# LONG-TERM STOCK EXCHANGE RULE BOOK

**Through December 12, 2025**

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# CHAPTER 1. ADOPTION, INTERPRETATION AND APPLICATION OF LTSE RULES, AND DEFINITIONS

## Rule Series 1.100. General Provisions

### Rule 1.110. Adoption of LTSE Rules

The following LTSE Rules are adopted pursuant to Article III, Section 3.1 and Article X, Section 10.1 of the Bylaws of the Exchange.

### Rule 1.120. Effective Date

All LTSE Rules shall be effective when approved by the Commission in accordance with the Act and the rules and regulations thereunder, except for those Rules that are effective upon filing with the Commission, and except as otherwise specified by the Exchange in individual Rule filings or these Rules.

### Rule 1.130. Interpretation

LTSE Rules shall be interpreted in such a manner as to comply with the rules and requirements of the Act and to effectuate the purposes and business of the Exchange, as well as to require that all practices by the Exchange be just, reasonable, and not unfairly discriminatory.

### Rule 1.140. Reserved

### Rule 1.150. Applicability

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

b) A Member or person associated with a Member, who has been expelled, canceled, or revoked from membership or from registration with the Exchange, or who has been barred from being associated with all Members, shall cease to have any privileges of Exchange membership or registration. A Member or person associated with a Member who has been suspended from Exchange membership or registration shall also cease to have any privileges of membership or registration other than those under the Code of Procedure as set forth in Chapter 9 of the LTSE Rules. In neither case shall such a Member or person associated with a Member be entitled to recover any admission fees, dues, assessments or other charges paid to the Exchange.

c) A Member or person associated with a Member who has been suspended from Exchange membership or registration shall be considered a non-Member during the period of suspension for purposes of applying the provisions of these Rules, which govern dealings between both Members and non-Members. In this regard, such non-Member shall retain all of the obligations imposed on a Member or person associated with a Member by the Rules of the Exchange.

**Rule 1.160. Definitions**

Unless the context otherwise requires, for all purposes of these LTSE Rules, terms used in LTSE Rules shall have the meaning assigned in Article I of the Exchange's Bylaws or as set forth below:

a) Act or Exchange Act: The terms "Act" or "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

b) Active Order: The term "active order" shall mean an order checking against the Order Book for contra-side interest against which to execute and includes new incoming orders. For each symbol, only one order may be Active at a given time.

c) Adverse Action: The term "adverse action" shall mean any action taken by the Exchange that adversely affects the rights of any Member, applicant for membership, or any person associated with a Member (including the denial of membership and the barring of any person from becoming associated with a Member), and any prohibition or limitation by the Exchange imposed on any person with respect to access to services offered by the Exchange, or a Member thereof. This term does not include disciplinary actions for violations of any provision of the Act or the rules and regulations promulgated thereunder, or any provision of the Bylaws or LTSE Rules or any interpretation thereof, or resolution or order of the Board or appropriate committee of the Board, which has been filed with the Commission pursuant to Section 19(b) of the Act and has become effective thereunder. Review of disciplinary actions is provided for in LTSE Rule Series 9.500.

d) Authorized Trader or AT: The terms "Authorized Trader" or "AT" shall mean a person who may submit orders (or who supervises a routing engine that may automatically submit orders) to the Exchange's trading facilities on behalf of the Member he or she is associated with or his or her Sponsored Participant.

e) Board or Board of Directors: The terms "Board" and "Board of Directors" shall mean the Board of Directors of the Exchange.

f) Broker: The term "broker" shall have the same meaning as in Section 3(a)(4) of the Act.

g) Bylaws: The term "Bylaws" means the Bylaws of the Exchange.

h) Central Registration Depository or CRD System: The term “Central Registration Depository” or “CRD System” shall mean the Central Registration Depository operated by FINRA.

i) Certificate of Incorporation: The term “Certificate of Incorporation” shall mean the Certificate of Incorporation of the Exchange, as amended.

j) Chief Regulatory Officer: The term “Chief Regulatory Officer” or “CRO” means the Chief Regulatory Officer of LTSE, or his or her delegate.

k) Code of Procedure: The term “Code of Procedure” means the procedural rules contained in Chapter 9 of the LTSE Rules.

l) Commission or SEC: The terms “Commission” or “SEC” shall mean the U.S. Securities and Exchange Commission, established pursuant to the Act.

m) Customer: The term “customer” shall not include a broker or dealer.

n) Dealer: The term “dealer” shall have the same meaning as in Section 3(a)(5) of the Act.

o) Designated Self-Regulatory Organization: The term “designated self-regulatory organization” shall mean a self-regulatory organization other than the Exchange, designated by the Commission under Section 17(d) of the Act to enforce compliance with LTSE Rules by the Exchange’s Members.

p) Exchange: The term “Exchange” shall mean Long-Term Stock Exchange, Inc., a registered national securities exchange.

q) FINRA or NASD: The terms “FINRA” and “NASD” mean, collectively, the Financial Industry Regulatory Authority, Inc. and its subsidiaries.

r) LTSE: The term “LTSE” shall mean the Exchange.

s) LTSE-Primary-Listed Security: The term “LTSE-Primary-Listed Security” shall mean a class of securities listed on the Exchange for which the Exchange is the primary listing market.

t) LTSE Order Book or Order Book: The terms “LTSE Order Book” and “Order Book” shall mean the System’s electronic file of orders.

u) LTSE Regulation: The term “LTSE Regulation” shall mean the department of LTSE or designated employees of LTSE that supervise, administer, or perform the regulatory functions of LTSE, including the administration of any regulatory services agreements

with another self-regulatory organization to which LTSE is a party.

v) LTSE Appeals Committee: The term "LTSE Appeals Committee" means the committee authorized and directed to act for the Board of Directors in a manner consistent with the Rules and Bylaws of LTSE with respect to (1) an appeal or review of a disciplinary proceeding; (2) a statutory disqualification decision; (3) a review of a membership proceeding; (4) a review of an offer of settlement, a letter of acceptance, waiver, and consent, and a minor rule violation plan letter; (5) the exercise of exemptive authority; and (6) such other proceedings or actions authorized by the Rules of the Exchange.

w) Member: The term “Member” shall mean any registered broker or dealer that has been admitted to membership in the Exchange. A Member will have the status of a Member of the Exchange as that term is defined in Section 3(a)(3) of the Act. Membership may be granted to a sole proprietor, partnership, corporation, limited liability company, or other organization that is a registered broker or dealer pursuant to Section 15 of the Act, and which has been approved by the Exchange.

x) Midpoint Price: The term “Midpoint Price” shall mean the midpoint of the NBBO. Where the midpoint may be expressed within four (4) decimal places beyond the dollar, the Exchange uses the Midpoint Price; for Midpoint Prices, which would require a fifth decimal place beyond the dollar, the Exchange uses the nearest, passive, fourth decimal price.

y) NBB, NBO or NBBO: The term “NBB” shall mean the national best bid, the term “NBO” shall mean the national best offer, and the term “NBBO” shall mean the national best bid or offer, as set forth in Rule 600(b) of Regulation NMS under the Act, determined as set forth in LTSE Rule 11.410(b).

z) Non-LTSE-Primary-Listed Security: The term “Non-LTSE-Primary-Listed Security” shall mean: (i) any UTP Security; and (ii) any Dually-Listed Securities, as provided for in Rule 14.210, which are not LTSE-Primary-Listed Securities.

aa) Official Closing Price: The term “Official Closing Price” of a security means the closing price of such security on the primary listing market in such security.

bb) Person: The term “person” shall include any natural person, partnership, corporation, association, or other legal entity.

cc) Person Associated with a Member or Associated Person of a Member: The terms “person associated with a Member” or “associated person of a Member” mean any partner, officer, director, or branch manager of a Member (or person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by, or under common control with such Member, or any employee of such Member, except that any person associated with a Member whose functions are solely clerical or ministerial shall not be included in the meaning of such term for purposes of

these Rules.

dd) Pre-Market Hours or Pre-Market Session: The term "Pre-Market Hours" or "Pre-Market Session" shall mean the time between 8:00 a.m. and 9:30 a.m. Eastern Time.

ee) Post-Market Hours or Post-Market Session: The term "Post-Market Hours" or "Post-Market Session" shall mean the time between 4:00 p.m. and 5:00 p.m. Eastern Time.

ff) Protected Bid, Protected Offer, and Protected Quotation: The term "Protected Bid" or "Protected Offer" shall mean a bid or offer, respectively, in a security that is (i) displayed by an automated trading center; (ii) disseminated pursuant to an effective national market system plan; and (iii) an automated quotation that is calculated by LTSE to be the best bid or best offer, respectively, of a national securities exchange or association. The term "Protected Quotation" shall mean a quotation that is a Protected Bid or Protected Offer.

gg) Protected NBB, Protected NBO, and Protected NBBO: The term "Protected NBB" shall mean the national best bid that is a Protected Quotation, the term "Protected NBO" shall mean the national best offer that is a Protected Quotation, and the term "Protected NBBO" shall mean the national best bid or offer that is a Protected Quotation, determined as set forth in LTSE Rule 11.410(b).

hh) Quotations: The term "quotations" means displayed quotations.

ii) Registered Broker or Dealer: The term "registered broker or dealer" means any broker or dealer, as defined in Section 3(a)(48) of the Act, that is registered with the Commission under the Act.

jj) Registered Clearing Agency: The term "registered clearing agency" means a clearing agency registered with the Commission pursuant to Section 17A of the Act that is deemed qualified by the Exchange.

kk) Regular Market Hours or Regular Market Session: The term "Regular Market Hours" or "Regular Market Session" means the time between 9:30 a.m. and 4:00 p.m. Eastern Time.

ll) Regulatory Contract: The term Regulatory Contract means the regulatory services agreement between LTSE and FINRA pursuant to which FINRA has agreed to perform certain regulatory functions on behalf of LTSE.

mm) Resting Order: The term "resting order" shall mean any order with unexecuted, open share interest that has been posted to the LTSE Order Book pursuant to LTSE Rule 11.190.

nn) Rules, LTSE Rules, Exchange Rules, or Rule of the Exchange: Each of the terms "Rules," "LTSE Rules," "Exchange Rules," or "Rules of the Exchange" means the numbered rules set forth in the LTSE Rules beginning with LTSE Rule Series 1.100, as adopted by the Board pursuant to the Bylaws of the Exchange, as hereafter amended or supplemented, and also includes the Certificate of Incorporation and the Bylaws of the Exchange.

oo) Sponsoring Member: The term "Sponsoring Member" shall mean a broker-dealer that has been issued a membership by the Exchange who has been designated by a Sponsored Participant to execute, clear, and settle transactions resulting from the System. The Sponsoring Member shall be either (i) a clearing firm with membership in a clearing agency registered with the Commission that maintains facilities through which transactions may be cleared, or (ii) a correspondent firm with a clearing arrangement with any such clearing firm.

pp) Sponsored Participant: The term "Sponsored Participant" shall mean a person which has entered into a sponsorship arrangement with a Sponsoring Member pursuant to LTSE Rule 11.130.

qq) Statutory Disqualification: The term "statutory disqualification" shall mean any statutory disqualification as defined in Section 3(a)(39) of the Act.

rr) System: The term "System" shall mean the electronic communications and trading facility designated by the Board through which securities orders of Members are consolidated for ranking and execution.

ss) System Hours: The term "System Hours" means the time between the beginning of the Pre-Market Session and the end of the Post-Market Session, which is the time between 8:00 a.m. and 5:00 p.m. Eastern Time.

tt) Top of Book: The term "Top of Book" shall mean the best-ranked order to buy (or sell) in the Order Book as ranked pursuant to LTSE Rule 11.220.

uu) User: The term "User" shall mean any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to LTSE Rule 11.130.

vv) UTP Security: The term "UTP Security" shall mean any security that is not listed on the Exchange, but is traded on the Exchange pursuant to unlisted trading privileges.

