will examine all Orders (including Orders that are not Displayed). If PSX observes such an Order, it will generate a Discretionary IOC with a price equal to the price of the Order on the PSX Book and a size equal to the applicable size of the Order on the PSX Book.

• If an Order that uses a reactive routing strategy (i.e., a strategy that seeks routing opportunities after posting to the PSX Book) has been assigned a Discretion Order Attribute but does not have a pegged discretionary price range, upon entry of the Order, PSX will examine all Orders (including Orders that are not Displayed) on the PSX Book

to determine if there is an Order on the PSX Book with a price in the discretionary price range against which the Order with Discretion could execute. If PSX observes such an Order, it will generate a Discretionary IOC with a price equal to the price of the Order on the PSX Book and a size equal to the applicable size of the Order on the PSX Book. PSX will also determine if there are any accessible quotations with prices that are within the discretionary price range at destinations on the applicable routing table for the selected routing strategy. If there are such quotations, PSX will generate one or more Discretionary IOCs to route to such destinations, with a price and size that match the price and size of the market center's quotation. If necessary to maximize execution opportunities and comply with Regulation NMS, the System may mark such Discretionary IOCs as Intermarket Sweep Orders. If the Discretionary IOC(s) do not exhaust the full size of the Order with Discretion, the remaining size of the Order with Discretion will post to the PSX Book in accordance with the parameters that apply to the underlying Order Type. PSX will then examine whether at any time there is an Order on the PSX Book or an accessible quotation at another trading venue with a price in the discretionary price range against which the Order with Discretion could execute. In examining the PSX Book, PSX will examine all Orders (including Orders that are not Displayed). If PSX observes such an Order or quotation, it will generate a Discretionary IOC with a price equal to the price of such the Order or quotation and a size equal to the applicable size of the Order on the PSX Book or the displayed size of the quotation.

• If an Order that uses a passive routing strategy has been assigned a Discretion Order Attribute and does have a pegged discretionary price range, upon entry of the Order, PSX will examine all Orders (including Orders that are not Displayed) on the PSX Book to determine if there is an Order on the PSX Book with a price in the discretionary price range against which the Order with Discretion could execute. If PSX observes such an Order, it will generate a Discretionary IOC with a price equal to the price of the Order on the PSX Book and a size equal to the applicable size of the Order on the PSX Book. PSX will also determine if there are any accessible quotations with prices that are within the discretionary price range at destinations on the applicable routing table for the selected routing strategy. If there are such quotations, PSX will generate one or more Discretionary IOCs to route to such destinations, with a price and size that match the price and size of the market center's quotation. If necessary to maximize execution opportunities and comply with Regulation NMS, the System may mark such Discretionary IOCs as Intermarket Sweep Orders. If the Discretionary IOC(s) do not exhaust the full size of the Order with Discretion, the remaining size of the Order with Discretion will post to the PSX Book in accordance with the parameters that apply to the underlying Order Type. Thereafter, the Order will not generate further Discretionary IOCs unless the Order is updated in a manner that causes it to receive a new timestamp, in which case the Order will behave in the same manner as a newly entered Order.

• If an Order that uses a reactive routing strategy has been assigned a Discretion Order Attribute and does have a pegged discretionary price range, upon entry of the Order, PSX will examine all Orders (including Orders that are not Displayed) on the PSX Book to determine if there is an Order on the PSX Book with a price in the discretionary price range against which the Order with Discretion could execute. If PSX observes such an Order, it will generate a Discretionary IOC with a price equal to the price of the Order on the PSX Book and a size equal to the applicable size of the Order on the PSX Book. PSX will also determine if there are any accessible quotations with prices that are within the discretionary price range at destinations on the applicable routing table for the selected routing strategy. If there are such quotations, PSX will generate one or more Discretionary IOCs to route to such destinations, with a price and size that match the price and size of the market center's quotation. If necessary to maximize execution opportunities and comply with Regulation NMS, the System may mark such Discretionary IOCs as Intermarket Sweep Orders. If the Discretionary IOC(s) do not exhaust the full size of the Order with Discretion, the remaining size of the Order with Discretion will post to the PSX Book in accordance with the parameters that apply to the underlying Order Type. PSX will then examine whether at any time there is an Order on the PSX Book or an accessible quotation at another trading venue with a price in the discretionary price range against which the Order with Discretion could execute. In examining the PSX Book, PSX will examine Displayed Orders but will not examine Non-Displayed Orders. If PSX observes such an Order or quotation, it will generate a Discretionary IOC with a price equal to the price of such the Order or quotation and a size equal to the applicable size of the Order on the PSX Book or the displayed size of the quotation.

(h) Reserve Size. Reserve Size is an Order Attribute that permits a Participant to stipulate that an Order Type that is displayed may have its displayed size replenished from additional non-displayed size. An Order with Reserve Size may be referred to as a "Reserve Order." At the time of entry, the displayed size of such an Order selected by the Participant must be one or more normal units of trading; an Order with a displayed size of a mixed lot will be rounded down to the nearest round lot. A Reserve Order with displayed size of an odd lot will be accepted but with the full size of the Order displayed. Reserve Size is not available for Orders that are not displayed; provided, however, that if a Participant enters Reserve Size for a Non-Displayed Order with a Time-in-Force of IOC, the full size of the Order, including Reserve Size, will be processed as a Non-Displayed Order.

Whenever a Participant enters an Order with Reserve Size, the full size of the Order will be presented for potential execution in compliance with Regulation NMS; thereafter, unexecuted portions of the Order will be processed as two Orders: a Displayed Order (with the characteristics of its selected Order Type) and a Non-Displayed Order. For

example, a Participant might enter a Price to Display Order with 200 shares displayed and an additional 3,000 shares non-displayed. Upon entry, the Order would attempt to execute against available liquidity on the PSX Book, up to 3,200 shares. Thereafter, unexecuted portions of the Order would post to the PSX Book as a Displayed Price to Display Order and a Non-Displayed Order; provided, however, that if the remaining total size is less than the display size stipulated by the Participant, the Displayed Order will post without Reserve Size. Thus, if 3,050 shares executed upon entry, the Price to Display Order would post with a size of 150 shares and no Reserve Size.

When an Order with Reserve Size is posted, if there is an execution against the Displayed Order that causes its size to decrease below a normal unit of trading, another Displayed Order will be entered at the limit price and size stipulated by the Participant while the size of the Non-Displayed Order will be reduced by the same amount. Any remaining size of the original Displayed Order will remain on the PSX Book. The new Displayed Order will receive a new timestamp, but the Non-Displayed Order (and the original Displayed Order, if any) will not; although the new Displayed Order will be processed by the System as a new Order in most respects at that time, if it was designated as Routable, the System will not automatically route it upon reentry. For example, if a Price to Comply Order with Reserve Size posted with a Displayed Size of 200 shares, along with a Non-Displayed Order of 3,000 and the 150 shares of the Displayed Order was executed, the remaining 50 shares of the original Price to Comply Order would remain, a new Price to Comply Order would post with a size of 200 shares and a new timestamp, and the Non-Displayed Order would be decremented to 2,800 shares. Because a new Displayed Order is entered and the Non-Displayed Order is not reentered, there are circumstances in which the Displayed Order may receive a different price than the Non-Displayed Order. For example, if, upon reentry, a Price to Display Order would lock or cross a newly posted Protected Quotation, the price of the Order will be adjusted but its associated Non-Displayed Order would not be adjusted. In that circumstance, it would be possible for the better priced Non-Displayed Order to execute prior to the Price to Display Order.

In addition, the Participant may stipulate that the original and subsequent displayed size will be an amount randomly determined based on factors selected by the Participant (a "Random Reserve"). When a Participant stipulates use of a Random Reserve, the Participant would select both (i) a nominal displayed size and (ii) a range size, which may be any share amount less than the nominal displayed size. The actual displayed size will then be randomly determined by the System from a range of normal trading units in which the minimum size is the nominal displayed size minus the range size, and the maximum size is (i) the minimum size plus (ii) an amount that is two times the range size minus one round lot. For example, if the nominal displayed size is 600 shares and the range size is 500, the minimum displayed size will be 100 shares (600-500), and the maximum size will be 1,000 shares ((600-500) + ((2 x 500) - 100)).

When the Displayed Order with Reserve Size is executed and replenished, applicable market data disseminated by PSX will show the execution and decrementation of the Displayed Order, followed by replenishment of the Displayed Order.

In all cases, if the remaining size of the Non-Displayed Order is less than the fixed or random amount stipulated by the Participant, the full remaining size of the Non-Displayed Order will be displayed and the Non-Displayed Order will be removed.

(i) Attribution. Attribution is an Order Attribute that permits a Participant to designate that the price and size of the Order will be displayed next to the Participant's MPID in market data disseminated by PSX. An Order with Attribution is referred to as an "Attributable Order" and an Order without attribution is referred to as a "Non-Attributable Order."

(j) Intermarket Sweep Order. Designation of an Order as an Intermarket Sweep Order, or ISO, is an Order Attribute that allows the Order to be executed within PSX by Participants at multiple price levels without respect to Protected Quotations of other market centers within the meaning of Rule 600(b) under Regulation NMS. ISOs are immediately executable within PSX against Orders against which they are marketable. An Order designated as an ISO may not be assigned a Routing Order Attribute. In connection with the trading of securities governed by Regulation NMS, Intermarket Sweep Orders shall be executed exclusively within the System and the entering Participant shall be responsible for compliance with Rules 610 and 611 under Regulation NMS with respect to order protection and locked and crossed markets with respect to such Orders. Orders eligible for execution outside the System shall be processed in compliance with Regulation NMS, including accessing Protected Quotations and resolving locked and crossed markets, as instructed.

Simultaneously with the routing of an ISO to the System, one or more additional limit orders, as necessary, are routed by the entering Participant to execute against the full displayed size of any Protected Quotation with a price that is superior to the price of the Order identified as an Intermarket Sweep Order (as defined in Rule 600(b) under Regulation NMS). These additional routed orders must be identified as Intermarket Sweep Orders.

Upon receipt of an ISO, the System will consider the stated price of the ISO to be available for other Orders to be entered at that price, unless the ISO is not itself accepted at that price level (for example, a Post-Only Order that has its price adjusted to avoid executing against an Order on the PSX Book) or the ISO is not Displayed.

In addition, as described with respect to various Order Types, such as the Price to Comply Order, Orders on the PSX Book that had their price adjusted may be eligible to be reentered at the stated price of the ISO. For example, if a Price to Comply Order to

buy at $11 would lock a Protected Offer at $11, the Price to Comply Order will be posted with a non-displayed price of $11 and a displayed price of $10.99. If the System then receives an ISO to buy at $11, the ISO will be posted at $11 and the Price to Comply Order will be reentered at $11 (if the Participant opted to have its Orders reentered). The respective priority of such reentered Orders will be maintained among multiple repriced Orders; however, other new Orders may also be received after receipt of the ISO but before the repricing of the Price to Comply Order is complete; accordingly, the priority of an Order on the PSX Book vis-à-vis a newly entered Order is not guaranteed.

(k) Display. Display is an Order Attribute that allows the price and size of an Order to be displayed to market participants via market data feeds. All Orders that are Attributable are also displayed, but an Order may be displayed without being Attributable. As discussed in Rule 3301A, a Non-Displayed Order is a specific Order Type, but other Order Types may also be non-displayed if they are not assigned a Display Order Attribute; however, depending on context, all Orders that are not displayed may be referred to as "Non-Displayed Orders." An Order with a Display Order Attribute may be referred to as a "Displayed Order."

(l) Trade Now. Trade Now is an Order Attribute that allows a resting Order that becomes locked by an incoming Displayed Order to execute against a locking or crossing Order(s) as a liquidity taker, and any remaining shares of the resting Order will remain posted on the PSX Book with the same priority.

• An Order entered through RASH or FIX protocol with a Trade Now Order Attribute will execute against locking interest automatically. When entered through RASH or FIX protocol, the Trade Now Order Attribute may be enabled on an order-by-order or a port-level basis.

• An Order entered through OUCH or FLITE may not be assigned a Trade Now attribute upon entry, but rather the Participant that entered the Order must send a Trade Now instruction after the Order becomes locked. If a Trade Now instruction is given when there is no locking or crossing interest, the instruction will be ignored by the System and the Order will remain on the PSX Book with the same priority. When entered through OUCH or FLITE protocol, the Trade Now instruction must be sent on an order-by-order basis.

Rule 3302. Opening Process

The System will be opened for order entry at 8:00 a.m. and will begin to process each order in accordance with its characteristics immediately. All trades executed prior to 9:30 a.m. shall be automatically appended with the ".T" modifier.

Rule 3303. Short Sale Price Test Pursuant to Rule 201 of Regulation SHO

(a) Definitions. For purposes of this Rule, the terms "covered security," "listing market," and "national best bid" shall have the same meaning as in Rule 201 of Regulation SHO.

(b) Short Sale Price Test. The System (as defined in PSX Rule 0120(x)) shall not execute or display a short sale order with respect to a covered security at a price that is less than or equal to the current national best bid if the price of that security decreases by 10% or more, as determined by the listing market for the security, from the security's closing price on the listing market as of the end of regular trading hours on the prior day ("Trigger Price").

(c) Duration of Short Sale Price Test. If the Short Sale Price Test is triggered by the listing market with respect to a covered security, the Short Sale Price Test shall remain in effect until the close of trading on the next trading day, as provided for in Regulation SHO Rule 201(b)(1)(ii) (the "Short Sale Period").

(d) Re-pricing of Orders during Short Sale Period. Except as provided below, during the Short Sale Period, short sale orders that are limited to the national best bid or lower and short sale market orders will be re-priced by the System one minimum allowable price increment above the current national best bid ("Permitted Price"). To reflect declines in the national best bid, the Exchange will continue to re-price a short sale order at the lowest Permitted Price down to the order's original limit price, or if a market order, until the order is filled. Non-displayed orders between the PSX bid and offer at the time of receipt will also be re-priced upward to a Permitted Price to correspond with a rise in the national best bid.

(1) During the Short Sale Period, immediate or cancel orders ("IOC") requiring that all or part of the order be executed immediately will be executed at a Permitted Price and higher and then cancelled, and will not be re-priced. IOC short sale orders that are inter-market sweep orders and not marked "short exempt" will be handled in the same manner as IOC orders.

(2) During the Short Sale Period, if an order was entered as a long sale order or a short sale exempt order but is subsequently marked pursuant to Phlx Rule 3306(a)(3) as a short sale order, the System will cancel the order unless it is priced at a Permitted Price or higher.

(e) Execution of Permissible Orders during the Short Sale Period. During the Short Sale Period, the System will execute and display a short sale order without regard to whether the order is at a Permitted Price or higher if, at the time of initial display of the short sale order, the order was at a price above the then current national best bid. Short sale orders that are entered into the Exchange prior to the Short Sale Period but are not displayed will be re-priced as described in (d) above.

(f) Short Exempt Orders. During the Short Sale Period, the System will execute and display orders marked "short exempt" without regard to whether the order is at a Permitted Price or higher. The System will accept orders marked "short exempt" at any time when the System is open for order entry, regardless of whether the Short Sale Price Test has been triggered.

Rule 3304. Data Feeds Utilized

(a) The PSX System consumes quotation data from the below proprietary and network processor feeds for the handling, routing, and execution of orders, as well as for the regulatory compliance processes related to those functions. The Primary Source of data is used unless it is delayed by a configurable amount compared to the Secondary Source of data. The Exchange will revert to the Primary Source of data once the delay has been resolved. The configurable amount described in this rule will be made available to members via Equity Trader Alert.

Market Center	Primary Source Quotes	Secondary Source Quotes
A - NYSE American	Direct Feed	CQS/UQDF
B - Nasdaq BX	Direct Feed	CQS/UQDF
C - NYSE National	Direct Feed	CQS/UQDF
D - FINRA ADF	CQS/UQDF	n/a
H – MIAX Pearl	CQS/UQDF	n/a
J - CBOE EDGA	Direct Feed	CQS/UQDF
K - CBOE EDGX	Direct Feed	CQS/UQDF

L – LTSE	CQS/UQDF	n/a
M - NYSE Chicago	Direct Feed	CQS/UQDF
N - NYSE	Direct Feed	CQS/UQDF
P - NYSE Arca	Direct Feed	CQS/UQDF
T/Q - Nasdaq	Direct Feed	CQS/UQDF
U – MEMX	CQS/UQDF	n/a
V - IEX	Direct Feed	CQS/UQDF
X - Nasdaq PSX	Direct Feed	CQS/UQDF
Y - CBOE BYX	Direct Feed	CQS/UQDF
Z - CBOE BZX	Direct Feed	CQS/UQDF

(b) SIP Trade and Administrative Data. The SIP is the Primary Source of trade and administrative messages such as limit-up limit-down price bands, market-wide circuit breaker decline and status messages, Regulation SHO state messages, halts and resumes, and last sale information. Where available, the Direct Feeds are the Secondary Source of such information.

Rule 3305. Reserved

Rule 3306. Entry and Display of Quotes and Orders

(a) Entry of Orders—Participants can enter orders into the System, subject to the following requirements and conditions:

(1) Participants shall be permitted to transmit to the System multiple orders at a single as well as multiple price levels. Each order that is designated as a Reserve Order shall indicate the amount of Reserve Size.

(2) The System shall time-stamp an order, which shall determine the time ranking of the order for purposes of processing the order.

(3) Orders can be entered into the System (or previously entered orders cancelled or modified) from 8:00 a.m. until 5:00 p.m. ET. Participants may modify a previously entered Order without cancelling it or affecting the priority of the Order on the PSX Book solely for the purpose of modifying the marking of a sell order as long, short, or short exempt; provided, however, that such a modification may be made only with respect to Orders entered through OUCH or FLITE; and provided further, that if an Order is redesignated as short, a Short Sale Period is in effect under Rule 3303, and the Order is not priced at a Permitted Price or higher under Rule 3303(d), the Order will be cancelled. In addition, a partial cancellation of an Order to reduce its share size will not affect the priority of the Order on the book; provided, however that such a partial cancellation may not be made with respect to a Pegged Order (including a Discretionary Order that is Pegged). Except as provided in Rule 3311, all other modifications of orders will result in the replacement of the original order with a new order with a new time stamp.

(4) Each Order is subject to a daily limit on the number of changes that may occur with respect to the Order; if the daily limit is reached, the Order will be cancelled. The number of permissible changes may vary by Order Type or Order Attribute and may change from time to time. The Exchange will post on its website what is considered a change for a particular Order Type and Order Attribute, and the current limits on the number of such changes.

(b) Entry of Quotes—PSX Market Makers and Equities ECNs can enter Quotes into the System from 8:00 a.m. to 5:00 p.m. Eastern Time. Quotes will be processed as Attributable Orders, with such time-in-force designation as the PSX Market Maker or Equities ECN may assign. Entry of Quotes will be subject to the requirements and conditions set forth in section (a) above.

(c) Display of Quotes and Orders—The System will display Quotes and Orders submitted to the System as follows:

(1) System Book Feed—Quotes and Orders resident in the System available for execution will be displayed via the System Book Feed.

(2) Best Priced Order Display—Pursuant to Rule 602 of Regulation NMS under the Exchange Act, the Exchange will transmit for display to the appropriate network processor for each System Security:

(i) 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;

(ii) the aggregate size of all displayed buy interest in the System greater than or equal to the price in (i), rounded down to the nearest round lot;

(iii) 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

(iv) the aggregate size of all displayed sell interest in the System less than or equal to the price in (iii), rounded down to the nearest round lot.

(3) Exceptions—The following exceptions shall apply to the display parameters set forth in paragraphs (1) and (2) above:

(A) Reserve Size—Reserve Size shall not be displayed in the System, but shall be accessible as described in Rule 3307.

(B) Discretionary Orders—The discretionary portion of Discretionary Orders shall not be displayed but shall be made available for execution only upon the appearance of contra-side marketable trading interest, and shall be executed pursuant to Rule 3307.

(C) Non-Displayed Orders—Non-Displayed Orders are not displayed in the System, and have lower priority within the System than an equally priced Displayed Order, regardless of time stamp, and shall be executed pursuant to Rule 3307.

(4) In connection with the trading of securities governed by Regulation NMS, pursuant to rule 600(b)(4) of Regulation NMS under the Act, the Exchange has implemented such systems, procedures, and rules as are necessary to render it capable of meeting the requirements for automated quotations, as defined in rule 600(b)(3) of Regulation NMS under the Act; and immediately to identify its quotations as manual whenever it has reason to believe it is not capable of displaying automated quotations. The Exchange has adopted policies and procedures for notifying member organizations and other trading centers that it has reason to believe it is not capable of displaying automated quotations or, once manual, that it has restored the ability to display automated quotations and is preparing to identify its quotation as automated. In addition, the Exchange has adopted policies and procedures for responding to notices that it receives from other trading centers indicating that they have elected to use the "self-help" exception of rule 611(b)(1) of Regulation NMS under the Act.

Rule 3307. Processing of Orders

System orders shall be executed in accordance with one of two execution algorithms: Price/Time or Pro Rata. Securities that are subject to the Pro Rata algorithm may also be subject to the variation for Price-Setting Orders described in Rule 3307(b)(2)(B). The algorithm applicable to a particular security (including the applicability of the variation for Price-Setting Orders) will be selected by the President of the Exchange or another officer of the Exchange designated by the President for this purpose, and will be listed on a publicly available website. The Exchange will notify member organizations of changes in the algorithm applicable to a particular security (including the applicability of the variation for Price-Setting Orders) through a notice that is widely disseminated at least one month in advance of the change. In selecting the applicable algorithm (including the applicability of the variation for Price-Setting Orders), the Exchange will conduct ongoing assessments of the depth of liquidity made available by member organizations in particular stocks, with the goal of maximizing the displayed size, minimizing the quoted spread, and increasing the extent of PSX's time at the national best bid and best offer. Factors to be considered for each security would include the size of member organizations' quotes, the amount of time that PSX is at the national best bid and best offer, PSX's market share, and observed changes in volume, average execution size, and average order size.

(a) Price/Time Execution Algorithm—Under the Price/Time execution algorithm, the System shall execute trading interest within the System in the following order:

(1) Price—Better priced trading interest will be executed ahead of inferior-priced trading interest.

(2) Display—Displayed Quotes/Orders at a particular price will be executed in time priority among such interest.

(3) Non-Displayed Interest—Non-Displayed Orders and the reserve portion of Quotes and Reserve Orders (collectively, "Non-Displayed Interest") at a particular price will be executed in time priority among such interest.

(b) Pro Rata Execution Algorithm—Under the Pro Rata Execution Algorithm, the System shall execute trading interest within the System in the following order:

(1) Price—Better priced trading interest will be executed ahead of inferior-priced trading interest.

(2) Display—Displayed Orders at a particular price with a size of at least one round lot will be executed ahead of Displayed Orders with a size of less than one round lot, Non-

Displayed Interest with a size of at least one round lot, Minimum Quantity Orders, and Non-Displayed Interest with a size of less than one round lot at the same price.

(A) Allocation to Displayed Orders with a Size of One Round Lot or More—As among equally priced Displayed Orders with a size of at least one round lot, the System will allocate round lot portions of incoming executable orders to displayed trading interest within the System pro rata based on the size of the Displayed Orders, rounding down to the nearest round lot. Next, portions of an order that would be executed in a size other than a round lot if they were allocated on a pro rata basis will be allocated for execution against available displayed trading interest, one round lot at a time, in the order of the displayed size (measured at the time when the pro rata allocation began) of the trading interest at that price (largest to smallest), or, as among orders with an equal size, based on time priority. Incoming orders with a size of less than one round lot will be allocated against available displayed trading interest in the order of the size of displayed trading interest at that price (largest to smallest), or, as among orders with an equal size, based on time priority.

Example 1:

Displayed Orders to sell at $10.00 reside on the PSX book with sizes of 600 shares (Order 1), 400 shares (Order 2), and 300 shares (Order 3).

An incoming order to buy 1,200 shares at $10.00 is entered.

The System allocates the incoming order as follows:

• 500 shares to Order 1 ((600 ÷ 1,300) x 1,200, rounded down to the nearest round lot)

• 300 shares to Order 2 ((400 ÷ 1,300) x 1,200, rounded down to the nearest round lot)

• 200 shares to Order 3 ((300 ÷ 1,300) x 1,200, rounded down to the nearest round lot)

• 100 shares to Order 1 (order with the largest displayed size at the beginning of the pro rata allocation)

• 100 shares to Order 2 (order with the next largest displayed size at the beginning of the pro rata allocation)

Example 2:

Displayed Orders to sell at $10.00 reside on the PSX book with sizes of 600 shares (Order 1), 400 shares (Order 2), and 300 shares (Order 3).

An incoming order to buy 80 shares at $10.00 is entered.

The System allocates the incoming order as follows:

• 80 shares to Order 1 (resting order with the largest displayed size)

(B) Variation for Price-Setting Orders. The Exchange may designate a security for the variation of the Pro Rata algorithm for Price-Setting Orders. For such a security, a Displayed Order with a size of at least one round lot that establishes the best price in PSX when it is entered will be a "Price-Setting Order" if such order is executed; provided, however, that a better priced order will become the Price-Setting Order if it is executed. The allocation to the Price-Setting Order will be the greater of 40% (the "Guaranteed Percentage") or the percentage that the order would otherwise be allocated under the Pro Rata algorithm. If the Price-Setting Order receives an allocation greater than the Guaranteed Percentage, the remainder of the order will be allocated to other displayed trading interest in the manner provided in Rule 3307(b)(2)(A). If the Price-Setting Order receives the Guaranteed Percentage, the System will then allocate round lot portions of the incoming order that are not allocated to the Price- Setting Order to other displayed trading interest within the System pro rata based on the size of such Displayed Orders (excluding the Price-Setting Order), rounding down to the nearest round lot. Next, portions of an order that would be executed in a size other than a round lot if they were allocated on a pro rata basis will be allocated for execution against available displayed trading interest (excluding the Price-Setting Order), one round lot at a time, in the order of the displayed size (measured at the time when the pro rata allocation began) of the trading interest at that price (largest to smallest), or, as among orders with an equal size, based on time priority. In the case of incoming orders with a size of less than one round lot, the Price-Setting Order will receive the Guaranteed Percentage of the order, and the remainder of the order will be allocated to available displayed trading interest in the order of the size of displayed trading interest at that price (largest to smallest), or, as among orders with an equal size, based on time priority.

Example 3:

A Displayed Order to sell 1,000 shares at $10.01 resides on the PSX book (Order 1). A Displayed Order to sell 1,000 shares at $10.00 is entered and becomes the Price-Setting Order (Order 2). Additional Displayed Orders to sell at $10.00 with sizes of 3,000 shares (Order 3) and 1,000 shares (Order 4) are then entered.

An incoming order to buy 1,000 shares at $10.00 is entered.

The System allocates the incoming order as follows:

• 400 shares to Order 2 (40% allocated to the Price-Setting Order)

• 400 shares to Order 3 ((3,000 ÷ 4,000) x 600, rounded down to the nearest round lot)

• 100 shares to Order 4 ((1,000 ÷ 4,000) x 600, rounded down to the nearest round lot)

• 100 shares to Order 3 (order with the largest original displayed size)

Example 4:

A Displayed Order to sell 1,000 shares at $10.01 resides on the PSX book (Order 1). A Displayed Order to sell 3,000 shares at $10.00 is entered and becomes the Price-Setting Order (Order 2). Additional Displayed Orders to sell at $10.00 with sizes of 1,000 shares (Order 3) and 1,000 shares (Order 4) are then entered.

An incoming order to buy 1,000 shares at $10.00 is entered.

The System allocates the incoming order as follows:

• 600 shares to Order 2 ((3,000 ÷ 5,000) x 1,000, resulting in an allocation in excess of the Guaranteed Percentage)

• 200 shares to Order 3 ((1,000 ÷ 5,000) x 1,000)

• 200 shares to Order 4 ((1,000 ÷ 5,000) x 1,000)

Example 5:

A Displayed Order to sell 1,000 shares at $10.01 resides on the PSX book (Order 1). A Displayed Order to sell 1,000 shares at $10.00 is entered and becomes the Price-Setting Order (Order 2). Additional Displayed Orders to sell at $10.00 with sizes of 3,000 shares (Order 3) and 1,000 shares (Order 4) are then entered.

An incoming order to buy 80 shares at $10.00 is entered.

The System allocates the incoming order as follows:

• 32 shares to Order 2 (40% allocated to the Price-Setting Order)

• 48 shares to Order 3 (resting order with the largest displayed size)

(3) Displayed Odd-Lot Orders—As among equally priced Displayed Orders with a size of less than one round lot, the System will allocate incoming orders against available trading interest in the order of the size of the trading interest at that price (largest to smallest), or, as among orders with an equal size, based on time priority.

(4) Non-Displayed Interest with a Size of One Round Lot or More—As among equally priced Non-Displayed Interest with a size of at least one round lot (excluding Minimum Quantity Orders), the System will allocate portions of incoming executable orders to Non-Displayed Interest within the System pro rata based on the size of Non-Displayed Interest, rounding down to the nearest round lot. Next, portions of an order that would be executed in a size other than a round lot if they were allocated on a pro rata basis will be

allocated for execution against available Non-Displayed Interest, one round lot at a time, in the order of the size (measured at the time when the pro rata allocation began) of the trading interest at that price (largest to smallest), or, as among orders with an equal size, based on time priority. Incoming orders with a size of less than one round lot will be allocated against available Non-Displayed Interest in the order of the size of trading interest at that price (largest to smallest), or, as among orders with an equal size, based on time priority.

(5) Minimum Quantity Orders—As among equally priced Minimum Quantity Orders, the System will allocate incoming executable orders to Minimum Quantity Orders within the System in the ascending order of the size of the minimum quantity conditions assigned to the orders. Thus, an order with a minimum quantity condition of 300 shares will be filled before an order with a minimum quantity condition of 400 shares. If there are two or more Minimum Quantity Orders with an equal minimum quantity condition, the System will determine the order of execution based on time priority.

(6) Non-Displayed Odd-Lot Orders—As among equally priced Non-Displayed Interest with a size of less than one round lot, the System will allocate incoming orders based on the size of the Non-Displayed Interest, in the order of the size of the trading interest at that price (largest to smallest), or, as among orders with an equal size, based on time priority.

(c) Exception: Anti-Internalization—As an exception to both algorithms, market participants may direct that Quotes/Orders entered into the System not execute against Quotes/Orders entered under the same MPID. In addition, market participants using the OUCH order entry protocol may assign to orders entered through a specific order entry port a unique group identification modifier that will prevent Quotes/Orders with such modifier from executing against each other. In such a case, a market participant may elect from the following options:

(A) if the interacting Quotes/Orders are equivalent in size, both Quotes/Orders will be cancelled back to their entering parties. If the interacting Quotes/Orders are not equivalent in size, share amounts equal to the size of the smaller of the two Quotes/Orders will be cancelled back to their originating parties with the remainder of the larger Quote/Order being retained by the System for potential execution;

(B) regardless of the size of the interacting Quotes/Orders, cancelling the oldest of them in full; or

(C) regardless of the size of the interacting Quotes/Orders, cancelling the most recent of them in full.

The foregoing options may be applied to all orders entered under the same MPID, or, in the case of market participants using the OUCH order entry protocol, may be applied to all orders entered through a specific order entry port.

(d) Decrementation—Upon execution, an order shall be reduced by an amount equal to the size of that execution.

(e) Price Improvement—Any potential price improvement resulting from an execution in the System shall accrue to the taker of liquidity.

Example:

Buy order resides on book at 10.

Incoming order to sell priced at 9 comes into the System

Order executes at 10 (seller get $1 price improvement)

The text of Rule 3307(f) has been approved, but not implemented. The changes will be implemented no later than March 31, 2017. The Exchange will announce the specific date in advance through an Equities Trader Alert.

(f) Limit Order Protection ("LOP"). LOP is a feature of PSX that prevents certain Limit Orders at prices outside of pre-set standard limits ("LOP Limit") from being accepted by the System.

(i) Applicability. LOP applies to all Quotes and Orders, including Quotes and Orders that have been modified, where the modification results in a new timestamp and priority. LOP does not apply to Orders with Market and Primary Pegging, Market Maker Peg Orders or Intermarket Sweep Orders. A Midpoint Pegging Order with a discretion price would not be subject to LOP. LOP is operational each trading day. LOP is not operational during trading halts and pauses. LOP would not apply in the event there is no established LOP Reference Price or the National Best Bid, when used as the LOP Reference Price, is equal to or less than $0.50.

(ii) LOP Limit. The LOP Limit shall be the greater of 10% of the LOP Reference Price or $0.50 for all securities across all trading sessions.

(iii) LOP Reference Price. The LOP Reference Price shall be the current National Best Bid or Best Offer, the bid for sell orders and the offer for buy orders.

(iv) LOP Reference Threshold. The LOP Reference Threshold for buy orders will be the LOP Reference Price (offer) plus the applicable LOP Limit. The LOP Reference Threshold for sell orders will be the LOP Reference Price (bid) minus the applicable LOP Limit.

(v) Acceptance of Orders. LOP will reject incoming Limit Orders that exceed the LOP Reference Threshold. Limit Orders will be rejected if the price of the Limit Order is greater than the LOP Reference Threshold for a buy Limit Order. Limit Orders will be rejected if the price of the Limit Order is less than the LOP Reference Threshold for a sell Limit Order.

Rule 3308. Reserved

Rule 3309. Trade Reporting.

Executions occurring as a result of orders matched on PSX shall be reported by the Exchange to an appropriate consolidated transaction reporting system. The System will identify trades executed pursuant to an exception to 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) or (6) 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. The Exchange shall promptly notify PSX Participants of all executions of their orders as soon as the Exchange is notified that such executions have taken place.

Rule 3310. Anonymity

(a) Transactions executed in the System shall be cleared and settled anonymously. The transaction reports produced by the System will indicate the details of the transactions, and shall not reveal contra party identities.

(b) The Exchange shall reveal a Participant's identity in the following circumstances:

(1) when a registered clearing agency ceases to act for a Participant, or the Participant's clearing firm, and the registered clearing agency determines not to guarantee the settlement of the Participant's trades;

(2) for regulatory purposes or to comply with an order of an arbitrator or court;

(3) if both Participants to the transaction consent;

(4) Unless otherwise instructed by a member organization, the Exchange will reveal to a member organization, no later than the end of the day on the date an anonymous trade was executed, when the member organization's Quote or Order has been decremented by another Quote or Order submitted by that same member organization.

Rule 3311. Issuer Corporate Actions Related to a Dividend, Payment or Distribution

(a) Except as provided below, the System will automatically cancel open quotes and/or orders in all System Securities resident in the System in response to issuer corporate actions, including any dividend (whether payable in cash or securities or both), payment, distribution, forward or reverse stock split, symbol change, or change in primary listing venue, immediately prior to the opening of the System at 8:00 a.m. on the ex-date of such actions.

(b) A member may designate that all orders with a time-in-force of good-till-cancelled that are entered through one or more order entry ports specified by the member will be processed in the following manner in the event of certain issuer corporate actions as specified below. The member may opt for the processing provided in this paragraph (b) on a port-by-port basis, but all of the provisions of this paragraph shall apply to all good-till-cancelled orders entered through a port that has been specified by the member hereunder.