*(Amended by SR-LTSE-2019-04 eff. December 5, 2019)*

### Rule 1.170. Regulation of LTSE and Its Members

a) The Exchange and FINRA are parties to the Regulatory Contract pursuant to which FINRA has agreed to perform certain functions described in these Rules on behalf of

the Exchange. The LTSE Rules that refer to LTSE Regulation, LTSE Regulation staff, LTSE staff, and LTSE departments should be understood as also referring to FINRA staff and FINRA departments acting on behalf of the Exchange pursuant to the Regulatory Contract.

b) Notwithstanding the fact that the Exchange has entered into the Regulatory Contract with FINRA to perform some of the Exchange's functions, the Exchange shall retain ultimate legal responsibility for, and control of, such functions.

In addition, the Exchange has incorporated by reference certain FINRA, NASD and New York Stock Exchange rules. Exchange members shall comply with these rules and interpretations as if such rules and interpretations were part of the Exchange's Rules.

**Rule 1.180. Fingerprint-Based Background Checks of Exchange Employees and Others**

a) In order to enhance the security of the respective facilities, systems, data, and/or records of the Exchange (collectively, "facilities and records"), the Exchange shall obtain fingerprints from, and conduct a fingerprint-based background check of, all prospective and current employees, temporary personnel, independent contractors, and service providers of the Exchange. However, the Exchange may determine not to obtain fingerprints from, or to seek fingerprint-based background information with respect to, a person due to that person's limited, supervised, or restricted access to facilities and records; or the nature or location of his or her work or services. The Exchange shall apply this rule in all circumstances where permitted by applicable law.

b) The Exchange shall submit fingerprints obtained pursuant to this rule to the Attorney General of the United States or his or her designee for identification and processing. The Exchange shall at all times maintain the security of all fingerprints provided to, and all criminal history record information received from, the Attorney General or his or her designee. The Exchange shall not redisseminate fingerprints or information to the extent prohibited by applicable law.

c) The Exchange shall evaluate information received from the Attorney General or his or her designee and otherwise administer this rule in accordance with Exchange fingerprint procedures as in effect from time to time and the provisions of applicable law. Fingerprint-based background information, such as a felony or serious misdemeanor conviction, will be a factor in making employment decisions; engaging or retaining any temporary personnel, independent contractors, or service providers; or permitting any fingerprinted person access to facilities and records.

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* * * * * ***Supplementary Material*** * * * *

***.01 Fingerprints and the Issuance of Identification Badges.***

### *Rule 1.180. Fingerprint-Based Background Checks of Exchange Employees and Others*

*The Exchange intends, with limited exceptions, to obtain fingerprints from, and fingerprint-based background information with respect to, all employees, temporary personnel, independent contractors, and service providers who receive Exchange-issued photo badges or other identification permitting them access to facilities and records for more than one day ("Long-Term Badges"). The Exchange has the capacity electronically to immediately limit or terminate the access to facilities and records that Long-Term Badges permit, and reserves the right to do so. On a case-by-case basis, the Exchange may determine not to obtain fingerprints from a person to whom a Long-Term Badge is issued, based on the decision of a committee of Exchange officers who oversee application of the rule that there exists an exception to obtaining the fingerprints, as contemplated by the rule.*

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*(Amended by SR-LTSE-2020-05 eff. March 6, 2020)*

# CHAPTER 2. MEMBERS OF THE EXCHANGE

### Rule 2.110. Rights, Privileges and Duties of Members

(a) Unless specified otherwise in LTSE Rules or the Bylaws of the Exchange, each Member shall have the rights, privileges, and duties of any other Member.

### Rule 2.120. Obligations of Members and the Exchange

(a) In addition to all other obligations imposed by the Exchange in its Bylaws or Rules, all Members, as a condition of effecting approved securities transactions on the Exchange's trading facilities, shall agree to be regulated by the Exchange and shall recognize that the Exchange is obligated to undertake to enforce compliance with the provisions of LTSE Rules, its Bylaws, its interpretations, and policies, and with the provisions of the Act and regulations thereunder, and that, subject to orders and rules of the Commission, the Exchange is required to discipline Members and persons associated with Members for violations of the provisions of LTSE Rules, its Bylaws, its interpretations and policies of the Exchange, and the Act and regulations thereunder, by expulsion, suspension, limitation of activities, functions, and/or operations, fines, censure, being suspended or barred from being associated with a Member, or any other fitting sanction.

### Rule 2.130. Member Eligibility

Except as hereinafter provided, any registered broker or dealer that is a Member of another registered national securities exchange or association, or any person associated with such a registered broker or dealer, shall be eligible to be, and to remain, a Member of the Exchange.

### Rule 2.140. Prohibited Conditions Relating to Expungement of Customer Dispute

No Member or associated person shall condition or seek to condition settlement of a dispute with a customer on, or to otherwise compensate the customer for, the customer's agreement to consent to, or not to oppose, the Member's or associated person's request to expunge such customer dispute information from the CRD System.

### Rule 2.150. Reserved

### Rule 2.153. Associated Persons Exempt from Registration

(a) The following associated persons of a Member are not required to be registered with the Exchange:

(1) associated persons of a Member whose functions are solely and exclusively clerical or ministerial.

(2) associated persons of a Member whose functions are related solely and exclusively to:

(A) effecting transactions on the floor of a national securities exchange and who are appropriately registered with such exchange;

(B) transactions in municipal securities;

(C) transactions in commodities; or

(D) transactions in securities futures, provided that any such person is appropriately registered with a registered futures association.

(3) Associated persons of a Member that are restricted from accessing the Exchange and that do not engage in the securities business of the Member relating to activity that occurs on the Exchange.

**** * * * Supplementary Material * * * ****

***.01 Registration Requirements for Associated Persons of a Member Who Accept Customer Orders.***

*The function of accepting customer orders is not considered a clerical or ministerial function. Each associated person of a Member who accepts customer orders under any circumstances shall be registered in an appropriate registration category. An associated person of a Member shall not be considered to be accepting a customer order where occasionally, when an appropriately registered person is unavailable, such person transcribes order details submitted by a customer and the registered person contacts the customer to confirm the order details before entering the order.*

*(Added by SR-LTSE-2022-06 eff. December 30, 2022)*

**Rule 2.154. Continuing Education**

LTSE Members and associated persons of a Member shall comply with FINRA Rule 1240 as if such Rule were part of the Exchange's Rules. References to FINRA Rules 1210 and 1220 shall be construed to refer to the applicable corresponding provisions of LTSE Rule 2.160. For the avoidance of doubt, references to FINRA Rule 1210 and 1220 shall not expand the categories of registration required of LTSE Members beyond those set forth in LTSE Rule 2.160.

*(Added by SR-LTSE-2022-02 eff. March 15, 2022, amended by SR-LTSE-2022-06 eff. December 30, 2022)*

**Rule 2.160. Registration Requirements and Restrictions on Membership**

(a) No person may become a Member or continue as a Member in any capacity on the Exchange where:

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

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

(3) such person is subject to a statutory disqualification, except that a person may become a Member or continue as a Member where, pursuant to Rules 19d-1, 19d-2, 19d-3 and 19h-1 of the Act, the Commission has issued an order providing relief from such a disqualification and permitting such a person to become a Member; or

(4) such person is not a Member of another registered national securities exchange or association.

(b) No natural person or registered broker or dealer shall be admitted as, or be entitled to continue as, a Member or an associated person of a Member, unless such natural person or broker or dealer meets the standards of training, experience, and competence as the Exchange may prescribe. Each Member shall have the responsibility and duty to ascertain by investigation the good character, business repute, qualifications, and experience of any person applying for registration with the Exchange as an associated person of a Member.

(c) No registered broker or dealer shall be admitted as, or be entitled to continue as, a Member if such broker or dealer:

(1) fails to comply with either the financial responsibility requirements established by Rule 15c3-1 under the Act, or such other financial responsibility and operational capability requirements as may be established by LTSE Rules;

(2) fails to adhere to LTSE Rules relating to the maintenance of books and records or those rules of other self-regulatory organizations of which such broker or dealer is or was a Member;

(3) fails to demonstrate to the Exchange adequate systems capability, capacity, integrity, and security necessary to conduct business on the Exchange;

(4) is not a Member of a registered clearing agency, or does not clear transactions executed on the Exchange through another Member that is a Member of a registered clearing agency;

(5) is subject to any unsatisfied liens, judgments, or unsubordinated creditor claims of a material nature, which, in the absence of a reasonable explanation therefor, remain outstanding for more than six months;

(6) has been subject to any bankruptcy proceeding, receivership, or arrangement for the benefit of creditors within the past three years; or

(7) has engaged in an established pattern of failure to pay just debts or has defaulted, without a reasonable explanation, on an obligation to a self-regulatory organization, or any Member of a self-regulatory organization.

(d) No person shall be admitted as a Member or as an associated person of a Member where it appears that such person has engaged, and there is a reasonable likelihood that such person again may engage, in acts or practices inconsistent with just and equitable principles of trade.

(e) Each person engaged in the investment banking or securities business of a Member must be registered with the Exchange by the Member, unless exempt from registration pursuant to Rule 2.153, as a representative or principal in each category of registration appropriate to his or her functions and responsibilities as specified in paragraphs (h), (i), (j), (k), (l) and (n) of this Rule. Such person shall not be qualified to function in any registered capacity other than that for which the person is registered, unless otherwise stated in the rules. Each such person shall agree:

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

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

(3) to be regulated by the Exchange and to recognize that the Exchange is obligated to undertake to enforce compliance with the provisions of LTSE Rules, Bylaws, the interpretations and policies of the Exchange, and the provisions of the Act and the regulations thereunder.

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*** * * * * *Supplementary Material* * * * ***

***.01 Permissive Registrations***.

*A Member may make application for or maintain the registration as a representative or principal, pursuant to Rule 2.160, of any associated person of the Member and any individual engaged in the investment banking or securities business of a foreign securities affiliate or subsidiary of the Member. Individuals maintaining such permissive registrations shall be considered registered persons and subject to all LTSE rules, to the extent relevant to their activities.*

*Consistent with the requirements of Rule 5.110, Members shall have adequate supervisory systems*

*and procedures reasonably designed to ensure that individuals with permissive registrations do not act outside the scope of their assigned functions. With respect to an individual who solely maintains a permissive registration(s), the individual's direct supervisor shall not be required to be a registered person. However, for purposes of compliance with Rule 5.110(a)(5), a Member shall assign a registered supervisor who shall be responsible for periodically contacting such individual's direct supervisor to verify that the individual is not acting outside the scope of his or her assigned functions. If such individual is permissively registered as a representative, the registered supervisor shall be registered as a representative or principal. If the individual is permissively registered as a principal, the registered supervisor shall be registered as a principal. Moreover, the registered supervisor of an individual who solely maintains a permissive registration(s) shall not be required to be registered in the same representative or principal registration category as the permissively-registered individual.*

***.02 Status of Persons Serving in the Armed Forces of the United States.***

*The following provisions address the status of current and former registered persons serving in active duty in the Armed Forces of the United States:*

*(a) Inactive Status of Currently Registered Persons*

*A registered person of a Member who volunteers for or is called into active duty in the Armed Forces of the United States shall be placed, after proper notification to the Exchange, on inactive status and need not be re-registered by such Member upon his or her return to active employment with the Member. Such person shall remain eligible to receive transaction-related compensation, including continuing commissions. The employing Member also may allow such person to enter into an arrangement with another registered person of the Member to take over and service the person's accounts and to share transaction-related compensation based upon the business generated by such accounts. However, because such persons are inactive, they may not perform any of the functions and responsibilities performed by a registered person.*