(1) Cash Dividend. If an issuer is paying a cash dividend, the price of an order to buy will be reduced by the amount of the sum of all dividends payable, rounded up to the nearest whole cent; provided, however, that there will be no adjustment if the sum of all dividends is less than $0.01. For example, if the sum of all dividends is $0.381, the price of the order will be reduced by $0.39. An order to sell will be retained but will receive no price adjustment.

(2) Forward Stock Split or Stock Dividend. If an issuer is implementing a forward stock split or a stock dividend (i.e., a corporate action in which additional shares are issued to holders), the order will be cancelled if its size is less than one round lot. If the order's size is greater than one round lot, (i) the size of the order will be multiplied by the ratio of post-action shares to pre-action shares, with the result rounded downward to the nearest whole share, and (ii) the price of the order will be multiplied by the ratio of pre-action shares to post-action shares, with the result rounded down to the nearest whole penny in the case of orders to buy and rounded up to the nearest whole penny in the case of orders to sell. For example, if a member has entered a goodtill- cancelled order to buy 375 shares at $10.95 per share and the issuer implemented a split or dividend under which an additional 1.25 shares would be issued for each share outstanding, the size of the order would be adjusted to 843 shares (375 x 2.25/1 = 843.75, rounded down to 843) and the price of the order would be adjusted to $4.86 per share ($10.95 per share x 1/2.25 = $4.8667 per share, rounded down to $4.86 per share). An order to sell at the same price and size would be adjusted to 843 shares with a price of $4.87 per share.

(3) Combination of Cash Dividend and Forward Stock Split or Stock Dividend. If an issuer is implementing a cash dividend and a forward stock split or stock dividend on the same date, the adjustments described above will both be applied, in the order described in the notice of the corporate actions received by the Exchange.

(4) For other corporate actions, including symbol changes, changes in primary listing venue, reverse stock splits, and dividends payable in either cash or securities at the option of the stockholder, the order will be cancelled.

(5) All of the foregoing changes will be effected immediately prior to the opening of the System at 8:00 a.m. on the ex-date of the applicable corporate action. Open orders that are retained will be re-entered by the System (as adjusted above) immediately prior to the opening of the System, such that they will retain time priority over new orders entered at or after 8:00 a.m.

Rule 3312. Clearly Erroneous Transactions

The provisions of paragraphs (a)(2)(C), (b), and (c)(1) of this Rule, as amended on September 30, 2010, and the provisions of paragraphs (g) through (i), shall be in effect during a pilot period that expires at the close of business on April 20, 2021. If the pilot period is not either extended or approved as permanent, the prior versions of paragraphs (a)(2)(C), (b), and (c)(1) shall be in effect, and the provisions of paragraphs (g) through (i) shall be null and void.

(a) Authority to Review Transactions Pursuant to Complaint of Market Participant

(1) Definition. For purposes of this Rule, the terms of a transaction executed on PSX 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.

(2) Requests and Timing of Review. A member organization that receives an execution on an order that was submitted erroneously to PSX for its own or customer account may request that the Exchange review the transaction under this Rule. An official of the Exchange 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 requests for review shall be made in writing via electronic complaint or other means specified from time to time by the Exchange as announced in an Equity Trader Alert. A request for review 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 Numerical Guidelines set forth in paragraph (a)(2)(C) the counterparty to the trade shall be notified by the Exchange as soon as practicable, but generally within 30 minutes. An Exchange official may request additional supporting written information to aid in the resolution of the matter. If requested, each party to the transaction shall provide, within 30 minutes of the request,

any supporting written information. Either party to the disputed trade may request the supporting written information provided by the other party on the matter.

(A) Filing Time Periods.

(i) Except as provided in paragraph (a)(2)(A)(ii) and (a)(2)(A)(iii), any member organization or person associated with a member organization that seeks to have a transaction reviewed pursuant to paragraph (a) hereof shall submit a written complaint to the Exchange within 30 minutes of the execution time.

(ii) Routed executions from other market centers will generally have an additional 30 minutes from receipt of their Participant's timely filing, but no longer than 60 minutes from the time of the execution at issue, to file with the Exchange for review of transactions routed to PSX from that market center and executed on PSX.

(iii) In the case of an Outlier Transaction, an Exchange official may at its sole discretion, and on a case-by-case basis, consider requests received pursuant to this Rule after 30 minutes, but not longer than 60 minutes after the transaction in question, depending on the facts and circumstances surrounding such request. "Outlier Transaction" means a transaction where:

A. the execution price of the security is greater than three times the current Numerical Guidelines set forth in paragraph (a)(2)(C), or

B. the execution price of the security in question is not within the Outlier Transaction parameters set forth in paragraph (a)(2)(A)(iii)A. above, but the execution price breaches the 52-week high or 52-week low. In such cases, the Exchange may consider Additional Factors as outlined in paragraph (a)(2)(C)(iii), in determining if the transaction qualifies for further review or if the Exchange shall decline to act.

(B) Once a party has applied to the Exchange for review and the transaction has been determined to be eligible for review, the transaction shall be reviewed and a determination rendered, unless (i) both parties to the transaction agree to withdraw the application for review prior to the time a decision is rendered by the Exchange official, or (ii) the complainant withdraws its application for review prior to the notification of counterparties. In the event that the Exchange 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 30 minutes of receipt of the complaint, but in no case later than the start of Regular Trading Hours (9:30:00 to 4:00:00) on the following trading day. The parties shall be promptly notified of the determination.

(C) Determinations of a clearly erroneous execution will be made as follows:

(i) Numerical Guidelines. Subject to the provisions of paragraph (a)(2)(C)(iii) below, a transaction executed shall be found to be clearly erroneous only 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. The execution time of the transaction under review determines whether the threshold is Regular Trading Hours or Pre-Opening and After Hours Trading Session (which occurs before and after Regular Trading Hours). The Reference Price will be equal to the consolidated last sale immediately prior to the execution(s) under review except for: (A) Multi-Stock Events involving twenty or more securities, as described in paragraph (a)(2)(C)(ii) below; and (B) 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.

Reference Price, Circumstance or Product	Regular Trading Hours Numerical Guidelines (Subject transaction's % difference from the Reference Price):	Pre-Opening and After Hours Trading 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	10%	10%

minutes or less

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 (a)(2)(C)(ii) below	30%, subject to the terms of paragraph (a)(2)(C)(ii) below
Leveraged ETF/ETN securities	Regular Trading Hours Numerical Guidelines multiplied by the leverage multiplier (i.e. 2x)	Regular Trading Hours Numerical Guidelines multiplied by the leverage multiplier (i.e. 2x)

(ii) Multi-Stock Events Involving Twenty or More Securities. During Multi-Stock Events involving twenty or more securities the number of affected transactions is such that immediate finality may be 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.

(iii) Additional Factors. Except in the context of a Multi-Stock Event involving five or more securities, an Exchange official may also consider additional factors to determine whether an execution is clearly erroneous, including but 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 IPO, whether the security was subject to a stock-split, reorganization, or other corporate action, overall market conditions, Pre- Opening and After Hours Trading Session executions, validity of the consolidated tapes 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.

(b) Procedures for Reviewing Transactions on the Exchange's Own Motion

(1) System Disruption or Malfunctions. In the event of any disruption or a malfunction in the operation of any electronic communications and trading facilities of the Exchange in which the nullification of transactions may be necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest exist, the President of the Exchange or any designated officer or senior level employee ("Senior Official") of the Exchange, on his or her own motion, may review such transactions and declare such transactions arising out of the operation of such facilities during such period null and void. In such events, the Senior Official will rely on the provisions of paragraph (a)(2)(C)(i)-(iii) of this Rule, but in extraordinary circumstances may also use a lower Numerical Guideline if necessary to maintain a fair and orderly market, protect investors and the public interest. Absent extraordinary circumstances, any such action of the Senior Official pursuant to this paragraph (b)(1) shall be taken within thirty (30) minutes of detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the Senior Official 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. 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 (c)(1) below.

(2) Senior Official Acting on Own Motion. A Senior Official, acting on his or her own motion, may review potentially erroneous executions and declare trades null and void or shall decline to take any action in connection with the completed trade(s). In such events, the Senior Official will rely on the provisions of paragraph (a)(2)(C)(i)-(iii) of this Rule. Absent extraordinary circumstances, any such action of the Senior Official 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 Senior Official 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 (c)(1) below.

(c) Review by the Exchange Review Council

(1) A member organization or person associated with a member organization may appeal a determination made under paragraph (a) to the Exchange Review Council. A member organization or person associated with a member organization may appeal a determination made under paragraph (b) to the Exchange Review Council unless the Senior Official making the determination also determines that the number of the affected transactions is such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest, 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. An appeal must be made in writing, and must be received by the Exchange within thirty (30) minutes after the person making the appeal is given the notification of the determination being appealed. Once a written appeal has been received, the counterparty to the trade that is the subject of the appeal will be notified of the appeal and both parties shall be able to submit any additional supporting written information up until the time the appeal is considered by the Exchange Review Council. Either party to a disputed trade may request the written information provided by the other party during the appeal process. An appeal to the Exchange Review Council shall not operate as a stay of the determination being appealed, and the scope of the appeal shall be limited to trades which the person making the appeal is a party.

Once a party has appealed a determination to the Exchange Review Council, the determination shall be reviewed and a decision rendered, unless (i) both parties to the transaction agree to withdraw the appeal prior to the time a decision is rendered by the Exchange Review Council, or (ii) the party filing the appeal withdraws its appeal prior to the notification of counterparties. The Exchange Review Council 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 ET and the close of trading in the After Hours Trading 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. Upon consideration of the record, and after such hearings as it may in its discretion order, the Exchange Review Council, pursuant to the standards set forth in this Rule, shall affirm, modify, reverse, or remand the determination.

(2) The panel shall consist of three or more members of the Exchange Review Council, provided that no more than 50 percent of the members of any panel are directly engaged in market making activity or employed by a member organization whose revenues from market making activity exceed ten percent of its total revenues. In no case shall an Exchange Review Council Panel include a person affiliated with a party to the trade in question.

(3) The decision of the Exchange Review Council pursuant to an appeal, or a determination by an Exchange official that is not appealed, shall be final and binding upon all parties and shall constitute final action by the Exchange on the matter in issue. Any determination by an Exchange official pursuant to paragraph (a) or (b) or any decision by the Exchange Review Council pursuant to paragraph (c) shall be rendered without prejudice as to the rights of the parties to the transaction to submit their dispute to arbitration.

(d) Communications

(1) All materials submitted to the Exchange or the Exchange Review Council pursuant to this Rule shall be submitted in writing within the time parameters specified herein via the online complaint form available on the Exchange's website, facsimile, or such other telecommunications procedures as the Exchange may announce from time to time in an Equity Trader Alert. Materials shall be deemed received at the time indicated by the telecommunications equipment (e.g., facsimile machine or computer) receiving the materials. The Exchange, in its sole and absolute discretion, reserves the right to reject or accept any material that is not received within the time parameters specified herein. All times stated in this Rule are Eastern Time.

(2) The Exchange shall provide affected parties with prompt notice of filings and determinations under this Rule via facsimile machine, electronic mail, telephone (including voicemail), press release, system status, web posting or any other method reasonably expected to provide rapid notice to many market participants. During periods of high volatility and large numbers of requests for clearly erroneous review, the Exchange may streamline the notification process to expedite the adjudicatory review in such manner as the Exchange may announce from time to time by Equity Trader Alert.

(e) Fees

(1) Filing Fees

No fee shall be assessed to a member organization for filing two or fewer unsuccessful clearly erroneous complaints pursuant to paragraph (a)(2) during a calendar month. A member organization shall be assessed a fee of $250.00 for each additional unsuccessful complaint filed thereafter during the calendar month. An unsuccessful complaint is one in which the Exchange does not break any of the trades included in the complaint. Each security filed on is considered a separate complaint. In cases where the member organization files on multiple securities at the same time, the Exchange calculates the fee separately for each security depending upon whether the Exchange breaks any trades filed on by the member organization in that security. Adjustments or voluntary breaks negotiated by the Exchange to trades executed at prices that meet the Numerical Guidelines set forth in (a)(2)(C)(i) count as breaks by the Exchange for purposes of this

paragraph. A member organization for purposes of this paragraph (e)(1) is defined by each unique broker Web CRD Number. All market participant identifiers associated with that Web CRD Number shall be included when calculating the number of unsuccessful clearly erroneous complaints for that member organization during the calendar month. No fee pursuant to this paragraph (e)(1) shall be assessed for a complaint that is (A) successful, where the final decision by the Exchange (including after appeal, if any) is to break at least one of the trades filed on by the member organization, (B) not timely filed under the parameters in paragraph (a)(2)(A), (C) withdrawn by the complainant within five (5) minutes of filing and before the Exchange has performed any substantial work on the complaint, or (D) adjudicated by the Exchange on its own motion under Rule 3312(b).

(2) Appeal Fees

The party initiating an appeal shall be assessed a $500.00 fee if the Exchange Review Council upholds the decision of the Exchange official.

(3) Fees Charged By Another Market Center

In instances where the Exchange, on behalf of a member organization, 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 organization.

(f) Refusal to Abide by Rulings of an Exchange Official or the Exchange Review Council

It shall be considered conduct inconsistent with just and equitable principles of trade for any member organization to refuse to take any action that is necessary to effectuate a final decision of an Exchange official or the Exchange Review Council under this Rule.

(g) Securities Subject to Limit Up-Limit Down Plan. For purposes of this paragraph, the phrase "Limit Up-Limit Down Plan" or "Plan" shall mean the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act. The provisions of paragraphs (a) through (f) above and (h) through (i) below shall govern all Exchange transactions, including transactions in securities subject to the Plan, other than as set forth in this paragraph (g). If as a result of an Exchange technology or systems issue any transaction occurs outside of the applicable price bands disseminated pursuant to the Plan, a Senior Official of the Exchange, 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 Senior Official of the Exchange 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 Senior Official of the Exchange 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 (c) 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 paragraphs (a) through (f) above and (h) through (i) below.

(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 Numerical Guidelines set forth in this 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 (c) 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 the Regular Market Session 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 Numerical Guidelines set forth in this 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 (c) above.

Rule 3315. Order Routing

(a) Order Routing Process

(1) The Order Routing Process shall be available to Participants from 8:00 a.m. until 5:00 p.m. Eastern Time, and shall route orders as described below. All routing of orders shall comply with Rule 611 of Regulation NMS under the Act.

(A) The System provides a variety of routing options. Routing options may be combined with all available order types and times-in-force, with the exception of order types and times-in-force whose terms are inconsistent with the terms of a particular routing option. The System will consider the quotations only of accessible markets. The term "System routing table" refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. The Exchange reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice. The System routing options are:

(i) - (ii) Reserved.

(iii) PSTG is a routing option under which orders check the System for available shares and simultaneously route the remaining shares to destinations on the System routing table. If shares remain unexecuted after routing, they are posted on the book. Once on the book, should the order subsequently be locked or crossed by another accessible market center, the System shall route the order to the locking or crossing market center. PSKN is a form of PSTG in which the entering firm instructs the System to bypass any market centers included in the PSTG System routing table that are not posting Protected Quotations within the meaning of Regulation NMS.

(iv) PSCN is a routing option under which orders check the System for available shares and simultaneously route the remaining shares to destinations on the System routing table. If shares remain unexecuted after routing, they are posted on the book. Once on the book, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center. PSKP is a form

of PSCN in which the entering firm instructs the System to bypass any market centers included in the PSCN System routing table that are not posting Protected Quotations within the meaning of Regulation NMS.

(v) PTFY is a routing option under which orders check the System for available shares only if so instructed by the entering firm and are thereafter routed to destinations on the System routing table. If shares remain un-executed after routing, they are posted to the book. Once on the book, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center.

(vi) PMOP is a routing option under which orders route only to Protected Quotations and only for displayed size. If shares remain unexecuted after routing, they are posted to the book. Once on the book, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center.

(vii) PCRT is a routing option under which orders route to the Nasdaq BX Equities Market, check the System for available shares and then route to The Nasdaq Stock Market. If shares remain un-executed, they are posted to the book or cancelled. Once on the book, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center.

(viii) XDRK is a routing option under which orders check the System for available shares and simultaneously route the remaining shares to destinations on the System routing table that are not posting Protected Quotations within the meaning of Regulation NMS. If shares remain un-executed after routing, they are posted on the book. Once on the book, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center.

(ix) XCST is a routing option under which orders check the System for available shares and simultaneously route the remaining shares to destinations on the System routing table that are not posting Protected Quotations within the meaning of Regulation NMS and to certain, but not all, exchanges. If shares remain un-executed after routing, they are posted on the book. Once on the book, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center.

(x) SCAR is a routing option under which orders will check the System for available shares and simultaneously route to the Nasdaq BX Equities Market and The Nasdaq Stock Market in accordance with the System routing table. If shares remain unexecuted after routing, they are posted on the book or cancelled. Once on the book, should the

order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center.

(B) Priority of Routed Orders. Regardless of the routing option selected, orders sent by the System to other markets do not retain time priority with respect to other orders in the System and the System shall continue to execute other orders while routed orders are away at another market center. Once routed by the System, an order becomes subject to the rules and procedures of the destination market including, but not limited to, order cancellation. If a routed order is subsequently returned, in whole or in part, that order, or its remainder, shall receive a new time stamp reflecting the time of its return to the System.

(b) Routing Broker

(1) All routing by the System shall be performed by the Exchange's affiliated broker-dealer, Nasdaq Execution Services, LLC, which, in turn, shall route orders to other market centers either directly or through one or more third-party unaffiliated routing broker-dealers as directed by the Exchange. The Exchange will determine the logic that provides when, how, and where orders are routed away to other exchanges. Except as provided in subparagraph (c) below, the routing broker(s) cannot change the terms of an order or the routing instructions, nor does the routing broker have any discretion about where to route an order.

(2) Nasdaq Execution Services, LLC will not engage in any business other than: (a) as an outbound router for the Exchange and (b) any other activities it may engage in as approved by the Commission.

(3) Nasdaq Execution Services, LLC shall operate as a facility, as defined in Section 3(a)(2) of the Act, of the Exchange.

(4) For purposes of SEC Rule 17d-1, the designated examining authority of Nasdaq Execution Services, LLC shall be a self-regulatory organization unaffiliated with the Exchange or any of its affiliates. The Exchange may not use a routing broker for which the Exchange or any affiliate of the Exchange is the designated examining authority.

(5) The Exchange shall be responsible for filing with the Securities and Exchange Commission rule changes related to the operation of, and fees for services provided by, Nasdaq Execution Services, LLC and Nasdaq Execution Services, LLC shall be subject to exchange non-discrimination requirements.

(6) The books, records, premises, officers, agents, directors and employees of Nasdaq Execution Services, LLC as a facility of the Exchange shall be deemed to be the books, records, premises, officers, agents, directors and employees of the Exchange for purposes

of, and subject to oversight pursuant to, the Act. The books and records of Nasdaq Execution Services, LLC as a facility of the Exchange shall be subject at all times to inspection and copying by the Commission.

(7) Use of Nasdaq Execution Services, LLC to route orders to other market centers will be optional. Parties that do not desire to use Nasdaq Execution Services, LLC must enter orders into the System as immediate-or-cancel orders or any other order type available through the System that is ineligible for routing.

(8) Nasdaq Execution Services, LLC shall establish and maintain procedures and internal controls reasonably designed to adequately restrict the flow of confidential and proprietary information between: the Exchange and its facilities (including Nasdaq Execution Services, LLC as its routing facility) and any other entity; or, where there is a routing broker, the Exchange, the Routing Facility and any routing broker, and any other entity, including any affiliate of the routing broker (and if the routing broker or any of its affiliates engages in any other business activities other than providing routing services to the Exchange, between the segment of the routing broker or affiliate that provides the other business activities and the segment of the routing broker that provides the routing services).

(c) Market Access. In addition to the Exchange Rules regarding routing to away trading centers, Nasdaq Execution Services LLC has, pursuant to Rule 15c3-5 under the Act, implemented certain tests designed to mitigate risks associated with providing the Exchange's members and member organizations with access to such away trading centers. Pursuant to the policies and procedures developed by Nasdaq Execution Services LLC to comply with Rule 15c3-5, if an order or series of orders are deemed to be violative of applicable pre-trade requirements under Rule 15c3-5, the order will be rejected prior to routing and/or Nasdaq Execution Services LLC will seek to cancel the order if it has been routed.

(d) Cancellation of Orders and Error Account

(1) The Exchange or Nasdaq Execution Services may cancel orders as either deems to be necessary to maintain fair and orderly markets if a technical or systems issue occurs at the Exchange, Nasdaq Execution Services, or a routing destination. The Exchange or Nasdaq Execution Services shall provide notice of the cancellation to affected members as soon as practicable.

(2) Nasdaq Execution Services shall maintain an error account for the purpose of addressing positions that result from a technical or systems issue at Nasdaq Execution Services, the Exchange, a routing destination, or a non-affiliate third-party Routing Broker that affects one or more orders ("error positions").

(A) For purposes of this Rule 3315(d), an error position shall not include any position that results from an order submitted by a member to the Exchange that is executed on the Exchange and automatically processed for clearance and settlement on a locked-in basis.

(B) Except as provided in Rule 3315(d)(2)(C), Nasdaq Execution Services shall not (i) accept any positions in its error account from an account of a member, or (ii) permit any member to transfer any positions from the member's account to Nasdaq Execution Services's error account.

(C) If a technical or systems issue results in the Exchange not having valid clearing instructions for a member to a trade, Nasdaq Execution Services may assume that member's side of the trade so that the trade can be automatically processed for clearance and settlement on a locked-in basis.

(3) In connection with a particular technical or systems issue, Nasdaq Execution Services or the Exchange shall either (i) assign all resulting error positions to members in accordance with subparagraph (A) below, or (ii) have all resulting error positions liquidated in accordance with subparagraph (B) below. Any determination to assign or liquidate error positions, as well as any resulting assignments, shall be made in a nondiscriminatory fashion.

(A) Nasdaq Execution Services or the Exchange shall assign all error positions resulting from a particular technical or systems issue to the members affected by that technical or systems issue if Nasdaq Execution Services or the Exchange:

(i) determines that it has accurate and sufficient information (including valid clearing information) to assign the positions to all of the members affected by that technical or systems issue;

(ii) determines that it has sufficient time pursuant to normal clearance and settlement deadlines to evaluate the information necessary to assign the positions to all of the members affected by that technical or systems issue; and

(iii) has not determined to cancel all orders affected by that technical or systems issue in accordance with subparagraph (d)(1) above.

(B) If Nasdaq Execution Services or the Exchange is unable to assign all error positions resulting from a particular technical or systems issue to all of the affected members in accordance with subparagraph (A) above, or if Nasdaq Execution Services or the Exchange determines to cancel all orders affected by the technical or systems issue in accordance with subparagraph (d)(1) above, then Nasdaq Execution Services shall liquidate the error positions as soon as practicable. Nasdaq Execution Services shall:

(i) provide complete time and price discretion for the trading to liquidate the error positions to a third-party broker-dealer and shall not attempt to exercise any influence or control over the timing or methods of such trading; and

(ii) establish and enforce policies and procedures that are reasonably designed to restrict the flow of confidential and proprietary information between the third-party broker-dealer and Nasdaq Execution Services/the Exchange associated with the liquidation of the error positions.

(4) Nasdaq Execution Services and the Exchange shall make and keep records to document all determinations to treat positions as error positions and all determinations for the assignment of error positions to members or the liquidation of error positions, as well as records associated with the liquidation of error positions through the third-party broker-dealer.

Rule 3316. PHLX Kill Switch

(a) *Definition* . The PHLX Kill Switch is an optional tool offered at no charge that enables PSX Participants to establish pre-determined levels of risk exposure, to receive notifications as the value of executed orders and if applicable, unexecuted orders approaches the risk levels, and to have order entry ports disabled and unexecuted orders administratively cancelled when the value of executed orders, and if applicable unexecuted orders exceeds the risk levels set forth below. For purposes of this Rule, the term "PSX Participant" has the meaning set forth in Rule 3301(c).

> (1) Gross Executed Risk Exposure . This refers to a pre-established maximum daily dollar amount for buy and sell orders across all symbols, where both buy and sell orders are counted as positive values. For purposes of calculating Gross Executed Risk Exposure, only executed orders are included.

> (2) Gross Notional Risk Exposure . This refers to a pre-established maximum daily dollar amount for buy and sell orders across all symbols, where both buy and sell orders are counted as positive values. For purposes of calculating Gross Notional Risk Exposure, unexecuted orders on the Exchange book and executed orders are included.

(b) *Establishing and Adjusting Levels* . PSX Participants or a PSX Participant's clearing member, as designated pursuant to paragraph (d), may set risk levels for each MPID individually. Each PSX Participant, or a PSX Participant's clearing member, as designated pursuant to paragraph (d), is responsible for establishing and maintaining its risk levels. PSX Participants or a PSX Participant's clearing member, as designated pursuant to paragraph (d), may set and adjust risk level values before the beginning of a trading day and during the trading day.

(c) *Notification* . PSX Participants and a PSX Participant's clearing member, as designated pursuant to paragraph (d), will receive notifications when the total value of

executed orders and, if applicable, unexecuted orders associated with an MPID exceeds 50, 75, 85, 90, and 95 percent of either of the risk level values. When either risk level value is exceeded, the notification will include the total number of orders cancelled and remaining open in the System.

(d) *Clearing Member Designation* . A PSX Participant that does not self-clear may allocate the responsibility for establishing and adjusting the risk levels identified in paragraph (a) of this Rule to a clearing member that clears transactions on behalf of the PSX Participant, if designated in a manner prescribed by the Exchange. A PSX Participant that chooses to allocate responsibility to its clearing member may view any risk levels established by the clearing member pursuant to this Rule, and will be notified of any action taken by the Exchange with respect to its trading activity. By allocating responsibility to its clearing member, the PSX Participant consents to the Exchange taking action with respect to the PSX Participant's trading activity as provided for in paragraph (e) of this Rule. A PSX Participant may revoke responsibility allocated to its clearing member pursuant to this paragraph at any time, if designated in a manner prescribed by the Exchange.

(e) *Breach Action and Reinstatement* . When a pre-established risk level is breached and the Kill Switch is triggered, it shall result in the immediate cancellation of all unexecuted orders of any type or duration entered by the PSX Participant via the affected MPID, and in the immediate prevention of order entry of any type via the affected MPID. The PSX Participant or the PSX Participant's clearing member, if designated pursuant to paragraph (d), must request reactivation of the MPID before trading will be reauthorized.

Rule 3317. Compliance with Regulation NMS Plan to Implement a Tick Size Pilot

(a) Tick Size Pilot Program

(1) Definitions.

(A) "Plan" means the Tick Size Pilot Plan Submitted to the Securities and Exchange Commission Pursuant to Rule 608(a)(3) of Regulation NMS under the Exchange Act.

(B) "Pilot Test Groups" means the three test groups established under the Plan, consisting of 400 Pilot Securities each, which satisfy the respective criteria established by the Plan for each such test group.

(C) Reserved.

(D) "Trade-at Intermarket Sweep Order" means a limit order for a Pilot Security that meets the following requirements:

(i) When routed to a Trading Center, the limit order is identified as a Trade-at Intermarket Sweep Order; and

(ii) Simultaneously with the routing of the limit order identified as a Trade-at Intermarket Sweep Order, one or more additional limit orders, as necessary, are routed to execute against the full size of any protected bid, in the case of a limit order to sell, or the full displayed size of any protected offer, in the case of a limit order to buy, for the Pilot Security with a price that is better than or equal to the limit price of the limit order identified as a Trade-at Intermarket Sweep Order. These additional routed orders also must be marked as Trade-at Intermarket Sweep Orders or Intermarket Sweep Orders.

(E) All capitalized terms not otherwise defined in this Rule shall have the meanings set forth in the Plan, Regulation NMS under the Exchange Act, or Exchange rules, as applicable.

(2) Exchange Participation in the Plan. The Exchange is a Participant in, and subject to the applicable requirements of, the Plan, which establishes a Tick Size Pilot Program that will allow the Securities and Exchange Commission, market participants, and the public to study and assess the impact of increment conventions on the liquidity and trading of the common stocks of small capitalization companies.

(3) Member Organization Compliance. Member organizations shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the applicable requirements of the Plan.

(4) Exchange Compliance with the Plan. Exchange systems will not display, quote or trade in violation of the applicable quoting and trading requirements for a Pilot Security specified in the Plan and this Rule, unless such quotation or transaction is specifically exempted under the Plan.

(5) Pilot Securities That Drop Below $1.00 during the Pilot Period. If the price of a Pilot Security drops below $1.00 during regular trading on any given business day, such Pilot Security will continue to be subject to the Plan and the requirements enumerated in (c)(1)-(3) below and will continue to trade in accordance with such Rules as if the price of the Pilot Security had not dropped below $1.00. However, if the Closing Price of a Pilot Security on any given business day is below $1.00, such Pilot Security will be moved out of its respective Pilot Test Group into the Control Group, and may then be quoted and traded at any price increment that is currently permitted by Exchange rules for the remainder of the Pilot Period. Notwithstanding anything contained herein to the contrary, at all times during the Pilot Period, Pilot Securities (whether in the Control Group or any Pilot Test Group) will continue to be subject to the requirements contained in Paragraph (b).

(b) Compliance with Data Collection Requirements

(1) Policies and Procedures Requirement. A Member that operates a Trading Center shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the data collection and transmission requirements of Items I and II of Appendix B of the Plan, and a Member that is a Market Maker shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the data collection and transmission requirements of Item IV of Appendix B of the Plan and Item I of Appendix C of the Plan.

(2) The Exchange shall collect and transmit to the SEC the data described in Items I and II of Appendix B of the Plan relating to trading activity in Pre-Pilot Securities and Pilot Securities on a Trading Center operated by the Exchange. The Exchange shall transmit such data to the SEC in a pipe delimited format, on a disaggregated basis by Trading Center, within 30 calendar days following month end for:

(A) Each Pre-Pilot Data Collection Security for the period beginning six months prior to the Pilot Period through thirty-one days prior to the first day of the Pilot Period; and

(B) Each Pilot Security for the period beginning thirty days prior to the first day of the Pilot Period through six months after the end of the Pilot Period. The Exchange also shall make such data publicly available on the Exchange web site within 120 calendar days following month end at no charge and shall not identify the Member that generated the data.

(3) Daily Market Maker Participation Statistics Requirement

(A) A Member that is a Market Maker shall collect and transmit to their DEA data relating to Item IV of Appendix B of the Plan, with respect to activity conducted on any Trading Center in Pre-Pilot Securities and Pilot Securities in furtherance of its status as a Market Maker, including a Trading Center that executes trades otherwise than on a national securities exchange, for transactions that have settled or reached settlement date. Market Makers shall transmit such data in a format required by their DEA by 12:00 p.m. EST on T+4:

(i) For transactions in each Pre-Pilot Data Collection Security for the period beginning six months prior to the Pilot Period through thirty-one days prior to the first day of the Pilot Period; and

(ii) For transactions in each Pilot Security for the period beginning thirty days prior to the first day of the Pilot Period through six months after the end of the Pilot Period.

(B) A Member that is a Market Maker whose DEA is not a Participant to the Plan shall transmit the data collected pursuant to paragraph (3)(A) above to the Financial Industry Regulatory Authority, Inc. ("FINRA"). Market Makers shall transmit such data in a

format required by FINRA by 12:00 p.m. EST on T+4 in accordance with paragraphs (3)(A)(i) and (ii) above.

(C) The Exchange shall transmit the data collected by the DEA or FINRA pursuant to paragraphs (3)(A) and (B) above relating to Market Maker activity on a Trading Center operated by the Exchange to the SEC in a pipe delimited format within 30 calendar days following month end. The Exchange shall also make such data publicly available on the Exchange web site within 120 calendar days following month end at no charge and shall not identify the Trading Center that generated the data.

(4) Market Maker Profitability

(A) A Member that is a Market Maker shall collect and transmit to their DEA the data described in Item I of Appendix C of the Plan with respect to executions on any Trading Center that have settled or reached settlement date. Market Makers shall transmit such data in a format required by their DEA by 12:00 p.m. EST on T+4 for executions during and outside of Regular Trading Hours in each:

(i) Pre-Pilot Data Collection Security for the period beginning six months prior to the Pilot Period through thirty-one days prior to the first day of the Pilot Period; and

(ii) Pilot Security for the period beginning thirty days prior to the first day of the Pilot Period through six months after the end of the Pilot Period.

(B) A Member that is a Market Maker whose DEA is not a Participant to the Plan shall transmit the data collected pursuant to paragraph (4)(A) above to FINRA. Market Makers shall transmit such data in a format required by FINRA by 12:00 p.m. EST on T+4 for executions during and outside of Regular Trading Hours in accordance with paragraphs (4)(A)(i) and (ii) above.

(C) The Exchange, as DEA, shall collect the data required by Item I of Appendix C to the Plan and paragraph (b)(4)(A) above for those Members that are Market Makers for which the Exchange is DEA, and on a monthly basis transmit such data, categorized by the Control Group and each Test Group, to the SEC in a pipe delimited format. The Exchange, as DEA, shall also make the data collected pursuant to subparagraph (4) of Rule 3317(b) available to FINRA for aggregation and publication, categorized by the Control Group and each Test Group, on the FINRA website pursuant to FINRA Rules.

(5) Market Maker Registration Statistics. The Exchange shall collect and transmit to the SEC the data described in Item III of Appendix B of the Plan relating to daily Market Maker registration statistics in a pipe delimited format within 30 calendar days following month end for:

(A) For transactions in each Pre-Pilot Data Collection Security for the period beginning six months prior to the Pilot Period through the trading day immediately preceding the Pilot Period; and

(B) For transactions in each Pilot Security for the period beginning on the first day of the Pilot Period through six months after the end of the Pilot Period.

The Exchange also shall make such data publicly available on the Exchange web site within 120 calendar days following month end at no charge.

(c) Compliance with Quoting and Trading Restrictions

(1) Pilot Securities in Test Group One will be subject to the following requirement: No member organization may display, rank, or accept from any person any displayable or non-displayable bids or offers, orders, or indications of interest in increments other than $0.05. However, orders priced to trade at the midpoint of the national best bid and national best offer ("NBBO") or best protected bid and best protected offer ("PBBO") and orders entered in a Participant-operated retail liquidity program may be ranked and accepted in increments of less than $0.05. Pilot Securities in Test Group One may continue to trade at any price increment that is currently permitted by Rule 3301(k).

(2) Pilot Securities in Test Group Two shall be subject to the following requirements:

(A) No member organization may display, rank, or accept from any person any displayable or non-displayable bids or offers, orders, or indications of interest in increments other than $0.05. However, orders priced to trade at the midpoint of the NBBO or PBBO and orders entered in a Participant-operated retail liquidity program may be ranked and accepted in increments of less than $0.05.

(B) Absent any of the exceptions listed in (C) below, no member organization may execute orders in any Pilot Security in Test Group Two in price increments other than $0.05. The $0.05 trading increment will apply to all trades, including Brokered Cross Trades.

(C) Pilot Securities in Test Group Two may trade in increments less than $0.05 under the following circumstances:

(i) Trading may occur at the midpoint between the NBBO or the PBBO;

(ii) Retail Investor Orders may be provided with price improvement that is at least $0.005 better than the PBBO;

(iii) Negotiated Trades may trade in increments less than $0.05; and

(iv) Reserved.