*A registered person who is placed on inactive status pursuant to this paragraph (a) shall not be required to complete either the Regulatory Element or Firm Element set forth in Rule 2.154 during the pendency of such inactive status. The relief provided in this paragraph (a) shall be available to a registered person who is placed on inactive status pursuant to this paragraph (a) during the period that such person remains registered with the Member with which he or she was registered at the beginning of active duty in the Armed Forces of the United States, regardless of whether the person returns to active employment with another Member upon completion of his or her active duty in the Armed Forces of the United States. The relief described in this paragraph (a) shall be provided only to a person registered with a Member and only while the person remains on active military duty. Further, the Member with which such person is registered shall promptly notify the Exchange in such manner as the Exchange may specify of such person's return to active employment with the Member.*

*(b) Inactive Status of Sole Proprietorships*

*A Member that is a sole proprietor who temporarily closes his or her business by reason of volunteering for or being called into active duty in the Armed Forces of the United States, shall be placed, after proper notification to the Exchange, on inactive status while the Member remains on active military duty.*

*The relief described in this paragraph (b) shall be provided only to a sole proprietor Member and only while the person remains on active military duty. Further, the sole proprietor shall promptly notify the Exchange in such manner as the Exchange may specify of his or her return to active*

*participation in the investment banking or securities business of the Member relating to activity that occurs on the Exchange.*

*(c) Status of Formerly Registered Persons*

*If a person who was formerly registered with a Member volunteers for or is called into active duty in the Armed Forces of the United States at any time within two years after the date the person ceased to be registered with a Member, the Exchange shall defer the lapse of registration requirements set forth in Rule 2.160(o) (i.e., toll the two-year expiration period for representative and principal qualification examinations) and the lapse of the SIE (i.e., toll the four-year expiration period for the SIE). The Exchange shall defer the lapse of registration requirements and the SIE commencing on the date the person begins actively serving in the Armed Forces of the United States, provided that the Exchange is properly notified of the person's period of active military service within 90 days following his or her completion of active service or upon his or her re-registration with a Member, whichever occurs first. The deferral will terminate 90 days following the person's completion of active service in the Armed Forces of the United States. Accordingly, if such person does not re- register with a Member within 90 days following his or her completion of active service in the Armed Forces of the United States, the amount of time in which the person must become re-registered with a Member without being subject to a representative or principal qualification examination or the SIE shall consist of the standard two-year period for representative and principal qualification examinations or the standard four-year period for the SIE, whichever is applicable, as provided in Rule 2.160(o) reduced by the period of time between the person's termination of registration and beginning of active service in the Armed Forces of the United States.*

*If a person placed on inactive status while serving in the Armed Forces of the United States ceases to be registered with a Member, the Exchange shall defer the lapse of registration requirements set forth in Rule 2.160(o) (i.e., toll the two-year expiration period for representative and principal qualification examinations) and the lapse of the SIE (i.e., toll the four-year expiration period for the SIE) during the pendency of his or her active service in the Armed Forces of the United States. The Exchange shall defer the lapse of registration requirements based on existing information in the CRD System, provided that the Exchange is properly notified of the person's period of active military service within two years following his or her completion of active service or upon his or her re- registration with a Member, whichever occurs first. The deferral shall terminate 90 days following the person's completion of active service in the Armed Forces of the United States. Accordingly, if such person does not re-register with a Member within 90 days following his or her completion of active service in the Armed Forces of the United States, the amount of time in which the person must become re-registered with a Member without being subject to a representative or principal qualification examination or the SIE shall consist of the standard two-year period for representative and principal qualification examinations or the standard four-year period for the SIE, whichever is applicable, as provided in Rule 2.160(o).*

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(f) The Exchange may require the successful completion of a written proficiency examination to enable it to examine and verify that prospective Members and associated persons of Members have adequate training, experience, and competence to comply with LTSE Rules and policies of the Exchange.

(g) If the Exchange requires the completion of such proficiency examinations, the Exchange may, in exceptional cases and where good cause is shown, pursuant to LTSE Rule Series 9.600, waive such proficiency examinations as are required by the Exchange upon written request of the applicant and accept other standards as evidence of an applicant's qualifications. Advanced age, physical infirmity, or experience in fields ancillary to the securities business will not individually of themselves constitute sufficient grounds to waive a proficiency examination.

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*** * * * * *Supplementary Material* * * * ***

***.01 Waiver of Examinations for Individuals Working for a Financial Services Industry Affiliate of a Member.***

*Upon request by a Member, the Exchange shall waive the applicable qualification examination(s) for an individual designated with the Exchange as working for a financial services industry affiliate of a Member if the following conditions are met:*

*(a) Prior to the individual's initial designation, the individual was registered as a representative or principal with the Exchange or FINRA for a total of five years within the most recent 10-year period, including for the most recent year with the Member that initially designated the individual*

*(b) The waiver request is made within seven years of the individual's initial designation;*

*(c) The initial designation and any subsequent designation(s) were made concurrently with the filing of the individual's related Form U5;*

*(d) The individual continuously worked for the financial services industry affiliate(s) of a Member since the individual's last Form U5 filing;*

*(e) The individual has complied with the Regulatory Element of continuing education as specified in Rule 2.154; and*

*(f) The individual does not have any pending or adverse regulatory matters, or terminations, that are reportable on the Form U4, and has not otherwise been subject to a statutory disqualification as defined in Section 3(a)(39) of the Exchange Act while the individual was designated as eligible for a waiver.*

*As used in this Supplementary Material .01, a "financial services industry affiliate of a Member" is a legal entity that controls, is controlled by or is under common control with a Member and is regulated by the SEC, CFTC, state securities authorities, federal or state banking authorities, state insurance authorities, or substantially equivalent foreign regulatory authorities.*

*Effective March 15, 2022, LTSE will not accept any new initial designations for individuals under the waiver program set forth in Supplementary Material .01 of this Rule.*

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(h) Before the registration of a qualifying person as a representative can be effective, such person shall pass the Securities Industry Essentials ("SIE") examination and the appropriate representative qualifying examination. The Exchange requires the General Securities Representative Examination ("Series 7") or an equivalent foreign examination module approved by the Exchange in qualifying persons seeking

registration as General Securities Representatives, including as Authorized Traders, on behalf of Members. For those persons seeking limited registration as Securities Traders as described in paragraph (k) below, the Exchange requires the Securities Trader Qualification Examination ("Series 57"), other than any person associated with a Member whose trading activities are conducted principally on behalf of an investment company that is registered with the SEC pursuant to the Investment Company Act and that controls, is controlled by or is under common control, with the Member. The Exchange uses the Uniform Application for Securities Industry Registration or Transfer ("Form U4") as part of its procedure for registration and oversight of Member personnel.

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* * * * * ***Supplementary Material*** * * * *

***.01 Foreign Registrations.***

*Any person who is in good standing as a representative with the Financial Conduct Authority in the United Kingdom or with a Canadian stock exchange or securities regulator shall be exempt from the requirement to pass the SIE.*

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(i) The Exchange requires each Member other than a Member with only one associated person or a proprietary trading firm with 25 or fewer Authorized Traders ("Limited Size Proprietary Firm") to register at least two Principals with the Exchange. The Exchange may waive the two Principal requirement in situations that indicate conclusively that only one Principal associated with the Member should be required. A Limited Size Proprietary Firm is required to register at least one Principal with the Exchange. For purposes of this paragraph (i), a "Principal" shall be any individual responsible for supervising the activities of a Member's Authorized Traders, and each person designated as a Chief Compliance Officer on Schedule A of the Member's Form BD. Each Principal is required to have successfully completed the General Securities Principal Examination ("Series 24"). The Exchange uses Form U4 as part of its procedure for registration and oversight of Member personnel.

The Exchange will accept the Series 14 Compliance Official Examination in lieu of the Series 24 to satisfy the above requirement for any person designated as a Chief Compliance Officer. Individuals who supervise the activities of General Securities Representatives must have successfully completed the Series 7 or an equivalent foreign examination module, as well as the SIE, as a prerequisite to the Series 24, or Series 14, and shall be referred to as General Securities Principals. The Exchange will require the Series 57, as well as the SIE, as a prerequisite to the Series 24 or Series 14 for those Principals whose supervisory responsibilities are limited to overseeing the activities of Series 57 qualified Securities Traders. These limited representative Principals shall be referred to as Securities Trader Principals. Each Principal with responsibility over securities trading activities on the Exchange shall become qualified and registered as a Securities Trader Principal.

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* * * * * ***Supplementary Material*** * * * *

***.01 Requirements for Registered Persons Functioning as Principals for a Limited Period.***

*Subject to the requirements of Rule 2.160(h), a Member may designate any person currently registered, or who becomes registered with the Member as a representative to function as a principal for a period of 120 calendar days prior to passing an appropriate principal qualification examination as specified under Rule 2.160(i), provided that such person has at least 18 months of experience functioning as a registered representative within the five-year period immediately preceding the designation and has fulfilled all applicable prerequisite registration, fee and examination requirements prior to designation as a principal. However, in no event may such person function as a principal beyond the initial 120 calendar day period without having successfully passed an appropriate principal qualification examination as specified under Rule 2.160(i). The requirements above apply to designations to any principal category, including those categories that are not subject to a prerequisite representative registration requirement. Further, a person registered as an Order Processing Assistant Representative or a Foreign Associate with FINRA shall not be eligible to be designated as a principal under this Supplementary Material .01.*

*Subject to the requirements of Rule 2.160(h), a Member may designate any person currently registered, or who becomes registered, with the Member as a principal to function in another principal category for a period of 120 calendar days prior to passing an appropriate qualification examination as specified under Rule 2.160(i). However, in no event may such person function in such other principal category beyond the initial 120 calendar day period without having successfully passed an appropriate qualification examination as specified under Rule 2.160(i).*

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(j) Each Member subject to Exchange Act Rule 15c3-1 shall designate a Financial and Operations Principal ("FINOP"). The duties of a FINOP shall include taking appropriate actions to assure that the Member complies with applicable financial and operational requirements under Exchange Rules and the Exchange Act, including, but not limited to, those requirements relating to the submission of financial reports and the maintenance of books and records. Each FINOP is required to have successfully completed the Financial and Operations Principal Examination ("Series 27") or, in the case of a Member that operates other than pursuant to Exchange Act Rule 15c3-1(a)(1)(ii), (a)(2)(i) or (a)(8), its Financial/Operations Principal must successfully complete either the Series 27 examination or the Introducing Broker-Dealer Financial and Operations Principal Examination ("Series 28"). The Exchange uses Form U4 as part of its procedure for registration and oversight of Member personnel. A FINOP of a Member may be a full-time employee of the Member or may be a part-time employee or independent contractor of the Member.

(k) The Exchange recognizes the Series 57 qualification for Authorized Traders who engage solely in trading on the Exchange, on either an agency or principal basis.

(l) For purposes of paragraph (i) above, a "proprietary trading firm" shall mean a Member that trades its own capital, that does not have customers, and that is not a member of FINRA. In addition, to qualify for this definition, the funds used by a proprietary trading firm must be exclusively firm funds, all trading must be in the firm's accounts, and traders must be owners of, employees of, or contractors to the firm.

(m) Reserved.

(n) The following sets forth the qualification requirements for each of the registration categories described above:

| CATEGORY OF REGISTRATION | QUALIFICATION EXAMINATION | ALTERNATIVE ACCEPTABLE QUALIFICATIONS |
|---|---|---|
| General Securities Representative | Series 7 | Equivalent foreign examination module (Series 17 or Series 37/ 38) |
| Securities Trader | Series 57 | N/A |
| General Securities Principal | Series 24 | Compliance Official Examination (Series 14)[1] |
| Securities Trader Principal | Series 24 | Compliance Official Examination (Series 14) [2] |
| Financial and Operations Principal | Series 27 | Series 28[3] |

(o) Lapse of Registration and Expiration of SIE.