(3) Pilot Securities in Test Group Three shall be subject to the following requirements:

(A) No member organization may display, rank, or accept from any person any displayable or non-displayable bids or offers, orders, or indications of interest in increments other than $0.05. However, orders priced to trade at the midpoint of the NBBO or PBBO and orders entered in a Participant-operated retail liquidity program may be ranked and accepted in increments of less than $0.05.

(B) Absent any of the exceptions listed in (C) below, no member organization may execute orders in any Pilot Security in Test Group Three in price increments other than $0.05. The $0.05 trading increment will apply to all trades, including Brokered Cross Trades.

(C) Pilot Securities in Test Group Three may trade in increments less than $0.05 under the following circumstances:

(i) Trading may occur at the midpoint between the NBBO or PBBO;

(ii) Retail Investor Orders may be provided with price improvement that is at least $0.005 better than the Best Protected Bid or the Best Protected Offer;

(iii) Negotiated Trades may trade in increments less than $0.05; and

(iv) Reserved.

(D) Pilot Securities in Test Group Three will be subject to the following Trade-at Prohibition:

(i) "Trade-at Prohibition" means the prohibition against executions by a Trading Center of a sell order for a Pilot Security at the price of a Protected Bid or the execution of a buy order for a Pilot Security at the price of a Protected Offer during regular trading hours.

(ii) Absent any of the exceptions listed in (iii) below, no member organization may execute a sell order for a Pilot Security in Test Group Three at the price of a Protected Bid or execute a buy order for a Pilot Security in Test Group Three at the price of a Protected Offer.

(iii) Member organizations may execute a sell order for a Pilot Security in Test Group Three at the price of a Protected Bid or execute a buy order for a Pilot Security in Test Group Three at the price of a Protected Offer if any of the following circumstances exist:

a. The order is executed as agent or riskless principal by an independent trading unit, as defined under Rule 200(f) of Regulation SHO, of a Trading Center within a member organization that has a displayed quotation as agent or riskless principal, via either a processor or an SRO Quotation Feed, at a price equal to the traded-at Protected

Quotation, that was displayed before the order was received, but only up to the full displayed size of that independent trading unit's previously displayed quote;

b. The order is executed by an independent trading unit, as defined under Rule 200(f) of Regulation SHO, of a Trading Center within a member organization that has a displayed quotation for the account of that Trading Center on a principal (excluding riskless principal) basis, via either a processor or an SRO Quotation Feed, at a price equal to the traded-at Protected Quotation, that was displayed before the order was received, but only up to the full displayed size of that independent trading unit's previously displayed quote;

c. The order is of Block Size at the time of origin and may not be:

A. an aggregation of non-block orders; or

B. broken into orders smaller than Block Size prior to submitting the order to a Trading Center for execution;

d. The order is a Retail Investor Order executed with at least $0.005 price improvement;

e. The order is executed when the Trading Center displaying the Protected Quotation that was traded at was experiencing a failure, material delay, or malfunction of its systems or equipment;

f. The order is executed as part of a transaction that was not a "regular way" contract;

g. The order is executed as part of a single-priced opening, reopening, or closing transaction on the Exchange;

h. The order is executed when a Protected Bid was priced higher than a Protected Offer in the Pilot Security;

i. The order is identified as a Trade-at Intermarket Sweep Order;

j. The order is executed by a Trading Center that simultaneously routed Trade-at Intermarket Sweep Orders or Intermarket Sweep Orders to execute against the full displayed size of the Protected Quotation that was traded at;

k. The order is executed as part of a Negotiated Trade;

l. The order is executed when the Trading Center displaying the Protected Quotation that was traded at had displayed, within one second prior to execution of the transaction that constituted the Trade-at, a Best Protected Bid or Best Protected Offer, as applicable, for the Pilot Security with a price that was inferior to the price of the Trade-at transaction;

m. The order is executed by a Trading Center which, at the time of order receipt, the Trading Center had guaranteed an execution at no worse than a specified price (a "stopped order"), where:

A. The stopped order was for the account of a customer;

B. The customer agreed to the specified price on an order-by-order basis; and

C. The price of the Trade-at transaction was, for a stopped buy order, equal to or less than the National Best Bid in the Pilot Security at the time of execution or, for a stopped sell order, equal to or greater than the National Best Offer in the Pilot Security at the time of execution, as long as such order is priced at an acceptable increment;

n. The order is for a fractional share of a Pilot Security, provided that such fractional share order was not the result of breaking an order for one or more whole shares of a Pilot Security into orders for fractional shares or was not otherwise effected to evade the requirements of the Trade-at Prohibition or any other provisions of the Plan; or

o. The order is to correct a bona fide error, which is recorded by the Trading Center in its error account. A bona fide error is defined as:

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 a 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.

(iv) No member organization shall break an order into smaller orders or otherwise effect or execute an order to evade the requirements of the Trade-at Prohibition of this Rule or any other provisions of the Plan.

(d) Operation of Order Types and Order Attributes

This section sets forth PSX's specific procedures for handling, executing, re-pricing and displaying of certain Order Types and Order Attributes applicable to Pilot Securities.

Unless otherwise indicated, this section applies to orders in all three Test Group Pilot Securities.

(1) All Order Types. Any Order Type in a security of any of the Test Groups that requires a price and does not otherwise qualify for an exception, will not be accepted if it is in a minimum price increment other than $0.05. This minimum price increment applies to repricing and rounding by the System, unless otherwise noted below.

Subject to the provisions below, if the entered limit price of an Order in a Test Group Three Pilot Security, entered through RASH or FIX, locked or crossed a Protected Quotation and the NBBO changes so that the Order can be ranked closer to its original entered limit price, the price of the Order will be adjusted repeatedly in accordance with changes to the NBBO.

(2) Price to Comply Order. A Price to Comply Order in a Test Group Pilot Security will operate as described in Rule 3301A(b)(1) except as provided under this paragraph. If a Price to Comply Order for a Test Group Three Pilot Security is partially executed upon entry and the remainder would lock a Protected Quotation of another market center, the unexecuted portion of the Order will be cancelled. If the Order is not executable against any previously posted orders on the Exchange Book, and the limit price of a buy (sell) Price to Comply Order in a Test Group Three Pilot Security would lock or cross a Protected Quotation of another market center, the Order will display at one minimum price increment below (above) the Protected Quotation, and the Order will be ranked on the Exchange Book at the current midpoint of NBBO.

A Price to Comply Order in a Test Group Three Pilot Security entered through OUCH or FLITE may be adjusted in the following manner after initial entry and posting to the Exchange Book:

• If entered at a price that locked a Protected Quotation, and if the NBBO changes such that it can be ranked and displayed at the price of the Protected Quotation that it locked, the Price to Comply Order will be adjusted to rank and display at its original entered limit price.

• If entered at a price that crossed a Protected Quotation, and if the NBBO changes such that it can be ranked at the price of the Protected Quotation it crossed, the Price to Comply Order, based on the participant's choice, may either be (i) cancelled or (ii) adjusted to rank at the price of the Protected Quotation it crossed upon entry with its displayed price remaining unchanged.

• If, after being posted on the Exchange Book, the non-displayed price of a Price to Comply Order becomes locked or crossed by a Protected Quotation due to a change in the NBBO, or if the Price to Comply Order is at an impermissible price under Regulation

NMS or the Plan and it cannot otherwise be adjusted as above, the Price to Comply Order will be cancelled.

(3) Non-Displayed Order. A Non-Displayed Order in a Test Group Pilot Security will operate as described in Rule 3301A(b)(3) except as provided under this paragraph. A resting Non-Displayed Order in a Test Group Three Pilot security cannot execute at the price of a Protected Quotation of another market center unless the incoming Order otherwise qualifies for an exception to the Trade-at prohibition provided under Rule 3317(c)(3)(D). If the limit price of a buy (sell) Non-Displayed Order in a Test Group Three Pilot Security would lock or cross a Protected Quotation of another market center, the Order will be ranked on the Exchange Book at either one minimum price increment below (above) the National Best Offer (National Best Bid) or at the midpoint of the NBBO, whichever is higher (lower). If a resting Non-Displayed Order in a Test Group Three Pilot Security entered through RASH or FIX becomes locked or crossed by a Protected Quotation due to a change in the NBBO, or if the Non-Displayed Order is at an impermissible price under Regulation NMS or the Plan, the Non- Displayed Order will be repriced to a price that is at either one minimum price increment below (above) the National Best Offer (National Best Bid) or at the midpoint of the NBBO, whichever is higher (lower) and will receive a new timestamp.

A Non-Displayed Order in a Test Group Three Pilot Security entered through OUCH or FLITE may be adjusted in the following manner after initial entry and posting to the Exchange Book:

• If entered at a price that locked a Protected Quotation, and if the NBBO changes such that it can be ranked at the price of the Protected Quotation that it locked, the Non-Displayed Order will be adjusted to rank at its original entered limit price.

• If entered at a price that crossed a Protected Quotation, and if the NBBO changes such that it can be ranked at the price of the Protected Quotation it crossed, the Order, based on the Participant's choice, may either be (i) cancelled or (ii) adjusted to rank at the price of the Protected Quotation it crossed.

• If entered at a price that locked or crossed a Protected Quotation, and if the NBBO changes such that it cannot be ranked at the price of the Protected Quotation it locked or crossed but can be ranked closer to its original limit price, the Non-Displayed Order will be adjusted to the new midpoint of the NBBO.

• If, after being posted on the Exchange Book, the Non-Displayed Order becomes locked or crossed by a Protected Quotation due to a change in the NBBO, or if the Non-Displayed Order is at an impermissible price under Regulation NMS or the Plan and it cannot otherwise be adjusted as above, the Non-Displayed Order will be cancelled.

(4) Post-Only Order. A Post-Only Order in a Test Group Pilot Security will operate as described in Rule 3301A(b)(4) except as provided under this paragraph. For orders that are not attributable, if the limit price of a buy (sell) Post-Only Order in a Test Group Three Pilot Security would lock or cross a Protected Quotation of another market center, the Order will display at one minimum price increment below (above) the Protected Quotation, and the Order will be ranked on the Exchange Book at the current midpoint of the NBBO.

A Non-Attributable Post-Only Order in a Test Group Three Pilot Security entered through OUCH or FLITE may be adjusted in the following manner after initial entry and posting to the Exchange Book:

• If entered at a price that locked a Protected Quotation, and if the NBBO changes such that it can be ranked and displayed at the price of the Protected Quotation that it locked,, the Post-Only Order will be adjusted to rank and display at its original entered limit price.

• If entered at a price that crossed a Protected Quotation, and if the NBBO changes such that it can be ranked at the price of the Protected Quotation it crossed, the Post-Only Order, based on the Participant's choice, may either be (i) cancelled or (ii) adjusted to rank at the price of the Protected Quotation it crossed upon entry with its displayed price remaining unchanged.

• If, after being posted on the Exchange Book, the non-displayed price of a resting Post-Only Order becomes locked or crossed by a Protected Quotation due to a change in the NBBO, or if the Post-Only Order is at an impermissible price under Regulation NMS or the Plan and it cannot otherwise be adjusted as above, the Post-Only Order will be cancelled.

(5) Market Maker Peg Order. A Market Maker Peg Order in a Test Group Pilot Security will operate as described in Rule 3301A(b)(5) except as provided under this paragraph. The displayed price of a Market Maker Peg Order in a Test Group Pilot Security will be rounded up (down) to the nearest minimum price increment for bids (offers), if it would otherwise display at an increment smaller than the minimum price increment. For example, if the NBB is $10.05 and NBO is $10.15, and the Designated Percentage (as defined in Rule 3213) is 28%, the displayed price of a Market Maker Peg Order to buy 100 shares of a Test Group Pilot Security would be $7.25 (i.e., $10.05 - ($10.05 x 0.28) = $7.236, rounded up to $7.25). Using the same market, but with a Market Maker Peg Order to sell 100 shares, the displayed price of the Order would be $12.95 (i.e., $10.15 + ($10.15 x 0.28) = $12.992, rounded down to $12.95).

(6) Midpoint Peg Post-Only Order. A Midpoint Peg Post-Only Order in a Test Group Pilot Security will operate as described in Rule 3301A(b)(6) except as provided under this paragraph. A Midpoint Peg Post-Only Order in a Test Group Pilot Security may

execute at the midpoint of the NBBO in an increment other than the minimum price increment.

(7) Midpoint Pegging. An Order with Midpoint Pegging in a Test Group Pilot Security will operate as described in Rule 3301B(d) except as provided under this paragraph. An order in a Test Group Pilot Security with Midpoint Pegging may execute at the midpoint of the NBBO in an increment other than the minimum price increment.

(8) Reserve Size. An Order with Reserve Size in a Test Group Pilot Security will operate as described in Rule 3301B(h) except as provided under this paragraph. A resting Order in a Test Group Three Pilot Security with a Reserve Size (either a Price to Comply Order or a Price to Display Order through RASH or FIX) may not execute the non-displayed Reserve Size at the price of a Protected Quotation of another market center unless the incoming Order otherwise qualifies for an exception to the Trade-at prohibition provided under Rule 3317(c)(3)(D). If an Order with Reserve Size for a Test Group Three Pilot Security is partially executed upon entry and the remainder would lock a Protected Quotation of another market center, the unexecuted portion of the Order will be cancelled. If the Order is not executable against any previously posted orders on the Exchange Book, and the limit price of a buy (sell) Price to Comply Order with Reserve Size in a Test Group Three Pilot Security would lock or cross a Protected Quotation of another market center, the displayed portion of the Order will display at one minimum price increment below (above) the Protected Quotation, and the displayed and non-displayed portions of the Order will be ranked on the Exchange Book at the current midpoint of the NBBO. If the Order is not executable against any previously posted orders on the Exchange Book, and the limit price of a buy (sell) Price to Display Order with Reserve Size in a Test Group Three Pilot Security would lock or cross a Protected Quotation of another market center, the displayed portion of the Order will be display and be ranked at one minimum price increment below (above) the Protected Quotation, and the non-displayed portion of the Order will be ranked on the Exchange Book at the current midpoint of the NBBO. If after being posted to the Exchange Book, the NBBO changes so that the Order with Reserve Size in a Test Group Three Pilot Security would no longer be executable at its ranked price due to the requirements of Regulation NMS or the Plan, the order will be adjusted in the same manner as described above.

(9) Good-till-Cancelled. An Order with a Time-in-Force of Good-till-Cancelled in a Test Group Pilot Security will operate as described in Rule 3301B(a)(3) except as provided under this paragraph. An order in a Test Group Security with a Good-till-Cancelled Time-in-Force that is adjusted pursuant to Rule 3311(b) will be adjusted based on a $0.05 increment.

Commentary:

.01 The terms used in this Rule 4770 shall have the same meaning as provided in the Plan, unless otherwise specified.

.02 For purposes of the reporting requirement in Appendix B.II.(n), a Trading Center shall report "Y" to their DEA where it is relying upon the Retail Investor Order exception to Test Groups Two and Three, and "N" in all other instances.

.03 For purposes of Appendix B.I, the field "Affected by Limit-Up Limit-Down bands" shall be included. A Trading Center shall report a value of "Y" to their DEA when the ability of an order to execute has been affected by the Limit-Up Limit-Down (LULD) bands in effect at the time of order receipt. A Trading Center shall report a value of "N" to their DEA when the ability of an order to execute has not been affected by the LULD bands in effect at the time of order receipt. For purposes of Appendix B.I, the Participants shall classify all orders in Pilot and Pre-Pilot Securities that may trade in a foreign market as: (1) fully executed domestically or (2) fully or partially executed on a foreign market. For purposes of Appendix B.II, the Participants shall classify all orders in Pilot and Pre-Pilot Securities that may trade in a foreign market as: (1) directed to a domestic venue for execution; (2) may only be directed to a foreign venue for execution; or (3) fully or partially directed to a foreign venue at the discretion of the Member.

.04 (a) For purposes of Appendix B.I.a(14), B.I.a(15), B.I.a(21) and B.I.a(22), the time ranges shall be changed as follows:

(1) Appendix B.I.a(14A): The cumulative number of shares of orders executed from 100 microseconds to less than 1 millisecond after the time of order receipt;

(2) Appendix B.I.a(15): The cumulative number of shares of orders executed from 1millisecond to less than 100 milliseconds after the time of order receipt;

(3) Appendix B.I.a(21A): The cumulative number of shares of orders canceled from 100 microseconds to less than 1 millisecond after the time of order receipt; and

(4) Appendix B.I.a(22): The cumulative number of shares of orders canceled from 1 millisecond to less than 100 milliseconds after the time of order receipt.

(b) For purposes of Appendix B.I.a(21) through B.I.a(27), unexecuted Immediate or Cancel orders shall be categorized separately irrespective of the duration of time after order receipt.

.05 For purposes of Appendix B.I.a(31)-(33), the relevant measurement is the time of order receipt.

.06 For purposes of Appendix B, the following order types and numbers shall be included and assigned the following numbers: "not held" orders (18); clean cross orders (19);

auction orders (20); and orders that cannot otherwise be classified, including orders received when the NBBO is crossed (21); and limit order priced more than $0.10 away from the NBBO (22). For purposes of order types 12-14 in Appendix B, such order types shall include all orders and not solely "resting" orders.

.07 A Member shall not be deemed a Trading Center for purposes of Appendix B of the Plan where that Member only executes orders otherwise than on a national securities exchange for the purpose of: (i) correcting a bona fide error related to the execution of a customer order; (ii) purchases a security from a customer at a nominal price solely for purposes of liquidating the customer's position; or (iii) completing the fractional share portion of an order.

.08 A Trading Center shall begin the data collection required pursuant to Appendix B.I.a(1) through B.II.(y) of the Plan and Item I of Appendix C of the Plan on April 4, 2016. The requirement that the Exchange or their DEA provide information to the SEC within 30 days following month end pursuant to Appendix B and C of the Plan shall commence at the beginning of the Pilot Period. Notwithstanding the provisions of paragraphs (b)(2)(B), (b)(3)(C), and (b)(5) of this Rule, with respect to data for the Pre-Pilot and Pilot Period, the requirement that the Exchange or DEA make Appendix B data publicly available on the Exchange's or DEA's web site shall commence on August 31, 2017. Notwithstanding the provisions of paragraph (b)(4) of this Rule, the Exchange or DEA shall make Appendix C data for the Pre-Pilot Period through January 2017 publicly available on the Exchange or DEA's web site by February 28, 2017.