Any person who was last registered as a representative two or more years immediately preceding the date of receipt by the Exchange of a new application for registration as a representative shall be required to pass a representative qualification examination appropriate to his or her category of registration as specified in paragraphs (h), (i), (j), (k), (l) and (n) of Rule 2.160, unless the person has maintained his or her qualification status for that registration category in accordance with Rule 2.154 or as otherwise permitted by the Exchange. Any person who last passed the SIE or who was last registered as a representative, whichever occurred last, four or more years immediately preceding the date of receipt by the Exchange of a new application for registration as a representative shall be required to pass the SIE in addition to a representative qualification examination appropriate to his or her category of registration as specified in paragraphs (h), (i), (j), (k), (l) and (n) of Rule 2.160.

Any person who was last registered as a principal two or more years immediately preceding the date of receipt by the Exchange of a new application for registration as a principal shall be required to pass a principal qualification examination appropriate to his or her category of registration as specified in paragraphs (h), (i), (j), (k), (l) and (n) of Rule 2.160, unless the person has maintained his or her qualification status for that registration category in accordance with Rule 2.154 or as

[1] The Exchange will only permit the Series 14 for those designated as Chief Compliance Officers on Schedule A of Form BD.

[2] The Exchange will only permit the Series 14 for those designated as Chief Compliance Officers on Schedule A of Form BD.

[3] The Exchange will only permit the Series 28 as an alternative examination for the Financial/Operations Principal of a Member that operates other than pursuant to Exchange Act Rule 15c3- 1(a)(1)(ii), (a)(2)(i) or (a)(8), as specified in paragraph (j) above.

otherwise permitted by the Exchange.

Any person whose registration has been revoked pursuant to Rule 8.310 and any person who has a continuing education deficiency for a period of two years as provided under Rule 2.154 shall be required to pass a principal or representative qualification examination appropriate to his or her category of registration as specified in paragraphs (h), (i), (j), (k), (l) and (n) of Rule 2.160 to be eligible for registration with the Exchange. For purposes of this paragraph, an application shall not be considered to have been received by the Exchange if that application does not result in a registration.

(p) Reserved.

(q) Registration Procedures.

(1) Persons associated with a Member who seeks to register with the Exchange shall electronically file a Form U4 with the CRD System by appropriately checking the Exchange as a requested registration on the electronic Form U4 filing. Any person required to complete Form U4 shall promptly electronically file any required amendments to Form U4 with the CRD System.

(r) Termination of Employment.

(1) The discharge or termination of employment of any person registered with the Exchange, together with the reasons therefor, shall be electronically reported to the CRD System, by an applicable Member immediately following the date of termination, but in no event later than thirty days following termination on a Uniform Termination Notice for Securities Industry Registration ("Form U5"). A copy of said termination notice shall be provided concurrently to the person whose association has been terminated.

(2) The applicable Member shall also electronically report to the CRD System, by means of an amendment to the Form U5 filed pursuant to paragraph (r)(1) above, in the event that the Member learns of facts or circumstances causing any information set forth in the notice to become inaccurate or incomplete. Such amendment shall be provided concurrently to the person whose association has been terminated no later than thirty days after the Member learns of the facts or circumstances giving rise to the amendment.

*(Amended by SR-LTSE-2022-02 eff. March 15, 2022, amended by SR-LTSE-2022-06 eff. December 30, 2022)*

**Rule 2.170. Application Procedures for Membership or to become an Associated Person of a Member**

(a) Applications for membership shall be made to the Exchange and shall contain the following:

(1) An agreement to abide by, comply with, and adhere to the provisions of the Exchange's Certificate of Incorporation, its Bylaws, Rules, the policies, interpretations, and guidelines of the Exchange and all orders and decisions of the Exchange's Board and penalties imposed by the Board, and any duly authorized committee; provided, however, that such agreement shall not be construed as a waiver by the applicant of any right to appeal as provided in the Act.

(2) An agreement to pay such dues, assessments, and other charges in the manner and amount as shall from time to time be fixed by the Exchange.

(3) An agreement that the Exchange and its officers, employees, and Members of its Board and of any Board committee shall not be liable, except for willful malfeasance, to the applicant or to any other person, for any action taken by such director, officer, or Member in his, her or its official capacity, or by any employee of the Exchange while acting within the scope of his or her employment, in connection with the administration or enforcement of any of the provisions of the Exchange's Certificate of Incorporation, Bylaws, Rules, policies, interpretations, or guidelines of the Exchange, or any penalty imposed by the Exchange, its Board, or any duly authorized Board committee.

(4) An agreement that, in cases where the applicant fails to prevail in a lawsuit or administrative adjudicative proceeding instituted by the applicant against the Exchange or any of its officers, directors, committee Members, employees, or agents, to pay the Exchange or any of its officers, directors, committee members, employees, or agents, all reasonable expenses, including attorneys' fees, incurred by the Exchange in the defense of such proceeding, but only in the event that such expenses exceed Fifty Thousand Dollars ($50,000.00); provided, however, that such payment obligation shall not apply to internal disciplinary actions by the Exchange or administrative appeals.

(5) An agreement to maintain and make available to the Exchange, its authorized employees and its Board or Board committee members such books and records as may be required to be maintained by the Commission or LTSE Rules.

(6) Such other reasonable information with respect to the applicant as the Exchange may require.

(b) Special Application Procedures for Applicants that are FINRA Members.

(1) An applicant that is a FINRA member shall have the option to waive-in to become a Member and to register with the Exchange all persons associated with the applicant whose registrations with the applicant are approved with FINRA in categories recognized by the Exchange's rules. For purposes of this provision, the term "waive-in" means that the Exchange will rely substantially upon FINRA's determination to approve the applicant for FINRA membership when the Exchange evaluates the applicant for Exchange membership.

(2) Waive-in membership that is granted pursuant to this provision shall terminate in the event that the applicant ceases to be a FINRA member and otherwise fails to

comply with LTSE Rule 2.160(a)(4).

(3) In lieu of submitting a full membership application otherwise required by the Exchange, an applicant may waive-in to Exchange membership as provided in this subparagraph (b) by filing with the Exchange a waive-in application on the form designated by the Exchange.

(4) The Exchange will act upon a duly submitted application to waive-into Exchange membership under paragraph (b) by promptly notifying, in writing, the applicant of the Exchange's determination. The Exchange will normally grant a duly submitted application to waive-into Exchange membership, provided that the applicant submits the required materials, the Exchange verifies that the applicant is a FINRA member, and that the Exchange is not otherwise aware of any basis to deny or condition approval of the application. A decision issued under this provision shall have the same effectiveness as set forth in paragraph (d) below. Denials of applications to waive-into Exchange membership shall be subject to the same procedures as those for denials of full applications as set forth in paragraphs (e) and (f) below.

(c) Applications for association with a Member shall be made on Form U4 and such other forms as the Exchange may prescribe, and shall be delivered to the Exchange in such manner as designated by the Exchange.

(d) If the Exchange is satisfied that the applicant is qualified for membership pursuant to the provisions of this Chapter 2, the Exchange shall promptly notify, in writing, the applicant of such determination, and the applicant shall be a Member.

(e) If the Exchange is not satisfied that the applicant is qualified for membership pursuant to the provisions of this Chapter 2, the Exchange shall promptly notify the applicant of the grounds for denying the applicant. The Board on its own motion may reverse the determination that the applicant is not qualified for membership. If a majority of the Board specifically determines to reverse the determination to deny membership, the Board shall promptly notify Exchange staff, who shall promptly notify the applicant of the Board's decision and shall grant membership to the applicant. An applicant who has been denied membership may appeal such decision under LTSE Rule Series 9.500, which governs adverse action.

(f) In considering applications for membership, the Exchange shall adhere to the following procedures:

(1) Where an application is granted, the Exchange shall promptly notify the applicant.

(2) The applicant shall be afforded an opportunity to be heard on the denial of membership pursuant to LTSE Rules Series 9.500, which govern adverse action.

(g) Except where, pursuant to Section 17(d) of the Act, the Exchange has been relieved of its responsibility to review and act upon applications for associated persons of a Member, the procedures set forth in this Chapter 2 shall govern the processing of any such

applications.

(h) Each applicant shall file with the Exchange a list and descriptive identification of those persons associated with the applicant who are its executive officers, directors, principal shareholders, and general partners. Such persons shall file with the Exchange a Uniform Application for Securities Industry Registration of Transfer ("Form U4"). Applicants approved as Members of the Exchange must keep such information current with the Exchange.

*(Amended by SR-LTSE-2019-05 eff. December 20, 2019)*

**Rule 2.180. Revocation of Membership or Association with a Member**

Members or associated persons of Members may effect approved securities transactions on the Exchange's trading facilities only so long as they possess all the qualifications set forth in LTSE Rules. Except where, pursuant to Section 17(d) of the Act, the Exchange has been relieved of its responsibility to monitor the continued qualifications of a Member or an associated person of a Member, when the Exchange has reason to believe that a Member or associated person of a Member fails to meet such qualifications, the Exchange may act to revoke such Member or associated person of a Member's membership or association with the Exchange. Such actions shall be instituted under, and governed by, Chapter 8 of the LTSE Rules and may be appealed under LTSE Rules Series 9.500, which governs adverse action. In connection with any revocation of rights as a Member or voluntary termination of rights as a Member pursuant to LTSE Rule 2.190 below, the Member's membership in the Exchange shall be canceled.

**Rule 2.190. Voluntary Termination of Rights as a Member**

A Member may voluntarily terminate its rights as a Member only by a written resignation addressed to the Exchange's Secretary or another officer designated by the Exchange. Such resignation shall not take effect until 30 days after all of the following conditions have been satisfied: (i) receipt of such written resignation; (ii) all indebtedness due the Exchange shall have been paid in full; (iii) any Exchange investigation or disciplinary action brought against the Member has reached a final disposition; and (iv) any examination by the Exchange of such Member is completed and all exceptions noted have been reasonably resolved; provided, however, that the Board may declare a resignation effective at any earlier time.

**Rule 2.200. Dues, Assessments and Other Charges**

The Exchange may prescribe such reasonable assessments, dues, or other charges as it may, in its discretion, deem appropriate. Such assessments and charges shall be

equitably allocated among Members, issuers, and other entities or persons using the Exchange's facilities.

**Rule 2.210. No Affiliation between Exchange and any Member**

(a) Without the prior approval of the Commission, the Exchange or any entity with which it is affiliated shall not, directly or indirectly, acquire, or maintain an ownership interest in a Member. In addition, without the prior approval of the Commission, a Member shall not be or become an affiliate of the Exchange, or an affiliate of any affiliate of the Exchange. The term affiliate shall have the meaning specified in Rule 12b-2 under the Act. Nothing in this LTSE Rule 2.210 shall prohibit a Member or its affiliate from acquiring or holding an equity interest in LTSE Group, Inc. that is permitted by the ownership and voting limitations contained in the Certificate of Incorporation and Bylaws of LTSE Group, Inc. In addition, nothing in this LTSE Rule 2.210 shall prohibit a Member from being or becoming an affiliate of the Exchange, or an affiliate of any affiliate of the Exchange, solely by reason of such Member or any officer, director, manager, managing member, partner, or affiliate of such Member being or becoming either (a) a Director (as such term is defined in the Bylaws of the Exchange) pursuant to the Bylaws of the Exchange; or (b) a Director serving on the Board of Directors of LTSE Group, Inc.