.09 For purposes of Appendix B.IV, the count of the number of Market Makers used in the calculation of share (trade) participation shall be added to each category. For purposes of Appendix B.IV(b) and (c), share participation and trade participation shall be calculated by using a total count instead of a share-weighted average or a trade-weighted average. For purposes of Appendix B, B.IV(d) (cross-quote share (trade) participation), (e) (inside-the-quote share (trade) participation), (f) (at-the-quote share (trade) participation), and (g) (outside-the-quote share (trade) participation), shall be calculated by reference to the National Best Bid or National Best Offer in effect immediately prior to the trade.

.10 For purposes of Item I of Appendix C, the Participants shall calculate daily Market Maker realized profitability statistics for each trading day on a daily last in, first out (LIFO) basis using reported trade price and shall include only trades executed on the subject trading day. The daily LIFO calculation shall not include any positions carried over from previous trading days. For purposes of Item I.c of Appendix C, the Participants shall calculate daily Market Maker unrealized profitability statistics for each trading day on an average price basis. Specifically, the Participants must calculate the volume weighted average price of the excess (deficit) of buy volume over sell volume for the

current trading day using reported trade price. The gain (loss) of the excess (deficit) of buy volume over sell volume shall be determined by using the volume weighted average price compared to the closing price of the security as reported by the primary listing exchange. In calculating unrealized trading profits, the Participant also shall report the number of excess (deficit) shares held by the Market Maker, the volume weighted average price of that excess (deficit), and the closing price of the security as reported by the primary listing exchange used in reporting unrealized profit.

.11 "Pre-Pilot Data Collection Securities" are the securities designated by the Participants for purposes of the data collection requirements described in Items I, II and IV of Appendix B and Item I of Appendix C of the Plan for the period beginning six months prior to the Pilot Period through thirty-one days prior to the Pilot Period. The Participants shall compile the list of Pre-Pilot Data Collection Securities by selecting all NMS stocks with a market capitalization of $5 billion or less, a Consolidated Average Daily Volume (CADV) of 2 million shares or less and a closing price of $1 per share or more. The market capitalization and the closing price thresholds shall be applied to the last day of the Pre- Pilot measurement period, and the CADV threshold shall be applied to the duration of the Pre-Pilot measurement period. The Pre-Pilot measurement period shall be the three calendar months ending on the day when the Pre-Pilot Data Collection Securities are selected. The Pre-Pilot Data Collection Securities shall be selected thirty days prior to the commencement of the six-month Pre-Pilot Period.

.12 This Rule shall be in effect during a pilot period to coincide with the pilot period for the Plan (including any extensions to the pilot period for the Plan).

.13 For purposes of qualifying for the Block Size exception under paragraph (c)(3)(D)(iii) of this Rule, the Order must have a size of 5,000 shares or more and the resulting execution upon entry must have a size of 5,000 shares or more in aggregate.

Rule 3400. Dealings on the Exchange—Securities

Rule 3400. Dealings on the Exchange—Securities

Only such securities as shall be admitted to dealings on an "issued,""when issued," or "when distributed" basis shall be dealt in on the Exchange.

Rule 3401. Bids and Offers—"When Issue"

Bids and offers in securities admitted to dealings on a "when issued" basis may be made only "when issued," i.e., for delivery when issued as determined by the Exchange.

Bids and offers—"when distributed"

Bids and offers in securities admitted to dealings on a "when distributed" basis may be made only "when distributed," i.e., for delivery when distributed as determined by the Exchange.

Rule 3402. Price of Execution Binding

The price at which an order is executed on the Exchange shall be binding, notwithstanding the fact that an erroneous report in respect thereto may have been rendered.

Rule 3403. Payment on Delivery—Collect on Delivery

(a) In all deliveries of securities other than securities deliverable pursuant to the rules of a registered clearing agency, the party delivering shall have the right to require the purchase money to be paid upon delivery; if delivery is made by transfer, payment may be required at the time and place of transfer.

(b) When both the member organization and its agent and the customer and its agent are participants in a securities depository, the facilities of a securities depository shall be used for the confirmation, acknowledgment and book entry settlement of all depository eligible payment on delivery transactions.

(b) Transactions that are settled outside the United States shall be exempt from the provisions of paragraph (b) of this Rule.

(c) For the purposes of this Rule, a "securities depository" shall mean a clearing agency as defined in Section 3(a)(23) of the Exchange Act, that is registered with the Securities and Exchange Commission pursuant to Section 17A(b)(2) of the Act.

(d) For the purposes of this Rule, "depository eligible transactions" shall mean transactions in those securities for which confirmation, acknowledgment and book entry settlement can be performed through the facilities of a securities depository as defined in subparagraph (c).

Rule 3404. Book-Entry Settlement

(a) Each member and member organization shall use the facilities of a securities depository for the book-entry settlement of all transactions in depository eligible securities with another member or member organization or a member of a national securities exchange or a registered securities association.

(b) Each member or member organization shall not effect a delivery-versus payment or receipt-versus-payment transaction in a depository eligible security with a customer unless the transaction is settled by book-entry using the facilities of a securities depository.

(c) For purposes of this Rule, the term "securities depository" shall mean a securities depository registered as a clearing agency under Section 17A of the Exchange Act.

(d) The term "depository eligible securities" shall mean securities that (i) are part of an issue (securities identified by a single CUSIP number) of securities that is eligible for deposit at a securities depository and (ii) with respect to a particular transaction, are eligible for book-entry transfer at the depository at the time of settlement of the transaction.

(e) This Rule shall not apply to transactions that are settled outside of the United States.

(f) The requirements of this Rule shall supersede any inconsistent requirements under other Exchange Rules.

(g) This Rule shall not apply to any transaction where the securities to be delivered in settlement of the transaction are not on deposit at a securities depository and:

(i) if the transaction is for same-day settlement, the deliverer cannot by reasonable efforts deposit the securities in a securities depository prior to the cut-off time established by the depository for same-day crediting of deposited securities, or

(ii) the deliverer is unable to deposit the securities in a depository prior to a cut-off date established by the depository for that issue of securities.

Rule 3405. Ex-dividend, Ex-rights

Transactions in stocks (except those made for "cash") shall be ex-dividend or ex-rights as the case may be on the first business day preceding the record date fixed by the corporation or the date of the closing of transfer books therefor. Should such record date or such closing of transfer books occur upon a day other than a business day, such transactions shall be ex-dividend or ex-rights on the second preceding business day.

Transactions in stocks made for "cash" shall be ex-dividend or ex-rights on the business day following said record date or date of closing of transfer books.

The Exchange may, however, in any particular case, direct otherwise.

Rule 3406. Ex-warrants

Transactions in securities which have subscription warrants attached (except those made for "cash") shall be ex-warrants on the first business day preceding the date of expiration of the warrants, except that when the date of expiration occurs on a day other than a business day, said transactions shall be ex-warrants on the second business day preceding said date of expiration.

Transactions in securities made for "cash" shall be ex-warrants on the business day following the date of expiration of the warrants.

The Exchange may, however, in any particular case, direct otherwise.

Rule 3407. Buyer Entitled to Dividend, etc.

Unless otherwise agreed, the buyer shall be entitled to receive all dividends, rights and privileges, except voting power, accruing upon securities purchased which sell ex-dividend or ex-rights during the pendency of the contract.

Rule 3408. Claims for Dividend, etc.

When the owner of a registered security claims dividends, rights, etc., from the party in whose name the security is registered, the registered holder thereof may require from the claimant presentation of the certificate or bond, a written statement that he was the holder of the security at the time of the closing of the books, a guarantee against any future demand for the same and the privilege to record on the certificate or bond evidence of the payment by cash or due-bill.

Rule 3409. Taking or Supplying Securities Named in Order

No member or member organization, who has accepted for execution, personally or through his member organization or a partner, officer or shareholder thereof, an order for the purchase of securities shall fill such order by selling such securities for any account in which he or his member organization or a partner, officer or shareholder thereof has a direct or indirect interest, or having so accepted an order for the sale of securities shall fill such order by buying such securities for such an account, except as follows:

Missing the market

(a) A member or member organization who neglects to execute an order may be compelled to take or supply for his own account or that of his member organization the securities named in the order;

"Crossing" for own account

(b) A member or member organization, acting for another member or member organization, may take the securities named in the order, provided (1) the price is justified by the condition of the market, and (2) the member or member organization who gave the order shall directly, or through a broker authorized to act for him, after prompt notification, accept the trade;

(c) A member or member organization, acting for another member or member organization, may supply the securities named in the order, provided (1) the price is

justified by the condition of the market and (2) the member or member organization who gave the order shall directly, or through a broker authorized to act for him, after prompt notification, accept the trade;

(d) A member or member organization, acting as a broker, is permitted to report to his principal a transaction as made with himself when he has orders from two principals to buy and to sell the same security and not to give up his principals;

(e) A Market Maker in accordance with its duty to provide an orderly market in the securities in which it is registered may purchase or sell for principal account, such securities named in its customer's order provided that:

(i) the price is consistent with the market;

(ii) full disclosure to its customer is made on the confirmation of the transaction in a manner that defines the interest of the Market Maker.

(f) A member or member organization may purchase or sell for principal account the securities named in his customer's order provided that:

(i) the price is consistent with the market;

(ii) full disclosure of the interest of the member or member organization is made to his customer on the confirmation of the transaction.

Rule 3410. Limitations on Members' Trading Because of Customers' Orders

(a) Except as provided in this Rule, no member or member organization shall cause the entry of an order to buy (sell) on the Exchange any security listed or traded on the Exchange for any account in which such member or member organization or any associated person thereof is directly or indirectly interested (a "proprietary order"), if the person responsible for the entry of such order has knowledge of any particular unexecuted customer order to buy (sell) such security which could be executed at the same price.

(b) A member or member organization may enter a proprietary order while representing a customer order which could be executed at the same price, provided the customer's order is not for the account of an individual investor, and the customer has given express permission, including an understanding of the relative price and size-of allocated-execution reports, under the following conditions:

(1) the member or member organization is liquidating a position held in a proprietary facilitation account, and the customer order is for 10,000 shares or more;

(2) the member or member organization is creating a bona fide hedge ("hedge") and (i) the creation of the hedge, whether through one or more transactions, occurs so close in time to the completion of the transaction precipitating such hedge that the hedge is clearly related; (ii) the size of the hedge is commensurate with the risk it offsets; (iii) the risk to be offset is the result of a position acquired in the course of facilitating a customer order; and (iv) the customer order is for 10,000 shares or more;

(3) the member or member organization is modifying an existing hedge and (i) the size of the hedge, as modified, remains commensurate with the risk it offsets; (ii) the hedge was created to offset a position acquired in the course of facilitating a customer order; and (iii) the customer order is for 10,000 shares or more; or

(4) the member or member organization is engaging in bona fide arbitrage or risk arbitrage transaction, and recording such transactions in an account used solely to record arbitrage transactions (an "arbitrage account").

(c) The provisions of this Rule shall not apply to:

(1) any purchase or sale of any security in an amount of less than the unit of trading made by an odd-lot dealer to offset odd-lot orders of customers;

(2) any purchase or sale of any security upon terms for delivery other than those specified in such unexecuted market or limited price order;

(3) transactions by a member or member organization acting in the capacity of a specialist or market maker in a security listed or traded on the Exchange otherwise than on the Exchange; and

(4) transactions made to correct bona fide errors.

(d) A member or member organization or employee thereof responsible for entering proprietary orders shall be presumed to have knowledge of a particular customer order unless the member organization has implemented a reasonable system of internal policies and procedures to prevent the misuse of information about customer orders by those responsible for entering such proprietary orders.

(e) This Rule shall apply to any agency or proprietary transaction effected on the Exchange if such transaction ("Exchange transaction") is part of a group of related transactions that together have the effects prohibited by this Rule regardless whether (i) one or more of the other related transactions were effected on other market centers; or (ii) the Exchange transaction by itself had such effects.

(f) For purposes of paragraph (b) above, the term "account of an individual investor" shall mean an account covered by Section 11(a)(1)(E) of the Exchange Act. For purposes of

paragraph (b)(1) above, the term "proprietary facilitation account" shall mean an account in which a member organization has a direct interest and which is used to record transactions whereby the member organization acquires positions in the course of facilitating customer orders. Only those positions which are recorded in a proprietary facilitation account may be liquidated as provided in paragraph (b)(1). For purposes of paragraph (b)(2) and (b)(4) above, the terms "bona fide hedge", "bona fide arbitrage" and "risk arbitrage" shall have the meaning ascribed to such terms in Securities Exchange Act Release No. 15533, January 29, 1979. All transactions effected pursuant to paragraph (b)(4) above must be recorded in an arbitrage account.

(g) For purposes of paragraph (b)(2) above, a hedge will be deemed to be "clearly related" if either the first or last transaction comprising the hedge is executed on the same trade date as the transaction that precipitates such hedge. A member shall mark all memoranda of orders to identify each transaction creating or modifying a hedge as permitted under this Rule.

Rule 3411. Successive Transactions by Members

No member, and no firm of which he is a partner, and no partner of such firm, shall execute or cause to be executed on the Exchange the purchase of any security at successively higher prices or the sale 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, or for the purpose of unduly or improperly influencing the market price of such security, or for the purpose of making a price which does not reflect the true state of the market in such security.

Rule 3412. Short Sales

PSX shall not effect a sell order or sale of any security unless such sell order is effected in compliance with Regulation SHO promulgated under the Exchange Act.

Rule 3413. Proper and Adequate Margin

(a) No member organization shall effect a transaction or accept or carry an account for a customer, whether a member or non-member of the Exchange, without proper and adequate margin in accordance with the Margin Rules set forth in Options 6C, Section 3 and Regulation T.

(b) A member organization must elect to be bound by the initial and maintenance margin requirements of either the Chicago Board Options Exchange ("CBOE") or New York Stock Exchange ("NYSE") as the same may be in effect and amended from time to time.

(1) Such election shall be promptly made in writing by a notice filed with the Exchange.

(2) Upon the filing of such election, a member organization shall be bound to comply with the margin rules of CBOE or NYSE, as applicable, as though said rules were part of the Exchange's Margin Rules.

(A) Upon the filing of such election, a member organization engaged in trading Treasury securities options on the Exchange shall, in respect of such trading, comply with the NYSE initial and maintenance margin rules or CBOE margin rules in Chapter XII (not CBOE Government security option margin rules in Chapter XXI). Provided, however, that short Treasury security options traded on the Exchange shall follow the margin percentage requirements for short equity options in NYSE margin rules or the margin percentage requirements for short equity options in CBOE Chapter XII; and provided that portfolio margin shall not be applicable to Treasury securities options.

(c) The margin requirement for any U.S. dollar-settled foreign currency put or call option listed and traded on the Exchange and issued by a registered clearing corporation shall be calculated as follows:

(1) The Exchange will review the five day price movements comparing the base currency against the underlying currency over the most recent three-year period for each foreign currency pair underlying options traded on the Exchange and will set margin levels which would have covered the price changes over the review period at least 97.5% of the time ("confidence level").

(2) Subsequent reviews of five day price changes over the most recent three year period will be performed quarterly on the 15th of January, April, July and October of each year.

(3) If the results of subsequent reviews show that the confidence level for any currency pair has fallen below 97%, the Exchange will increase the margin requirement for that currency up to a 98% confidence level. If the results show a confidence level between 97% and 97.5%, the currency pair will be monitored monthly until the confidence level exceeds 97.5% for two consecutive months. If the results of a monthly review show that the confidence level has fallen below 97%, the margin requirement will be increased to a 98% confidence level. If the results of any review show that the confidence level has exceeded 98.5%, the margin level would be reduced to a level which would provide a 98% confidence level.

(4) The Exchange will also review each currency pair for large price movements outside the margin level ("extreme outlier test"). If the results of any review show a price movement, either positive or negative, of greater than two times the current margin level, the margin requirement for that currency pair will be increased to a confidence level of 99%.

(d) The margin requirement for any Alpha Index put or call option listed and traded on the Exchange and issued by a registered clearing corporation shall be the same as the higher of the margin requirements applicable to options on the two individual components of the index.

Rule 3414. Prohibition on Free-Riding in Cash Accounts

No member organization shall permit a customer (other than a broker/dealer or a "designated account") 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 organization shall permit a customer to make a practice of selling securities with them in a cash account which are to be received against payment from another broker/dealer where such securities were purchased and are not yet paid for. A member organization transferring an account which is subject to a Regulation T 90-day freeze to another member organization shall inform the receiving member organization of such 90-day freeze.

The provisions of Section 220.8(c) of Regulation T of the Board of Governors of the Federal Reserve System dictate the prohibitions and exceptions against customers' free riding. Member organizations may apply to the Exchange in writing for waiver of a 90-day freeze not exempted by Regulation T.

Rule 3500. Financial Responsibility and Reporting

Rule 3500. Financial Responsibility and Reporting

(a) Financial Responsibility Standards.—Each member organization effecting securities transactions shall comply with the capital requirements set forth below:

(i) each member organization subject to SEC rule 15c3-1 shall at all times comply with said rule and the notification provisions of SEC Rule 17a-11;

(ii) each member organization exempt from SEC Rule 15c3-1 shall, at the time of its admission to the Exchange, have a minimum of $25,000 in net liquid assets;

(iii) each member organization or foreign currency options participant organization exempt from SEC Rule 15c3-1 and whose principal business is as a registered options trader on the Exchange, shall, subject to subparagraph (iv) below, at all times maintain a minimum of $25,000 in net liquid assets;

(iv) each member organization referred to in paragraph (iii) above shall at all times maintain positive net liquid assets and, in its clearing account(s), positive equity, provided that said organization has filed with the Exchange a letter of guarantee issued on

its behalf by a clearing member organization of this Exchange which is also a clearing member of The Options Clearing Corporation. In said letter the clearing member organization guarantees the financial responsibilities of said organization for all transactions and balances carried and cleared in the clearing account(s). Such letter of guarantee filed with the Exchange shall remain in effect until a written notice of revocation has been filed with the Exchange by the clearing member organization. A revocation shall in no way relieve a clearing member organization of responsibility for transactions guaranteed prior to the effective date of such revocation.

(v) a member organization shall promptly notify the Exchange if it ceases to be in compliance with the net capital requirements of SEC Rule 15c3-1 and/or the provisions of paragraphs (a)(iii) and (a)(iv) above.

(vi) Each member organization which maintains a joint back office ("JBO" arrangement with a clearing broker-dealer subject to the requirements of Regulation T Section 220.7 of the Federal Reserve System shall comply with the requirements below:

(A) Each JBO participant must be registered as a broker-dealer pursuant to Section 15 of the Exchange Act and subject to SEC Rule 15c3-1(b)(i).

(B) Each JBO participant must meet and maintain a minimum account equity requirements of $1,000,000 the carrying organization must issue a call for additional funds or securities which shall be obtained within five business days. If funds or securities sufficient to eliminate the deficiency are not received within five (5) business days, the carrying organization must margin the account in accordance with the requirements prescribed for a customer in Regulation T and Options 6C, Section 3.

(C) Each JBO participant must meet and maintain the ownership standards.

(D) Each JBO participant must employ or have access to a qualified Series 27 principal.

(vii) Every clearing member organization carrying JBO accounts in accordance with Regulation T, shall comply with Section 220.7 of the Federal Reserve Board.

(A) Each member organization that carries JBO accounts shall not allow its (i) tentative net to fall below $25 million or in the alternative its (ii) net capital $7 million for a period in excess of three (3) consecutive business days, provided that the broker-dealer has as its primary business the clearance of options market maker accounts and provided that at least 60% of the sum of the gross haircuts calculated for all options market makers and JBO participant accounts, without regard to related account equity or clearing firm net capital charges, is attributable to options market maker transactions. In addition, the firm operating pursuant to (ii) must include the gross deductions calculated for all JBO

participant accounts in the clearing firm's ratio of gross options market maker deductions to adjusted net capital in accordance with the provisions of SEC Rule 15c3-1.

(B) Each member organization which maintains JBO accounts shall require and maintain equity of $1,000,000 for each JBO participant, over all related accounts. If equity is below $1,000,000 the carrying organization must issue a call for additional funds or securities which shall be obtained within five business days. If funds or securities are sufficient to eliminate the deficiency are not received within five (5) business days, the carrying organization must margin the account in accordance with the requirements prescribed for a customer in Regulation T and Options 6C, Section 3.

(C) Each member organization which maintains JBO accounts shall adjust its net worth daily by deducting any deficiency between a JBO participant's account equity and the proprietary haircut calculated pursuant to SEC Rule 15c3-1 for the positions maintained in such account.

(D) Each member organization which maintains JBO accounts shall establish and maintain written ownership standards for JBO accounts.

(E) Each member organization which maintains JBO accounts must notify its Designated Examining Authority ("DEA"), in writing of its intention to carry such accounts.

If at any time a clearing member operating pursuant to paragraphs (vii)(A)(i) or (ii) above determines that its tentative net capital or that its net capital, respectively, has fallen below the applicable requirements, such clearing member shall immediately notify the Exchange of such deficiency by telegraphic or facsimile notice; and be subject to the prohibition against withdrawal of equity capital set forth in SEC Rule 15c3-1(e) and to the prohibitions against reduction, prepayment and repayment of subordination agreements set forth in paragraph (b)(1) of the SEC Rule 15c3-1d, as if such broker or dealers' net capital were below the minimum standards specified by each of these paragraphs.

(F) Each member organization which maintains JBO accounts must develop risk analysis standards which are acceptable to the Exchange.

(viii) a member organization shall promptly notify the Exchange if it ceases to be in compliance with the net capital requirements of SEC Rule 15c3-1 and/or the provisions of paragraphs (a)(iii) and (a)(iv) above.

(b) Computation of Net Liquid Assets.—Each member organization subject to this Rule shall compute net liquid assets in accordance with the following.

(i) Net Liquid Assets shall mean Total Assets less Total Liabilities less Non-Allowable Assets plus Exchange-approved Subordinated Liabilities less 2/3 of the value, as defined

below. Unless provided otherwise in this rule, assets, liabilities and net worth shall be computed in accordance with generally accepted accounting principles.

(ii) Assets and Non-Allowable Assets shall have the same meaning as set forth in SEC Rule 15c3-1 except as stated in paragraph (b)(i) above;

(iii) Exchange-approved Subordinated Liabilities shall have the same meaning as those liabilities subject to Appendix D to SEC Rule 15c3-1 and shall be executed and maintained in the same manner as defined in said Rule and SEC Rule 17a-11.

(c) Reporting and Recordkeeping.—Member organizations shall make the following reports of their compliance with their pertinent financial responsibility rules:

(i) Organizations designated to the Exchange for financial responsibility pursuant to SEC Rule 17d-1 and subject to SEC Rules 15c3-1 and 17a-5 shall file those periodic and annual reports and annual certified audited statements as prescribed by SEC Rule 17a-5.

(ii) Each organization designated to the Exchange for financial responsibility pursuant to SEC Rule 17d-1 and acting as a Market Maker and/or option specialist shall, on forms prescribed by the Exchange, file the following reports with the Exchange or its designee:

(A) As of the last business day of each month, a statement of assets, liabilities, net worth and a computation of net capital;

(B) As of the last business day of each calendar quarter, in addition to the information required by subparagraph (c)(ii)(A), a statement of profit or loss for said calendar quarter and, where applicable, changes in retained earnings, partnership capital and subordinated liabilities; and

(C) As of the last business day of each calendar year, in addition to the information required by subparagraph (c)(ii)(A), a statement of profit or loss for said year and where applicable, changes in retained earnings, partnership capital and subordinated liabilities and any other supplemental schedule(s) as may be required by the SEC.

(iii) Each organization designated to the Exchange for financial responsibility pursuant to SEC Rule 17d-1, exempt from SEC Rule 15c3-1 and maintaining net liquid assets in accordance with subparagraph (a)(iii), shall, on forms prescribed by the Exchange, file those reports prescribed in subparagraph (c)(ii)(A), (B), and (C).

(iv) Each organization designated to the Exchange for financial responsibility pursuant to SEC Rule 17d-1, exempt from SEC Rule 15c3-1 and maintaining net liquid assets in accordance with Rule 703(a)(iv), shall file only those reports prescribed in Rule subparagraph (c)(ii)(C) as well as those reports prescribed in subparagraph (c)(iv)(A).

(A) As of the last business day of the first half of each calendar year, in addition to the information required by subparagraph (c)(ii)(A), a statement of profit or loss for said first half, and where applicable, changes in retained earnings, partnership capital and subordinated liabilities.

(v) Each organization designated to the Exchange for financial responsibility pursuant to SEC Rule 17d-1 and acting as a broker on the Exchange shall, on forms prescribed by the Exchange, file those reports described in subparagraph (c)(ii)(A), (B), and (C).

(vi) Each member organization whose principal business is acting as a broker on PSX, who is not self-clearing and for which the Exchange is the DEA must establish and maintain an account with a clearing firm for the sole purposes of carrying positions resulting from errors made in the course of its brokerage business. Such an account for options transactions must be maintained with an entity which is also a clearing member of The Options Clearing Corporation. A broker on PSX, prior to effecting any transactions, must file with the Exchange a letter from its clearing member organization stating that this account has been established and that the clearing member organization guarantees the financial responsibilities of the broker on PSX with respect to all orders entrusted on PSX with such broker on PSX as well as all transactions and balances carried within the account. This letter shall remain in effect until the Exchange receives written notice from the clearing member organization of its intent to no longer clear or carry transactions for such broker on PSX. Written notice received at least one-half hour before the normal opening of trading shall take effect on the day of receipt; written notice received less than one-half hour before the opening of trading shall take effect on the opening of the business day following Exchange receipt.

(d) The Exchange may at any time or from time to time with respect to a particular member organization, prescribe more frequent filing of reports or greater net liquid asset requirements than those prescribed under this Rule, including more stringent treatment of items in computing net liquid assets.

(e) Due Dates; Fees for Late Filing.—Each financial report required by paragraph (c) shall be filed with the Exchange within seventeen business days after the conclusion of the reporting period. Reports shall be deemed to have been filed on the date which they have been postmarked; if such reports have not been postmarked, they shall be deemed to have been filed when received by the Exchange. A request for an extension of time to file any such report must be received by the Exchange no later than the business day before the due date for the required report. Unless such an extension has been granted, a member organization shall pay a late fee as set forth below for each week or any part thereof that the report has not been filed.

(i) $100 per week for the first late filing in a twelve-month period;

(ii) $300 per week for the second late filing during a twelve-month period; and

(iii) $1,000 per week for the third late filing, and subsequent late filings, during a twelvemonth period.

The twelve-month period is calculated based on report due dates. Delinquencies will be calculated based on a running twelve-month period.

(f) Filings with The Exchange.—All letters, reports, extension requests and other items required to be filed with the Exchange by any provision of this Rule shall be filed with the Exchange or its designee.

(g) JBO participants shall not be considered self-clearing for any purpose other than the extension of credit under Options 6C, Section 3 or under the comparable rules of another self-regulatory organization.

(h) Organizations designated to the Exchange for financial responsibility pursuant to SEC Rule 17d-1 and subject to SEC Rules 15c3-1 and 17a-5 or exempt from SEC Rule 15c3-1 and maintaining net liquid assets in accordance with paragraph (a), must file electronically with the Exchange or its designee, utilizing such method as required by the Exchange, FOCUS Reports and filings required by SEC Rule 17a-5(a) and (b) and paragraphs 703(c), (d) and (f). Exchange members are still obligated to submit such filings to the Securities and Exchange Commission as specified in the Exchange Act ("Act"), as amended, and the rules promulgated under the Act.

Rule 3501. Independent Audit

Each member organization doing any business with the public shall at least once each calendar year cause to be made an audit of its affairs, conducted in accordance with applicable audit requirements of the Securities and Exchange Commission and such other requirements as deemed appropriate by the Exchange, by independent public accountants and shall have such accountants prepare an answer to the financial questionnaire of the Exchange based upon such audit.

Pursuant to Rule 17a-5(d), promulgated under the Exchange Act, all broker-dealers are required to file annually audited financial statements ("Annual Audits") with their Designated Examining Authority and the SEC, no more than 60 days after the date of the year end financial statements. A member organization unable to meet the filing deadline for its Annual Audit as a result of exceptional circumstances may request an extension of time, in writing, prior to the filing due date. Annual Audits not received by the Exchange by the due date, or revised due date if an extension has been granted, will be subject to a late fee as set forth below for each week or any part thereof that the Annual Audit has not

been filed, as calculated based on the due date or revised due date for filing the Annual Audit. (Implemented on a running three-year basis.)

(i) $100 per week for the first late filing in a three-year period.

(ii) $300 per week for the second late filing in a three-year period.

(iii) $1,000 per week for the third late filing in a three-year period.

••• Supplementary Material: ----------

The Exchange has adopted the following directive:

Annual audit

While the new rule eliminates the requirement for a surprise audit it is still required that an audit be conducted. The annual audit may be done on a surprise basis but the rule also allows for the audit to be conducted on a calendar year basis, fiscal year basis or any other regular basis approved by the Exchange.

The agreement between the member organization and the accountant, required to be filed with the Membership Department under directive of the Exchange, shall read substantially as follows, although additional provisions, not inconsistent with the following, may also be included in the agreement:

••• Supplementary Material: ----------

SAMPLE COPY

(Not for filing)

To be typed on Accountants Letterhead

(Name of Member Organization)

Gentlemen:

You have selected us (me) to make an audit of your affairs and to prepare an answer to the financial questionnaire required to be filed with Nasdaq PHLX LLC based upon such audit.

We (I) Agree

(1) To make an audit of the affairs of your firm in accordance with the audit regulations of the Securities and Exchange Commission and Nasdaq PHLX LLC. Such audit shall be conducted as of, 20. In the event the audit is to be conducted on a "surprise" basis, do not fill in date called for above and state that "the audit will be made without prior notice to your firm."

(2) to notify promptly the Membership Department that the audit has been commenced;

(3) to prepare an answer to the financial questionnaire required to be filed with the Membership Department, based upon such audit;

(4) to submit to the Membership Department a copy of such answer accompanied by an attestation, in the prescribed form, signed by the general partners (officers) of the member firm (corporation) and ourselves (myself);

(5) to submit to the Membership Department a copy of our (my) report in accordance with the special instructions which appear in the financial questionnaire.

Yours very truly,

Signature of Independent

Public Accountant

Rule 3502. Automated Submission of Trading Data

A member or member organization shall submit such of the following trade data elements specified below in such automated format as may be prescribed by the Exchange from time to time, in regard to such transaction or transactions as may be subject of a particular request for information made by the Exchange:

(a) If the transaction was a proprietary transaction effected or caused to be effected by the member or member organization for any account in which such member or member organization, or any member, allied member, approved person, partner, officer, director, or employee thereof, is directly or indirectly interested, such member or member organization shall submit or cause to be submitted the following information:

(1) Clearing house number, or alpha symbol as used by the member or the member organization submitting the data;

(2) Clearing house number(s), or alpha symbol(s) as may be used from time to time, of the member(s) or member organization(s) on the opposite side of the transaction;

(3) Identifying symbol assigned to the security;

(4) Date transaction was executed;

(5) Number of shares, or quantity of bonds or options contracts for each specific transaction and whether each transaction was a purchase, sale, short sale, and if an options contract whether open long or short or close long or short;

(6) Transaction price;

(7) Account number; and

(8) Market center where transaction was executed.

(b) If the transaction was effected or caused to be effected by the member or member organization for any customer account, such member organization shall submit or cause to be submitted the following information:

(1) Data elements (1) through (8) as contained in paragraph (a) above; and

(2) Customer name, address(es), branch office number, registered representative number, whether order was solicited or unsolicited, date account opened and employer name and the tax identification number(s).

(3) If transaction was effected from a member broker-dealer customer, whether the broker-dealer was acting as principal or agent on the transaction or transactions that are the subject of the Exchange's request.

(c) In addition to the above trade data elements, a member or member organization shall submit such other information in such automated format as may be prescribed by the Exchange, as may from time to time be required.

(d) The Exchange may grant exceptions, in such cases and for such time periods as it deems appropriate, from the requirement that the data elements prescribed in paragraphs (a) and (b) above be submitted to the Exchange in an automated format.

Rule 3503. Conduct Inconsistent with Just and Equitable Principles of Trade

(a) A member, member organization, or person associated with or employed by a member or member organization shall not engage in conduct inconsistent with just and equitable principles of trade.

(b) Without limiting the generality of this Rule, it is conduct inconsistent with just and equitable principles of trade for any member, member organization, or person associated with or employed by a member or member organization to engage, directly, or indirectly, in any conduct that threatens, harasses, intimidates, constitutes a "refusal to deal," or

retaliates against any member, member organization, person associated with or employed by a member or member organization, or other market participant because such member, member organization, person associated with or employed by a member or member organization, or other market participant has: (i) made a proposal to any exchange or other market to list or trade any option class; (ii) advocated or proposed to list or trade an option class on any exchange or other market; (iii) commenced making a market in or trading any option class on any exchange or other market; (iv) sought to increase the capacity of any options exchange or the options industry to disseminate quote or trade data; (v) sought to introduce new option products; or (vi) acted, or sought to act, competitively.

(c) Without limiting the generality of this Rule, it is conduct inconsistent with just and equitable principles of trade for any member, member organization, or person associated with or employed by a member or member organization to engage in conduct that has the intent or effect of unbundling equity securities orders for execution for the primary purpose of maximizing a monetary or in-kind amount received by the member, member organization, or person associated with or employed by a member or member organization as a result of the execution of such equity securities orders. For purposes of this section, "monetary or in-kind amounts" shall be defined to include commissions, gratuities, payments for or rebate of fees resulting from the entry of such equity securities orders, or any similar payments of value to the member, member organization, or person associated with or employed by a member or member organization.

Rule 3504. Acts Detrimental to the Interest or Welfare of the Exchange

A member, member organization, or person associated with or employed by a member or member organization shall not engage in acts detrimental to the interest or welfare of the Exchange.

Supplementary Material

.01 Acts which could be deemed detrimental to the interest or welfare of the Exchange include, but are not limited to, the following:

(a) conviction or guilty plea to any felony charge or any securities or fraud-related criminal misconduct;

(b) use or attempted use of unauthorized assistance while taking any securities industry or Exchange-related qualification examination;

(c) failure to make a good faith effort to pay any fees, dues, fines or other monies due and owing to the Exchange;

(d) destruction or misappropriation of Exchange or member property;

Rule 3505. Restrictions on Pledge of Customers' Securities

(a) No agreement between a member organization and a customer authorizing the member organization to pledge securities carried for the account of the customer either alone or with other securities, either for the amount due thereon or for a greater amount, or to lend such securities, shall justify the member organization in pledging or lending more of such securities than is fair and reasonable in view of the indebtedness of said customer to said member organization, except as provided in paragraph (d) of this Rule.

Agreements for use of customers' securities

(b) No member organization shall lend, either to itself as broker or to others, securities held on margin for a customer and which may be pledged or loaned under paragraph (a) hereof, unless such member organization shall first have obtained a separate written authorization from such customer permitting the lending of such securities by such member organization.