**Rule 2.220. Reserved**

**Rule 2.230. Retention of Jurisdiction**

(a) An LTSE Member whose membership is revoked, terminated or cancelled, and a person whose association thereof is revoked, terminated or cancelled, and is no longer associated with any member shall continue to be subject to the filing of a complaint under LTSE rules based upon conduct which commenced prior to the effective date of the revocation or termination. Any such complaint, however, shall be filed within two years after the effective date of resignation, cancellation, termination, or revocation.

(b) A person whose association with an LTSE Member has been revoked, terminated, or cancelled, and is no longer associated with any LTSE Member, shall continue to be subject to the filing of a complaint under LTSE Rules based upon conduct that commenced prior to the termination, revocation, or cancellation, or upon such person's failure, while subject to LTSE's jurisdiction, and must provide information requested by LTSE pursuant to LTSE Rules. Any such complaint shall be filed within:

(i) two years after the effective date of termination of registration with LTSE pursuant to Rule 2.160(r)(1); provided, however, that any amendment to a notice of termination filed pursuant to Rule 2.160(r)(2) that is filed within two years of the original notice that discloses that such person may have engaged in conduct actionable under any applicable statute, rule, or regulation shall operate to recommence the running of the two-year period under this subsection; or

(ii) two years after the effective date of revocation or cancellation of registration pursuant to LTSE Rules; or in the case of an unregistered person, two years after the date upon which such person ceased to be associated with the Member.

**Rule 2.240. Fidelity Bonds**

a) Each Member required to join the Securities Investor Protection Corporation who has employees, and who is a Member in good standing of another self-regulatory organization, shall follow the applicable fidelity bond rule of the self-regulatory organization to which it is designated by the Commission for financial responsibility pursuant to Section 17 of the Act and SEC Rule 17d-1 thereunder.

b) A Member designated to the Exchange for oversight pursuant to SEC Rule 17d-1 shall comply with FINRA Rule 4360 as if such rule were part of the Exchange's Rules.

c) For purposes of this LTSE Rule 2.240, references to a "member" shall be construed as references to a "Member."

d) Pursuant to LTSE Rule Series 9.600, any Member subject to paragraph (d) of FINRA Rule 4360, through the application of paragraph (b) above, may apply to the Exchange for an exemption from such requirements. The exemption may be granted upon a showing of good cause, including a substantial change in the circumstances or nature of the Member's business that results in a lower net capital requirement. The Exchange may issue an exemption subject to any condition or limitation upon a Member's bonding coverage that is deemed necessary to protect the public and serve the purpose of this LTSE Rule.

**Rule 2.250. Mandatory Participation in Testing of Backup Systems**

(a) Pursuant to Regulation SCI and with respect to the Exchange's business continuity and disaster recovery plans, including its backup systems, the Exchange is required to establish standards for the designation of Members that the Exchange reasonably determines are, taken as a whole, the minimum necessary for the maintenance of fair and orderly markets in the event of the activation of such plans. The Exchange has established standards, and will designate Members according to those standards as set forth below. All Members are permitted to connect to the Exchange's backup systems and to participate in testing of such systems.

(b) Members that have been determined by the Exchange to contribute a meaningful percentage of the Exchange's overall volume are required to connect to the Exchange's backup systems and participate in functional and performance testing as announced by the Exchange, which shall occur at least once every 12 months.

(c) For purposes of identifying Members that account for a meaningful percentage of the Exchange's overall volume, the Exchange will measure volume executed on the Exchange on a quarterly basis. The percentage of volume that the Exchange considers to be meaningful for purposes of this LTSE Rule 2.250 will be determined by the Exchange, and will be published in a circular distributed to Members. The Exchange will also individually notify all Members quarterly that are subject to paragraph (b) of this LTSE Rule 2.250 based on the prior calendar quarter's volume. If a Member has not previously been subject to the requirements of paragraph (b) of this LTSE Rule 2.250, such Member will have until the next calendar quarter before such requirements are applicable.

*(Amended by SR-LTSE-2019-10 eff. June 22, 2020, amended by SR-LTSE-2023-03 eff. May 2, 2023)*

# CHAPTER 3. RULES OF FAIR PRACTICE

### Rule 3.110. Business Conduct of Members

(a) A Member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade.

### Rule 3.120. Violations Prohibited

(a) No Member shall engage in conduct in violation of the Act, the rules or regulations thereunder, the Bylaws, LTSE Rules, or any policy or written interpretation of the Bylaws or LTSE Rules by the Board or an appropriate Board committee. Every Member shall so supervise persons associated with the Member as to assure compliance with those requirements.

### Rule 3.130. Use of Fraudulent Devices

(a) No Member shall effect any transaction in, or induce the purchase or sale of, any security by means of any manipulative, deceptive, or other fraudulent device or contrivance.

### Rule 3.140. False Statements

(a) No Member or applicant for membership, or person associated with a Member or applicant for membership, shall make any false statements or misrepresentations in any application, report or other communication to the Exchange. No Member or person associated with a Member shall make any false statement or misrepresentation to any Exchange committee, officer, the Board, or any designated self-regulatory organization in connection with any matter within the jurisdiction of the Exchange.

### Rule 3.150. Know Your Customer

LTSE Members shall comply with FINRA Rule 2090 as if such rule were part of the Exchange's Rules.

### Rule 3.160. Fair Dealing with Customers

All Members have a fundamental responsibility for fair dealing with their customers. Members who handle customer orders on the Exchange shall establish and enforce objective standards to ensure queuing and executing of customer orders in a fair and equitable manner. Practices that do not represent fair dealing include, but are not limited to, the following:

(a) Recommending speculative securities to customers without knowledge of or an attempt to obtain information concerning the customers' other securities holdings,

their financial situation, and other necessary data. This prohibition has particular application to high pressure telephonic sales campaigns;

(b) Excessive activity in customer accounts (churning or overtrading) in relation to the objectives and financial situation of the customer;

(c) Establishment of fictitious accounts in order to execute transactions that otherwise would be prohibited or which are contrary to the Member's policies;

(d) Causing the execution of transactions that are unauthorized by customers, or the sending of confirmations in order to cause customers to accept transactions not actually agreed upon;

(e) Unauthorized use or borrowing of customer funds or securities; and

(f) Recommending the purchase of securities or the continuing purchase of securities in amounts which are inconsistent with the reasonable expectation that the customer has the financial ability to meet such a commitment.

**Rule 3.170. Suitability**

(a) LTSE Members and associated persons of a Member shall comply with FINRA Rule 2111 as if such rule were part of the Exchange's Rules.

(b) For purposes of this LTSE Rule:

(1) References to FINRA Rules 2111 and 4512 shall be construed as references to LTSE Rules 3.170 and 4.512, respectively;

(2) References to "FINRA's Rules" shall be construed as references to "LTSE Rules"; and

(3) References to FINRA Rule 2214 shall be disregarded, and no comparable LTSE Rule shall apply to activities of LTSE Members in connection with investment analysis tools.

**Rule 3.180. The Prompt Receipt and Delivery of Securities**

(a) Purchases. No Member may accept a customer's purchase order for any security until it has first ascertained that the customer placing the order or its agent agrees to receive securities against payment in an amount equal to any execution, even though such an execution may represent the purchase of only a part of a larger order.

(b) Sales. No Member shall execute a sale order for any customer or for its own account in any security unless such sale complies with the applicable provisions of the Act, including Regulation SHO.

### Rule 3.190. Charges for Services Performed

Charges, if any, for services performed, including, but not limited to, miscellaneous services such as collection of monies due for principal, dividends, or interest, exchange or transfer of securities, appraisals, safe-keeping or custody of securities, and other services shall be reasonable and not unfairly discriminatory among customers.

## Rule Series 3.200. Information and Disclosure Rules

### Rule 3.200. Use of Information Obtained in Fiduciary Capacity

A Member who in the capacity of paying agent, transfer agent, trustee, or in any other similar capacity, has received information as to the ownership of securities, shall under no circumstances make use of such information for the purpose of soliciting purchases, sales, or exchanges except at the request and on behalf of the issuer.

### Rule 3.210. Publication of Transactions and Quotations

No Member shall publish or circulate, or cause to be published or circulated, any notice, circular, advertisement, newspaper article, investment service, or communication of any kind which purports to report any transaction as a purchase or sale of any security unless such Member believes that such transaction was a bona fide purchase or sale of such security, or which purports to quote the bid price or asked price for any security, unless such Member believes that such quotation represents a bona fide bid for, or offer of, such security.

### Rule 3.220. Offers at Stated Prices

No Member shall make an offer to buy from or sell to any person any security at a stated price unless such Member is prepared to purchase or sell, as the case may be, at such price and under such conditions as are stated at the time of such offer to buy or sell.

### Rule 3.230. Payments Involving Publications that Influence the Market Price of a Security

(a) Except as provided in paragraph (b) of this Rule 3.230, no Member shall directly or indirectly give, permit to be given, or offer to give anything of value to any person, or intimidate any person for the purpose of influencing or rewarding the action of such person in connection with the publication or circulation in any electronic or other

public media, including any investment service or similar publication, website, newspaper, magazine or other periodical, radio, or television program of any matter which has, or is intended to have, an effect upon the market price of any security.

(b) The prohibitions in paragraph (a) of this Rule 3.230 shall not apply to compensation paid to a person in connection with the publication or circulation of:

(1) a communication that is clearly distinguishable as paid advertising;

(2) a communication that discloses the receipt of compensation and the amount thereof in accordance with Section 17(b) of the Securities Act of 1933; or

(3) a research report, as that term is defined in FINRA Rule 2241.

**Rule 3.240. Customer Confirmations**

A Member, at or before the completion of each transaction with a customer, shall give or send to such customer such written notification or confirmation of the transaction as is required by Rule 10b-10 under the Act.

**Rule 3.250. Disclosure of Control Relationship with Issuer**

A Member controlled by, controlling, or under common control with, the issuer of any security, shall, before entering into any contract with or for a customer for the purchase or sale of such security, disclose to such customer the existence of such control, and if such disclosure is not made in writing, it shall be supplemented by the giving or sending of written disclosure at or before the completion of the transaction.

**Rule 3.260. Discretionary Accounts**

(a) Excessive Transactions. No Member shall effect with or for any customer's account in respect to which such Member or its agent or employee is vested with any discretionary power any transactions of purchase or sale which are excessive in size or frequency, in view of the financial resources and character of such account.

(b) Authorization and Acceptance of Account. No Member or Registered Representative shall exercise any discretionary power in a customer's account unless such customer has given prior written authorization to a stated individual or individuals and the account has been accepted by the Member, as evidenced in writing by the Member or the partner, officer, or manager duly designated by the Member, in accordance with LTSE Rule 5.110.

(c) Approval and Review of Transactions. The Member or the person duly designated shall approve promptly in writing each discretionary order entered and shall review all discretionary accounts at frequent intervals in order to detect and prevent transactions that are excessive in size or frequency in view of the financial resources and character of the account.

(d) Exceptions. This LTSE Rule 3.260 shall not apply to:

(1) discretion as to the price at which or the time when an order given by a customer for the purchase or sale of a definite amount of a specified security shall be executed, except that the authority to exercise time and price discretion will be considered to be in effect only until the end of the business day on which the customer granted such discretion, absent a specific, written contrary indication signed and dated by the customer. This limitation shall not apply to time and price discretion exercised in an institutional account, as defined in LTSE Rule 5.110 pursuant to valid Good-Till-Canceled instructions issued on a "not-held" basis. Any exercise of time and price discretion must be reflected on the order ticket.

(2) bulk exchanges at net asset value of money market mutual funds ("Funds") utilizing negative response letters provided:

(A) The bulk exchange is limited to situations involving mergers and acquisitions of Funds, changes of clearing members and exchanges of Funds used in sweep accounts;

(B) The negative response letter contains a tabular comparison of the nature and amount of the fees charged by each Fund;

(C) The negative response letter contains a comparative description of the investment objectives of each Fund and a prospectus of the Fund to be purchased; and

(D) The negative response feature will not be activated until at least 30 days after the date on which the letter was mailed.

**Rule 3.270. Improper Use of Customers' Securities or Funds; Prohibition Against Guarantees and Sharing in Accounts**

(a) Improper Use. No Member or person associated with a Member shall make improper use of a customer's securities or funds.

(b) Prohibition Against Guarantees. No Member or person associated with a Member shall guarantee a customer against loss in connection with any securities transaction

or in any securities account of such customer.

(c) Sharing in Accounts; Extent Permissible.

(1)

(A) Except as provided in paragraph (c)(2) of this LTSE Rule 3.270, no Member or person associated with a Member shall share directly or indirectly in the profits or losses in any account of a customer carried by the Member or any other Member; provided, however, that a Member or person associated with a Member may share in the profits or losses in such an account if:

1. such person associated with a Member obtains prior written authorization from the Member employing the associated person;

2. such Member or person associated with a Member obtains prior written authorization from the customer; and

3. such Member or person associated with a Member shares in the profits or losses in any account of such customer only in direct proportion to the financial contributions made to such account by either the Member or person associated with a Member.

(B) Exempt from the direct proportionate share limitation of paragraph (c)(1)(A)(iii) above are accounts of the immediate family of such Member or person associated with a Member. For purposes of this LTSE Rule 3.270, the term "immediate family" shall include parents, mothers-in-law or fathers-in-law, husbands or wives, children or any relatives to whose support the Member or person associated with a Member otherwise contributes directly or indirectly.

(2) Notwithstanding the prohibition of paragraph (c)(1) of this LTSE Rule 3.270, a Member or person associated with a Member that is acting as an investment adviser may receive compensation based on a share in profits or gains in an account if:

(A) such person associated with a Member seeking such compensation obtains prior written authorization from the Member employing the associated person;

(B) such Member or person associated with a Member seeking such compensation obtains prior written authorization from the customer; and

(C) all of the conditions in Rule 205-3 of the Investment Advisers Act of 1940 (as the same may be amended from time to time) are satisfied.

**Rule 3.280. Communications with Customers and the Public**

Exchange Members and persons associated with a Member shall comply with FINRA Rule 2210 (except FINRA Rule 2210(c)) as if such rule were part of the Exchange's Rule. The Exchange and FINRA are parties to the Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange. Therefore, Exchange Members are complying with this LTSE Rule 3.280 by complying with relevant portions of FINRA Rule 2210, as written. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under this LTSE Rule 3.280 are being performed by FINRA on the Exchange's behalf.

**Rule 3.290. Customer Disclosures**

No member 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 disclosures required pursuant to this LTSE Rule 3.290 may take the following form or such other form as provides substantially similar information:

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

## Rule 3.291. Influencing or Rewarding Employees of Others; Gratuities

(a) No Member or person associated with a Member shall, directly or indirectly, give or permit to be given anything of value, including gratuities, in excess of one hundred dollars per individual per year to any person, principal, proprietor, employee, agent, or representative of another person where such payment or gratuity is in relation to the business of the employer of the recipient of the payment or gratuity. A gift of any kind is considered a gratuity.

(b) This LTSE Rule shall not apply to contracts of employment with or to compensation for services rendered by persons enumerated in paragraph (a) of this Rule 3.291, provided that there is in existence prior to the time of employment or before the services are rendered, a written agreement between the Member and the person who is to be employed to perform such services. Such agreement shall include the nature of the proposed employment, the amount of the proposed compensation, and the written consent of such person's employer or principal.

(c) A separate record of all payments or gratuities in any amount known to the Member, the employment agreement referred to in paragraph (b) of this LTSE Rule 3.291, and any employment compensation paid as a result thereof shall be retained by the Member for the period specified by Rule 17a-4 of the Act.

### Rule 3.292. Telemarketing

LTSE Members and persons associated with a Member shall comply with FINRA Rule 3230 as if such rule were part of the LTSE Rules.

### Rule 3.293. Short-Interest Reporting

To the extent such information is not otherwise reported to FINRA in conformance with FINRA Rule 4560, LTSE Members shall comply with FINRA Rule 4560, with respect to securities listed on LTSE, as if such rule were part of LTSE's rules. Information required to be reported pursuant to this Rule shall be reported to LTSE in the form and manner specified by LTSE.

# CHAPTER 4. FINANCIAL AND OPERATIONAL RULES

## Rule Series 4.100. Financial Condition

### Rule 4.110. Capital Compliance

(a) A member designated to LTSE for oversight pursuant to SEC Rule 17d-1 shall comply with FINRA Rule 4110 as if such rule were part of the Exchange's Rules.

(b) For purposes of this LTSE Rule 4.110, references to FINRA Rule 9557 shall be construed as references to LTSE Rule 9.557. References to FINRA shall be construed as references to LTSE. References to FINRA's Executive Vice President charged with oversight for financial responsibility shall be construed as a reference to the LTSE CRO.

### Rule 4.120. Regulatory Notification and Business Curtailment

(a) A Member designated to LTSE for oversight pursuant to SEC Rule 17d-1 shall comply with FINRA Rule 4120 as if such rule were part of the Exchange's Rules.

(b) For purposes of this LTSE Rule 4.120, references to FINRA Rule 9557 shall be construed as references to LTSE Rule 9.557. References to FINRA Rule 4210 shall be construed as references to LTSE Rule 4.210. References to FINRA shall be construed as references to LTSE.

### Rule 4.130. Reserved

### Rule 4.140. Audit

(a) A Member designated to LTSE for oversight pursuant to SEC Rule 17d-1 shall comply with FINRA Rule 4140 as if such rule were part of LTSE Rules.

(b) For purposes of this LTSE Rule 4.140, references to FINRA shall be construed as references to LTSE. References to FINRA's Executive Vice President charged with oversight for financial responsibility shall be construed as a reference to the LTSE CRO.

## Rule Series 4.200. Margin

### Rule 4.210. Prohibitions and Exemptions

(a) A Member shall not effect a securities transaction through Exchange facilities in a manner contrary to the regulations of the Board of Governors of the Federal Reserve System.

(b) The margin which must be maintained in margin accounts of customers shall be as follows:

(1) 25% of the current market value of all securities "long" in the account

(2) $2.50 per share or 100% of the current market value, whichever amount is greater, of each stock "short" in the account selling at less than $5.00 per share;

(3) $5.00 per share or 30% of the current market value, whichever amount is greater, of each stock "short" in the account selling at $5.00 per share or above; and

(4) 5% of the principal amount or 30% of the current market value, whichever amount is greater, of each bond "short" in the account.

### Rule 4.220. Day Trading Margin

(a) The term "day trading" means the purchasing and selling of the same security on the same day. A "day trader" is any customer whose trading shows a pattern of day trading.

(b) Whenever day trading occurs in a customer's margin account, the margin to be maintained shall be the margin on the "long" or "short" transaction, whichever occurred first, as required pursuant to LTSE Rule 4.210(b). When day trading occurs in the account of a day trader, the margin to be maintained shall be the margin on the "long" or "short" transaction, whichever occurred first, as required for initial margin by Regulation T of the Board of Governors of the Federal Reserve System, or as required pursuant to LTSE Rule 4.210( b), whichever amount is greater.

(c) No Member shall permit a public customer 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 shall permit a public customer to make a practice of selling securities in a cash account which are to be received against payment from another registered broker or dealer where such securities were purchased and are not yet paid for.

Rule Series 4.300. Reserved

Rule Series 4.400. Reserved

Rule Series 4.500. Books, Records, and Reports

### Rule 4.511. General Requirements

LTSE Members and persons associated with a Member shall comply with FINRA Rule 4511 as if such rule were part of the Exchange's Rules. For purposes of this LTSE Rule, references to "FINRA rules" shall be construed as references to "LTSE Rules" and references to "FINRA books and records" shall be construed as references to "LTSE books and records."

### Rule 4.512. Customer Account Information

a) LTSE Members and persons associated with a Member shall comply with FINRA Rule 4512 as if such rule were part of LTSE's Rules.

b) For purposes of this LTSE Rule 4.512:

(1) References to NASD Rule 2510 (or any successor FINRA Rule) shall be construed as references to LTSE Rule 3.260;

(2) References to FINRA Rules 2070, 2090, and 4512 shall be construed as references to LTSE Rules 6.180, 3.150, and 4.512;

(3) References to "a prior FINRA rule" shall be construed as references to "a FINRA rule in effect prior to the effectiveness of FINRA Rule 4512";

(4) LTSE and FINRA are parties to a Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of LTSE. Therefore, LTSE Members are complying with LTSE Rule 4.512 by complying with FINRA Rule 4512 as written, including, for example, providing information required by FINRA staff. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under LTSE Rule 4.512 are being performed by FINRA on behalf of LTSE.

### Rule 4.513. Record of Written Customer Complaints

LTSE Members and persons associated with a Member shall comply with FINRA Rule 4513 as if such rule were part of LTSE's Rules.

### Rule 4.540. Furnishing of Records

Every Member shall furnish to the Exchange, upon request and in a time and manner required by the Exchange, current copies of any financial information filed with the Commission, as well as any records, files, or financial information pertaining to transactions executed on or through the Exchange, or transactions in the same security executed on venues other than the Exchange, or derivatives of such securities. Further, the Exchange shall be allowed access, at any time, to the books and records of the Member in order to obtain or verify information related to transactions executed on or through the Exchange or activities relating to the Exchange.

(a) Member Response Time to Exchange Requests. Consistent with the responsibility of the Exchange and the Commission to provide for timely regulatory investigations, the Exchange has adopted the following general time parameters within which Members are required to respond to Exchange requests for trading data:

(1) 1st Request: 10 business days

(2) 2nd Request: 5 business days

(3) 3rd Request: 5 business days

The third request letter will be sent to the Member's compliance officer and/or senior officer. Notwithstanding the parameters listed above, the Exchange reserves the right, in its sole discretion, to require information to be provided more quickly than described above.

(b) Regulatory Data Submission Requirement. Members shall submit to the Exchange such Exchange-related order, market, and transaction data as the Exchange by Information Circular may specify, in such form and on such schedule as the Exchange may require.

### Rule 4.550. Disclosure of Financial Condition

a) A Member shall make available to inspection by any bona fide regular customer, upon request, the information relative to such Member's financial condition as disclosed in its most recent balance sheet prepared either in accordance with such Member's usual practice or as required by any state or federal securities laws, or any rule or regulation thereunder. In lieu of making such balance sheet available for inspection, a Member may deliver the balance sheet to the requesting bona fide regular customer in paper or electronic form; provided that, with respect to electronic delivery, the customer must consent to receive the balance sheet in electronic form.

b) Any Member who is a party to an open transaction or who has on deposit cash or securities of another Member shall deliver upon written request of the other Member, in paper or electronic form, a statement of its financial condition as disclosed in its most recent balance sheet prepared either in accordance with such Member's usual practice or as required by any state or federal securities laws, or any rule or regulation thereunder.

c) As used in paragraph (a) of this LTSE Rule 4.550, the term “customer” means any person who, in the regular course of such Member’s business, has cash or securities in the possession of such Member.

# CHAPTER 5. SUPERVISION

## Rule 5.110. Supervision

(a) Supervisory System

Each Member shall establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable LTSE Rules. Final responsibility for proper supervision shall rest with the Member. A Member's supervisory system shall provide, at a minimum, for the following:

(1) The establishment and maintenance of written procedures as required by this LTSE Rule 5.110.