Restrictions on delivery of customers' securities

(c) No general agreement between a member organization and a customer shall justify the member organization in delivering securities carried for the customer on sales made by the member organization for any account in which such member organization or any partner thereof or stockholder therein is directly or indirectly interested.

Free or excess margin securities

(d) No securities held by a member organization for the account of a customer, whether free or representing excess margin, may be loaned to itself as broker, or to others, or delivered on sales made by the member organization for any account in which the organization or any partner or stockholder has a direct or indirect interest unless a specific written agreement designating the particular securities to be loaned is first obtained from the customer.

 Rule 3506. Anti-Money Laundering Compliance Program

Each member and member organization for which the Exchange is the Designated Examining Authority, shall develop and implement a written anti-money laundering program reasonably designed to achieve and monitor the member's 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 representative of its senior management staff. The anti-money laundering programs required by this Rule shall include, at a minimum a requirement to:

(1) Establish and implement policies, procedures and controls 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, procedures 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 member personnel or by a qualified outside party;

(4) Designate an individual or individuals responsible for implementing and monitoring the day-to-day operations and controls of the program; and

(5) Provide ongoing training for appropriate personnel; and

(6) Include appropriate risk-based procedures for conducting ongoing customer due diligence, to include, but not be limited to:

(A) understanding the nature and purpose of customer relationships for the purpose of developing a customer risk profile; and

(B) conducting ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information. For purposes of this subparagraph (a)(6), customer information shall include information regarding the beneficial owners of legal entity customers (as defined in 31 CFR 1010.230(e)).

Rule 3507. Telemarketing

(a) No member or person associated with a member shall:

(1) make outbound telephone calls to the residence of any person for the purpose of soliciting the purchase of securities or related services at any time other than between 8:00 a.m. and 9:00 p.m. local time at the called person's location, without the prior consent of the person; or

(2) make an outbound telephone call to any person for the purpose of soliciting the purchase of securities or related services without disclosing promptly and in a clear and conspicuous manner to the called person the following information:

(i) the identity of the caller and the firm; and

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

(iii) that the purpose of the call is to solicit the purchase of securities or related services.

(3) The prohibitions of paragraphs (1) and (2) shall not apply to telephone calls by any person associated with a member organization or another associated person acting at the direction of such person for the purpose of maintaining and servicing the accounts of existing customers of the member organization under the control of or assigned to such associated person:

(i) to an existing customer who, within the preceding twelve months, has affected a securities transaction in, or made a deposit of funds or securities into, an account that, at the time of the transaction or the deposit, was under the control of or assigned to, such associated person:

(ii) to an existing customer who previously has effected a securities transaction in, or made a deposit of funds or securities into, an account that, at the time of the transaction or deposit, was under the control of or assigned to such associated person, provided that such customer's account has earned interest or dividend income during the preceding twelve months, or

(iii) to a broker or dealer.

For the purposes of paragraph (3), the term "existing customer" means a customer for whom the member organization, or a clearing member broker or dealer on behalf of such member organization, carries an account. The scope of this rule is limited to the telemarketing calls described herein; the terms of this rule shall not otherwise expressly or by implication impose on members any additional requirements with respect to the relationship between a member and a customer or between a person associated with a member organization and a customer.

(b) Each member organization shall make and maintain a centralized do-not-call list of persons who do not wish to receive telephone solicitations from such member organization or its associated persons.

(c) No member organization or person associated with such member organization shall obtain from a customer or submit for payment a check, draft or other form of negotiable paper drawn on a customer's checking, savings, share, or similar account, without that person's express written authorization, which may include the customer's signature on the negotiable instrument. Such written authorization shall be preserved by the member organization for a period of not less than three years. This provision shall not, however, require maintenance of copies of negotiable instruments signed by customers.

Rule 3600. Regulatory Services Agreements

Rule 3600. Regulatory Services Agreements

The Board may authorize any officer, on behalf of the Exchange, subject to the approval

of the Board, to enter into one or more agreements with another self-regulatory organization to provide regulatory services to the Exchange to assist the Exchange in discharging its obligations under Section 6 and Section 19(g) of the Exchange Act. Any action taken by another self-regulatory organization, 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 self-regulatory organization 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 7400A. ORDER AUDIT TRAIL SYSTEM

Rule 7410A. Definitions

For purposes of the Rule 7400A Series:

(a) Terms shall have the same meaning as those defined in the Exchange By-Laws and rules, unless otherwise specified.

(b) "Bunched Order" shall mean two or more orders that are aggregated prior to execution.

(c) "Customer" shall mean a person other than a broker or dealer.

(d) "Nasdaq PSX" or "PSX" shall mean the service provided by the Exchange that provides for the automated execution and reporting of transactions in securities.

(e) "Electronic Communication Network" shall mean any electronic system that widely disseminates to third parties orders entered therein by an exchange market maker or over-the-counter market maker, and permits such orders to be executed in whole or in part, and as further defined in rule 600 of SEC Regulation NMS.

(f) "Electronic Order" shall mean an order captured by a member organization in an electronic order-routing or execution system.

(g) "Index Arbitrage Trade" shall have the same meaning as the term "Index Arbitrage" in New York Stock Exchange Rule 7410.

(h) "Intermarket sweep order" shall have the same meaning as contained in Rule 600 of SEC Regulation NMS.

(i) "Manual Order" shall mean an order that is captured by a member organization other than in an electronic order-routing or execution system.

(j) "Order" shall mean any oral, written, or electronic instruction to effect a transaction in an equity security listed on the Exchange or The Nasdaq Stock Market that is received by a member organization from another person for handling or execution, or that is originated by a department of a member organization for execution by the same or another broker or dealer that is a FINRA member or an Exchange member organization, other than any such instruction to effect (1) a proprietary transaction originated by a trading desk in the ordinary course of a member organization's market making activities in an Exchange- or Nasdaq-listed equity security or (2) effect a bona fide hedge transaction involving an Exchange- or Nasdaq-listed equity security originated by a trading desk in the ordinary course of the member organization's options market making activities.

(k) "Order Audit Trail System" shall mean the automated system owned and operated by FINRA that is designed to capture order information in equity securities listed on the Exchange and The Nasdaq Stock Market reported by member organizations for integration with trade and quotation information to provide FINRA with an accurate time sequenced record of orders and transactions.

(l) "Program Trade" shall have the same meaning as the term "Program Trading" in New York Stock Exchange Rule 7410.

(m) "Reporting Agent" shall mean a third party that enters into any agreement with a member organization pursuant to which the Reporting Agent agrees to fulfill such member organization's obligations under Rule 7450A.

(n) "Reporting Member Organization" shall mean a member organization that receives or originates an order and has an obligation to record and report information under Rules 7440A and 7450A. A member organization shall not be considered a Reporting Member Organization in connection with an order, if the following conditions are met:

   (1) the member organization engages in a non-discretionary order routing process, pursuant to which it immediately routes, by electronic or other means, all of its orders to:

      (A) a single receiving Reporting Member Organization; or

      (B) two receiving Reporting Member Organizations, provided:

         (i) orders are routed by the member to each receiving Reporting Member Organization on a predetermined schedule approved by FINRA; and

         (ii) orders are routed to two receiving Reporting Member Organizations pursuant to the schedule for a time period not to exceed one year; and

   (2) the member organization does not direct and does not maintain control over subsequent routing or execution by the receiving Reporting Member Organization;

(3) the receiving Reporting Member Organization records and reports all information required under Rules 7440A and 7450A with respect to the order; and

(4) the member organization has a written agreement with the receiving Reporting Member Organization specifying the respective functions and responsibilities of each party to effect full compliance with the requirements of Rules 7440A and 7450A.

(o) "Proprietary Trading Firm" shall mean an Exchange member organization that trades its own capital and that does not have "customers," as that term is defined in paragraph (c) of this Rule, and that is not a FINRA member. The funds used by a Proprietary Trading firm must be exclusively firm funds and all trading must be in the firm's accounts. Traders must be owners of, employees of, or contractors to the firm.

Rule 7420A. Applicability

(a) Unless otherwise indicated, the requirements of the Rule 7400A Series are in addition to the requirements contained elsewhere in the Rules of the Exchange.

(b) Unless otherwise indicated, the requirements of the Rule 7400A Series shall apply to all Exchange member organizations and to their associated persons.

(c) Unless otherwise indicated, the requirements of the Rule 7400A Series shall apply to all executed or unexecuted orders for equity securities listed on the Exchange or on The Nasdaq Stock Market.

Rule 7430A. Synchronization of Member Organization Business Clocks

(a) Exchange member organizations shall comply with FINRA Rule 4590 as if such Rule were part of the Exchange's rules.

(b) For purposes of this Rule, references to "the FINRA By-Laws or other FINRA rules" shall be construed as references to "the Exchange Rules".

Rule 7440A. Recording of Order Information

(a) With respect to orders for securities listed on Nasdaq, Exchange member organizations and persons associated with a member organization shall comply with FINRA Rule 7440 as if such Rule were part of the Rules of the Exchange. The Exchange and FINRA are parties to the FINRA Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under Rule 7440A are being performed by FINRA on behalf of the Exchange.

(b) With respect to orders for securities listed on the Exchange, Exchange members and persons associated with a member shall comply with FINRA Rule 7440 as if such Rule

applied to orders for securities listed on the Exchange and such Rule were part of the
Rules of the Exchange.

(c) For purposes of this Rule:

  (1) references to FINRA Rules 7420 through 7460 shall be construed as references to
      Rules 7420A through 7460A;

  (2) references to FINRA Rules 5320, 7440, and 7450 shall be construed as references
      to Rules 765, 7440A, and 7450A, respectively.

(d) Exchange member organizations shall assign and enter a unique order identifier, in
the form prescribed by the Exchange, to all orders that are electronically transmitted to
PSX. An order identifier shall not be required for orders that are manually transmitted.

Rule 7450A. Order Data Transmission Requirements

(a)

Except as provided in paragraph (b), with respect to orders for securities listed on The
Nasdaq Stock Market, Exchange member organizations and persons associated with a
member organization shall comply with FINRA Rule 7450 as if such Rule were part of
the Rules of the Exchange. The Exchange and FINRA are parties to the FINRA
Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on
behalf of the Exchange. In addition, functions performed by FINRA, FINRA
departments, and FINRA staff under Exchange Rule 7450A are being performed by
FINRA on behalf of the Exchange.

(b)

Proprietary Trading Firms and their associated persons shall be required to comply with
FINRA Rule 7450 as if such Rule were part of the Exchange's rules only when they
receive a request from the Exchange's Regulation Department to submit order
information with respect to specific time periods identified in such request. Nothing in
this Rule shall be construed to limit the obligations of Proprietary Trading Firms and their
associated persons under any other Rule of the 7400A Series, including but not limited to,
Rule 7440A.

(c)

With respect to orders for securities listed on the Exchange, Exchange member
organizations and their associated persons shall be required to comply with FINRA Rule
7450 as if such Rule applied to orders for securities listed on the Exchange and such Rule
were part of the Rules of the Exchange, but only when they receive a request from the
Exchange's Regulation Department to submit order information with respect to specific
time periods identified in such request. Nothing in this Rule shall be construed to limit

the obligations of Exchange member organizations and their associated persons under any other Rule of the 7400A Series, including but not limited to, Rule 7440A.

(d) For purposes of this Rule, references to Rule 7440 shall be construed as references to Rule 7440A.

Rule 7460A. Violation of Order Audit Trail System Rules

Failure of a member organization or person associated with a member organization to comply with any of the requirements of Rule 7410A through Rule 7460A may be considered conduct that is inconsistent with high standards of commercial honor and just and equitable principles of trade, in violation of Rule 707.

Rule 7470A. Reserved

Equity Minor Rule Violations

General 7–Failure to comply with the Consolidated Audit Trail Compliance Rule requirements (fines up to $2,500).

A. MISCELLANEOUS
A-1 Record of Orders on PSX

Member organizations which act as brokers on PSX shall make and maintain the memorandum described in rule 17a-3(a)(6) and Rule 17a-4(b)(1) for all orders and partial orders that they enter on PSX in which they act as brokers.

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

1st Occurrence	$100.00
2nd Occurrence	$250.00
3rd Occurrence	$500.00
4th and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

A-2 Failure to Comply with an Exchange Inquiry

Each member, member organization, or associated person is required to promptly comply with any request of information made by the Exchange in connection with any regulatory inquiry, investigation or examination relating to the Exchange's disciplinary jurisdiction or regulatory obligations.

For the purposes of this Advice, information received within ten business days from the date of the original request shall be deemed to meet the requirement of prompt compliance, except, for purposes of Exchange requests, information received within two

business days from the date of the original request shall be deemed to meet the requirement of prompt compliance.

The Exchange may under extenuating circumstances grant extensions to allow for responses beyond the allotted requirement. Requests for extensions must be submitted in writing to the appropriate department prior to the due date of the outstanding request. Each additional request for information not furnished within the allotted time periods may be considered a separate occurrence for purposes of the fine schedule below.

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

1st Occurrence	$200.00
2nd Occurrence	$1,000.00
3rd Occurrence	$2,500.00
4th and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

A-3 Supervisory Procedures Relating to ITSFEA

(a) Member organizations must maintain written supervisory procedures as required by the Insider Trading and Securities Fraud Enforcement Act of 1988 (ITSFEA). Such procedures must be reasonably designed to prevent the misuse of material, non-public information by employees.

(b) In addition to the requirements under ITSFEA, the Exchange herein institutes basic minimum standards for incorporation into ITSFEA-related written supervisory procedures for all member organizations. The requirements enumerated below must be included and, together with all related additional written supervisory procedures maintained in accordance with paragraph (a) above, must receive approval by the Exchange. These requirements are not intended to supersede, or be presumed to fulfill, the requirements of ITSFEA. These requirements are instead set forth as separate requirements of the Exchange.

In the instance where written a member organization is subject to written supervisory procedures relating to ITSFEA imposed by another self regulatory organization which is it designated examining authority ("DEA"), the Exchange requirements set forth in paragraph (b) of this Advice will not apply.

1.) Each new employee of the organization shall be furnished with a copy of the most current version of the Exchange's "Notice of Insider Trading" (Notice), or a document substantially similar to the Notice approved by the DEA for use in this connection. Within ten business days from the first date of employment with the Unit, each new employee must sign and return the Notice to the employer. By his signature on the Notice, the employee attests to having carefully read the Notice and agrees to appropriately supply the employer firm with all trading accounts for which such person

maintains a beneficial interest, including all personal and household accounts of the employee. Also, by his signature on the Notice, each new employee ensures that delivery of all related account statements will be made directly from the firm(s) maintaining the account to the employer.

2.) Each organization must complete the Exchange's "ITSFEA Accounts List," comprising all accounts submitted in connection with paragraph (1) above and all proprietary accounts of the Unit. Updates to the list must be made within one month of any change and each completed version of the list must be maintained for no less than three years by the organization.

3.) Each month a supervisory person of the organization is required to make a reasonable review of all activities from the account statements of those accounts reflected on the ITSFEA Accounts List with a view toward identifying the possible misuse of material non-public information. A report must be made promptly to the Exchange's Regulatory staff in the event that any such unusual profits are so identified.

For purposes of paragraph (b) of this Advice, an employee shall include every person who is compensated directly or indirectly by the member organization for the solicitation or handling of business in securities, including trading securities for the account of the member organization, whether such securities are those dealt in on the Exchange or those dealt over-the-counter.

Failure to properly maintain the ITSFEA Accounts List, or to conduct related reviews required by this Advice, may result in the issuance of fines in accordance with the schedule below.

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

1st Occurrence	$250.00
2nd Occurrence	$500.00
3rd and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

A-4 Fingerprinting Personnel

Member organizations are required to comply with Section 17(f) of the Securities Exchange Act of 1934 respecting the fingerprinting of required employees. Applicants for a permit must also be fingerprinted. Such fingerprints must be submitted to FINRA for identification and appropriate processing prior to any employee performing the functions listed in SEC rule 17f-2.

FINE SCHEDULE

1st Occurrence	$50.00
2nd Occurrence	$100.00
3rd Occurrence	$250.00
4th and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

A-6 Failure to Provide Notification of Changes in Business Operations

Any member organization for which the Exchange is the Designated Examining Authority ("DEA") shall provide prior written notification to the Exchange or its designee of any change in the business operations of such member organization which would cause the member organization to be subject to additional or modified net capital requirements, examination schedules or other registration, examination or regulatory requirements.

For the purposes of this Advice, the appropriate time frame for notification is at least 10 business days prior to the change in business operations.

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

1st Occurrence	$250.00
2nd Occurrence	$500.00
3rd Occurrence	$1,000.00
4th and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

A-7 Failure to Timely Submit Amendments to Form U4, Form U5 and Form BD

Any member organization that is required to file Form U4, Form U5 or Form BD pursuant to Exchange Rules or the Securities Exchange Act of 1934 and the rules promulgated thereunder, is required to amend the applicable Form U4, Form U5 or Form BD to keep such forms current at all times. Member organizations shall amend Form U4, Form U5 or Form BD not later than thirty (30) days after the filer knew or should have known of the facts which gave rise to the need for the amendment.

FINE SCHEDULE (Implemented on a running 12 month period)

1st Occurrence	$500.00
2nd Occurrence	$1,000.00
3rd Occurrence	$2,000.00
4th and Thereafter	Sanction is discretionary with Phlx Regulation Department or Department of Enforcement

E. STAFFING

F. MISCELLANEOUS

F-1 Deleted

F-9 Deleted

F-27 Deleted

F-31 Deleted

S. PRE-OPENING PROCEDURES

RULE 60 REGULATIONS

Regulation 1 Deleted

Regulation 2 Deleted

Regulation 3 Deleted

Regulation 4 Deleted

Regulation 5 Deleted

Regulation 6 Deleted

Regulation 7 Deleted]

* * * * *