(2) The designation, where applicable, of an appropriately registered principal(s) with authority to carry out the supervisory responsibilities of the Member for each type of business in which it engages for which registration as a broker-dealer is required.

(3) The registration and designation as a branch office or an office of supervisory jurisdiction ("OSJ") of each location, including the main office, that meets the definitions contained in paragraph (e) of this LTSE Rule 5.110.

(4) The designation of one or more appropriately registered principals in each OSJ and one or more appropriately Registered Representatives or principals in each non-OSJ branch office with authority to carry out the supervisory responsibilities assigned to that office by the Member.

(5) The assignment of each registered person to an appropriately Registered Representative(s) or principal(s) who shall be responsible for supervising that person's activities.

(6) The use of reasonable efforts to determine that all supervisory personnel are qualified, either by virtue of experience or training, to carry out their assigned responsibilities.

(7) The participation of each Registered Representative and Registered Principal, either individually or collectively, no less than annually, in an interview or meeting conducted by persons designated by the Member at which compliance matters relevant to the activities of the representative(s) and principal(s) are discussed. Such interview or meeting may occur in conjunction with the discussion of other matters and may be conducted at a central or regional location or at the representative's or principal's place of business.

(b) Written Procedures

(1) General Requirements. Each Member shall establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable LTSE Rules.

(2) Review of Member's Investment Banking and Securities Business. The supervisory procedures required by this paragraph (b) shall include procedures for the review by a Registered Principal, evidenced in writing, of all transactions relating to the investment banking or securities business of the Member.

(3) Reserved.

(4) Review of Correspondence and Internal Communications. The supervisory procedures required by this paragraph (b) shall include procedures for the review of incoming and outgoing written (including electronic) correspondence and internal communications relating to the Member's investment banking or securities business. The supervisory procedures must be appropriate for the Member's business, size, structure, and customers. The supervisory procedures must require the Member's review of:

(A) incoming and outgoing written (including electronic) correspondence to properly identify and handle in accordance with firm procedures, customer complaints, instructions, funds and securities, and communications that are of a subject matter that require review under LTSE Rules and federal securities laws.

(B) internal communications to properly identify those communications that are of a subject matter that require review under LTSE Rules and federal securities laws.

Reviews of correspondence and internal communications must be conducted by a Registered Principal and must be evidenced in writing, either electronically or on paper.

(5) Review of Customer Complaints. The supervisory procedures required by this paragraph (b) shall include procedures to capture, acknowledge, and respond to all written (including electronic) customer complaints.

(6) Documentation and Supervision of Supervisory Personnel. The supervisory procedures required by this paragraph (b) shall set forth the supervisory system established by the Member pursuant to paragraph (a) above, and shall include:

(A) the titles, registration status, and locations of the required supervisory personnel and the responsibilities of each supervisory person as these relate to the types of business engaged in applicable securities laws and regulations, and LTSE Rules.

(B) a record, preserved by the Member for a period of not less than three years, the first two years in an easily accessible place, of the names of all

persons who are designated as supervisory personnel and the dates for which such designation is or was effective.

(C) procedures prohibiting associated persons who perform a supervisory function from:

(i) supervising their own activities; and

(ii) reporting to, or having their compensation or continued employment determined by, a person or persons they are supervising.

a. If a Member determines, with respect to any of its supervisory personnel, that compliance with subparagraph (i) or (ii) above is not possible because of the Member's size or a supervisory personnel's position within the firm, the Member must document:

1. the factors the Member used to reach such determination; and

2. how the supervisory arrangement with respect to such supervisory personnel otherwise complies with paragraph (a) of this LTSE Rule 5.110.

(D) procedures reasonably designed to prevent the supervisory system required pursuant to paragraph (a) of this LTSE Rule 5.110 from being compromised due to the conflicts of interest that may be present with respect to the associated person being supervised, including the position of such person, the revenue such person generates for the Member, or any compensation that the associated person conducting the supervision may derive from the associated person being supervised.

(7) Maintenance of Written Supervisory Procedures. A copy of a Member's written supervisory procedures, or the relevant portions thereof, shall be kept and maintained in each OSJ and at each location where supervisory activities are conducted on behalf of the Member. Each Member shall promptly amend its written supervisory procedures to reflect changes in applicable securities laws or regulations, including LTSE Rules, and as changes occur in its supervisory system. Each Member is responsible for promptly communicating its written supervisory procedures and amendments to all associated persons to whom such written supervisory procedures and amendments are relevant based on their activities and responsibilities.

(c) Internal Inspections

(1) Each Member shall conduct a review, at least annually (on a calendar-year basis), of the businesses in which it engages. The review shall be reasonably designed to assist the Member in detecting and preventing violations of, and achieving compliance with, applicable securities laws and regulations, and with

applicable LTSE Rules. Each Member shall review the activities of each office, which shall include the periodic examination of customer accounts to detect and prevent irregularities or abuses. Each Member shall also retain a written record of the date upon which each review and inspection is conducted.

(A) Each Member shall inspect at least annually (on a calendar-year basis) every OSJ and any branch office that supervises one or more non-branch locations.

(B) Each Member shall inspect at least every three years every branch office that does not supervise one or more non-branch locations. In establishing how often to inspect each non-supervisory branch office, the Member shall consider whether the nature and complexity of the securities activities for which the location is responsible, the volume of business done at the location, and the number of associated persons assigned to the location require the non-supervisory branch office to be inspected more frequently than every three years. If a Member establishes a more frequent inspection cycle, the Member must ensure that at least every three years, the inspection requirements enumerated in paragraph (c)(2) have been met. The Member's written supervisory and inspection procedures shall set forth the non-supervisory branch office examination cycle, an explanation of the factors the Member used in determining the frequency of the examinations in the cycle, and the manner in which a Member will comply with paragraph (c)(2) if using more frequent inspections than every three years.

(C) Each Member shall inspect on a regular periodic schedule every non-branch location. In establishing such schedule, the Member shall consider the nature and complexity of the securities activities for which the location is responsible and the nature and extent of contact with customers. The Member's written supervisory and inspection procedures shall set forth the schedule and an explanation regarding how the Member determined the frequency of the examination.

(2) An inspection and review by a Member pursuant to paragraph (c)(1) must be reduced to a written report and kept on file by the Member for a minimum of three years, unless the inspection is being conducted pursuant to paragraph (c)(1)(C) and the regular periodic schedule is longer than a three-year cycle, in which case the report must be kept on file at least until the next inspection report has been written.

(A) If applicable to the location being inspected, that location's written inspection report must include, without limitation, the testing and verification of the Member's policies and procedures, including supervisory policies and procedures in the following areas:

(i) safeguarding of customer funds and securities;

(ii) maintaining books and records;

(iii) supervision of supervisory personnel;

(iv) transmittals of funds (e.g., wires or checks, etc.) or securities from customers to third-party accounts; from customer accounts to outside entities (e.g., banks, investment companies, etc.); from customer accounts to locations other than a customer's primary residence (e.g., post office box, "in care of" accounts, alternate address, etc.); and between customers and Registered Representatives, including the hand-delivery of checks; and

(v) changes of customer account information, including address and investment objectives changes and validation of such changes.

(B) The policies and procedures required by paragraph (c)(2)(A)(iv) must include a means or method of customer confirmation, notification, or follow-up that can be documented. Members may use reasonable risk-based criteria to determine the authenticity of the transmittal instructions.

(C) The policies and procedures required by paragraph (c)(2)(A)(v) must include, for each change processed, a means or method of customer confirmation, notification, or follow-up that can be documented and that complies with Rules 17a-3(a)(17)(i)(B)(2) and 17a-3(a)(17)(i)(B)(3) of the Act.

(D) If a Member does not engage in all of the activities enumerated in paragraphs (c)(2)(A)(i) through (v) at the location being inspected, the Member must identify those activities in the Member's written supervisory procedures or the location's written inspection report and document in the Member's written supervisory procedures or the location's written inspection report that supervisory policies and procedures for such activities must be in place at that location before the Member can engage in them.

(3) For each inspection conducted pursuant to paragraph (c), a Member must:

(A) have procedures reasonably designed to prevent the effectiveness of the inspections required pursuant to paragraph (c)(1) of this LTSE Rule 5.110 from being compromised due to the conflicts of interest that may be present with respect to the location being inspected, including but not limited to, economic, commercial, or financial interests in the associated persons and businesses being inspected; and

(B) ensure that the person conducting an inspection pursuant to paragraph (c)(1) is not an associated person assigned to the location or is not directly or indirectly supervised by, or otherwise reporting to, an

associated person assigned to the location.

(C) If a Member determines that compliance with paragraph (c)(3)(B) is not possible either because of a Member's size or its business model, the Member must document in the inspection report both the factors the Member used to make its determination and how the inspection otherwise complies with paragraph (c)(1).

(d) Transaction Review and Investigation

(1) Each Member shall include in its supervisory procedures a process for the review of securities transactions that are reasonably designed to identify trades that may violate the provisions of the Exchange Act, the rules thereunder, or LTSE Rules prohibiting insider trading and manipulative and deceptive device that are effected for the:

(A) accounts of the Member;

(B) accounts introduced or carried by the Member in which a person associated with the Member has a beneficial interest or the authority to make investment decisions;

(C) accounts of a person associated with the Member that are disclosed to the Member pursuant to LTSE Rule 5.170, as applicable; and

(D) covered accounts.

(2) Each Member must conduct promptly an internal investigation into any such trade to determine whether a violation of those laws or rules has occurred.

(3) A Member engaging in investment banking services must file with LTSE, written reports, signed by a senior officer of the Member, at such times and, without limitation, including such content, as follows:

(A) within ten business days of the end of each calendar quarter, a written report describing each internal investigation initiated in the previous calendar quarter pursuant to paragraph (d)(2), including the identity of the Member, the date each internal investigation commenced, the status of each open internal investigation, the resolution of any internal investigation reached during the previous calendar quarter, and, with respect to each internal investigation, the identity of the security, trades, accounts, associated persons of the Member, or associated person of the Member's family members holding a covered account, under review, and that includes a copy of the Member's policies and procedures required by paragraph (d)(1).

(B) within five business days of completion of an internal investigation pursuant to paragraph (d)(2) in which it was determined that a violation of the provisions of the Exchange Act, the rules thereunder, or LTSE Rules prohibiting insider trading and manipulative and deceptive devices had

occurred, a written report detailing the completion of the investigation, including the results of the investigation, any internal disciplinary action taken, and any referral of the matter to another self-regulatory organization, the SEC, or any other federal, state, or international regulatory authority.

(4) Definitions

For purposes of this LTSE Rule 5.110(d):

(A) The term "covered account" shall include any account introduced or carried by the Member that is held by:

the spouse of a person associated with the Member;

a child of the person associated with the Member or such person's spouse, provided that the child resides in the same household as or is financially dependent upon the person associated with the Member;

any other related individual over whose account the person associated with the Member has control; or

any other individual over whose account the associated person of the Member has control and to whose financial support such person materially contributes.

(B) The term "investment banking services" shall include, without limitation, acting as an underwriter, participating in a selling group in an offering for the issuer, or otherwise acting in furtherance of a public offering of the issuer; acting as a financial adviser in a merger or acquisition; providing venture capital or equity lines of credit or serving as placement agent for the issuer or otherwise acting in furtherance of a private offering of the issuer.

e) Responsibility of Member to Investigate Applicants for Registration

Each Member shall ascertain by investigation the good character, business reputation, qualifications and experience of an applicant before the Member applies to register that applicant with LTSE, and before making a representation to that effect on the application for registration.

If the applicant previously has been registered with LTSE or another self-regulatory organization, the Member shall review a copy of the applicant’s most recent Form U5, including any amendments thereto, within 60 days of the filing date of an application for registration, or demonstrate to LTSE that it has made reasonable efforts to do so.

In conducting its review of the Form U5, the Member shall take such action as may be deemed appropriate.

The member shall also review an applicant's employment experience to determine if the applicant has been recently employed by a Futures Commission Merchant or an Introducing Broker that is notice-registered with the SEC pursuant to section 15(b)(11) of the Exchange Act. In such a case, the Member shall also review a copy of the applicant's most recent Commodity Futures Trading Commission Form 8-T, including any amendments thereto, within 60 days of the filing date of an application for registration, or demonstrate to LTSE that it has made reasonable efforts to do so. In conducting its review of a Form 8-T, the Member shall take such action as may be deemed appropriate.

In addition, each member shall establish and implement written procedures reasonably designed to verify the accuracy and completeness of the information contained in an applicant's initial or transfer Form U4 no later than 30 calendar days after the form is filed with LTSE. Such procedures shall, at a minimum, provide for a search of reasonably available public records to be conducted by the member, or a third-party service provider, to verify the accuracy and completeness of the information contained in the applicant's Form U4.

(f) Definitions

For purposes of this LTSE Rule 5.110:

(1) "Office of Supervisory Jurisdiction" or "OSJ" means any office of a Member at which any one or more of the following functions take place:

(A) order execution or market making;

(B) structuring of public offerings or private placements;

(C) maintaining custody of customers' funds or securities;

(D) final acceptance (approval) of new accounts on behalf of the Member;

(E) review and endorsement of customer orders, pursuant to paragraph (b)(2) above;

(F) final approval of retail communications for use by persons associated with the Member, pursuant to LTSE Rule 3.280, except for an office that solely conducts final approval of research reports; or

(G) responsibility for supervising the activities of persons associated with the Member at one or more other branch offices of the Member.

(2) A "branch office" is any location where one or more associated persons of a Member regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of, any security, or is held out as such, excluding:

(A) Any location that is established solely for customer service or back office type functions where no sales activities are conducted and that is not held out to the public as a branch office;

(B) Any location that is the associated person's primary residence; provided that

(i) Only one associated person, or multiple associated persons who reside at that location and are members of the same immediate family, conduct business at the location;

(ii) The location is not held out to the public as an office and the associated person does not meet with customers at the location;

(iii) Neither customer funds nor securities are handled at that location;

(iv) The associated person is assigned to a designated branch office, and such designated branch office is reflected on all business cards, stationery, retail communications and other communications to the public by such associated person;

(v) The associated person's correspondence and communications with the public are subject to the Member’s supervision in accordance with this LTSE Rule 5.110;

(vi) Electronic communications (e.g., e-mail) are made through the Member's electronic system;

(vii)All orders are entered through the designated branch office or an electronic system established by the Member that is reviewable at the branch office;

(viii) Written supervisory procedures pertaining to supervision of sales activities conducted at the residence are maintained by the Member; and

(ix) A list of the residence locations is maintained by the Member;

(C) Any location, other than a primary residence, that is used for securities business for less than 30 business days in any one calendar year, provided the Member complies with the provisions of subparagraphs (2)(B)(i) through (ix) above;

(D) Any office of convenience, where associated persons occasionally and exclusively by appointment meet with customers, which is not held out to the public as an office;*

(E) Any location that is used primarily to engage in non-securities activities and from which the associated person(s) effects no more than 25 securities transactions in any one calendar year; provided that any retail communication identifying such location also sets forth the address and telephone number of the location from which the associated person(s) conducting business at the non-branch locations are directly supervised;

(F) The floor of a registered national securities exchange where a Member conducts a direct access business with public customers; or

(G) A temporary location established in response to the implementation of a business continuity plan.

(3) Notwithstanding the exclusions in subparagraph (2), any location that is responsible for supervising the activities of persons associated with the Member at one (1) or more non-branch locations of the Member is considered to be a branch office.

(4) The term "business day" as used in paragraph (f)(2) of this LTSE Rule 5.110 shall not include any partial business day provided that the associated person spends at least four hours on such business day at his or her designated branch office during the hours that such office is normally open for business.

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*** * * * * *Supplementary Material* * * * ***

***.01 Registration of Main Office.***

*A Member's main office location is required to be registered and designated as a branch office or OSJ if it meets the definitions of a "branch office" or "office of supervisory jurisdiction" as set forth in LTSE Rule 5.110(f). In general, the nature of activities conducted at a main office will satisfy the requirements of such terms.*

***.02 Designation of Additional OSJs.***

*In addition to the locations that meet the definition of OSJ in LTSE Rule 5.110(f), each Member shall also register and designate other offices as OSJs as is necessary to supervise its associated persons in accordance with the standards set forth in LTSE Rule 5.110. In making a determination as to whether to designate a location as an OSJ, the Member should consider the following factors:*

*(a) whether registered persons at the location engage in retail sales or other activities involving regular contact with public customers;*

*(b) whether a substantial number of registered persons conduct securities activities at, or are otherwise supervised from, such location;*

*(c) whether the location is geographically distant from another OSJ of the firm;*

*(d) whether the Member's registered persons are geographically dispersed; and*

*(e) whether the securities activities at such location are diverse or complex.*

***.03 Supervision of Multiple OSJs by a Single Principal.***

*LTSE Rule 5.110(a)(4) requires a Member to designate one or more appropriately registered principals in each OSJ with the authority to carry out the supervisory responsibilities assigned to that office ("on-site principal"). The designated on-site principal for each OSJ must have a physical presence, on a regular and routine basis, at each OSJ for which the principal has supervisory responsibilities. Consequently, there is a general presumption that a principal will not be designated and assigned to be the on-site principal pursuant to LTSE Rule 5.110(a)(4) to supervise more than one OSJ. If a Member determines it is necessary to designate and assign one appropriately registered principal to be the on-site principal pursuant to LTSE Rule 5.110(a)(4) to supervise two or more OSJs, the Member must take into consideration, among others, the following factors:*

*(a) whether the on-site principal is qualified by virtue of experience and training to supervise the activities and associated persons in each location;*

*(b) whether the on-site principal has the capacity and time to supervise the activities and associated persons in each location;*

*(c) whether the on-site principal is a producing Registered Representative;*

*(d) whether the OSJ locations are in sufficiently close proximity to ensure that the on-site principal is physically present at each location on a regular and routine basis; and*

*(e) the nature of activities at each location, including size and number of associated persons, scope of business activities, nature and complexity of products and services offered, volume of business done, the disciplinary history of persons assigned to such locations, and any other indicators of irregularities or misconduct.*

*The Member must establish, maintain, and enforce written supervisory procedures regarding the supervision of all OSJs. In all cases where a Member designates and assigns one on-site principal to supervise more than one OSJ, the Member must document in the Member's written supervisory and inspection procedures the factors used to determine why the Member considers such supervisory structure to be reasonable and the determination by the Member will be subject to scrutiny.*

***.04 Annual Compliance Meeting.***

*A Member is not required to conduct in-person meetings with each registered person or group of registered persons to comply with the annual compliance meeting (or interview) required by LTSE Rule 5.110(a)(7). A Member that chooses to conduct compliance meetings using other methods (e.g., on-demand webcast or course, video conference, interactive classroom setting, telephone, or other electronic means) must ensure, at a minimum, that each registered person attends the entire meeting (e.g., an on-demand annual compliance webcast would require each registered person to use a unique user ID and password to gain access and use a technology platform to track the time spent on the webcast, provide click-as-you go confirmation, and have an attestation of completion at the end of a webcast) and is able to ask questions regarding the presentation and receive answers in a timely fashion (e.g., an on-demand annual compliance webcast that allows registered persons to ask questions via an*

*email to a presenter or a centralized address or via a telephone hotline and receive timely responses directly or view such responses on the Member's intranet site).*

***.05 Risk-Based Review of Member's Investment Banking and Securities Business.***

*A Member may use a risk-based review system to comply with LTSE Rule 5.110(b)(2)'s requirement that a registered principal review, all transactions relating to the investment banking or securities business of the Member. A Member is not required to conduct detailed reviews of each transaction if a Member is using a reasonably designed risk-based review system that provides a Member with sufficient information that permits the Member to focus on the areas that pose the greatest numbers and risks of violation.*

***.06 Risk-Based Review of Correspondence and Internal Communications.***

*By employing risk-based principles, a Member must decide the extent to which additional policies and procedures for the review of:*

*(a) incoming and outgoing written (including electronic) correspondence that fall outside of the subject matters listed in LTSE Rule 5.110(b)(4) are necessary for its business and structure. If a Member's procedures do not require that all correspondence be reviewed before use or distribution, the procedures must provide for:*

*(i) the education and training of associated persons regarding the Member's procedures governing correspondence;*

*(ii) the documentation of such education and training; and*

*(iii) surveillance and follow-up to ensure that such procedures are implemented and followed.*

*(b) internal communications that are not of a subject matter that require review under LTSE Rules and federal securities laws are necessary for its business and structure.*

***.07 Evidence of Review of Correspondence and Internal Communications.***

*The evidence of review required in LTSE Rule 5.110(b) must be chronicled either electronically or on paper and must clearly identify the reviewer, the internal communication or correspondence that was reviewed, the date of review, and the actions taken by the Member as a result of any significant regulatory issues identified during the review. Merely opening a communication is not sufficient review.*

***.08 Delegation of Correspondence and Internal Communication Review Functions.***

*In the course of the supervision and review of correspondence and internal communications required by LTSE Rule 5.110(b)( 4), a supervisor/ principal may delegate certain functions to persons who need not be registered. However, the supervisor/ principal remains ultimately responsible for the performance of all necessary supervisory reviews, irrespective of whether he or she delegates functions related to the review. Accordingly, supervisors/ principals must take reasonable and appropriate action to ensure delegated functions are properly executed and should evidence performance of their procedures sufficiently to demonstrate overall supervisory control.*

***.09 Retention of Correspondence and Internal Communications.***

*Each Member shall retain the internal communications and correspondence of associated persons relating to the Member's investment banking or securities business for the period of time and accessibility specified in Rule 17a-4(b) under the Act. The names of the persons who prepared outgoing correspondence and who reviewed the correspondence shall be ascertainable from the retained records, and the retained records shall be readily available to LTSE, upon request.*

***.10 Supervision of Supervisory Personnel.***

*A Member's determination that it is not possible to comply with paragraphs (b)(6)(C)(i) or (b)(6)(C)(ii) of LTSE Rule 5.110 prohibiting supervisory personnel from supervising their own activities and from reporting to, or otherwise having compensation or continued employment determined by, a person or persons they are supervising generally will arise in instances where:*

*(a) the Member is a sole proprietor in a single-person firm;*

*(b) a registered person is the Member's most senior executive officer (or similar position); or*

*(c) a registered person is one of several of the Member's most senior executive officers (or similar positions).*

***.11 Use of Electronic Media to Communicate Written Supervisory Procedures.***

*A Member may use electronic media to satisfy its obligation to communicate its written supervisory procedures, and any amendment thereto, pursuant to LTSE Rule 5.110(b)(7), provided that: (1) the written supervisory procedures have been promptly communicated to, and are readily accessible by, all associated persons to whom such supervisory procedures apply based on their activities and responsibilities through, for example, the Member's intranet system; (2) all amendments to the written supervisory procedures are promptly posted to the Member's electronic media; (3) associated persons are notified that amendments relevant to their activities and responsibilities have been made to the written supervisory procedures; (4) the Member has reasonable procedures to monitor and maintain the security of the material posted to ensure that it cannot be altered by unauthorized persons; and (5) the Member retains current and prior versions of its written supervisory procedures in compliance with the applicable record retention requirements of Rule 17a-4(e)(7) under the Act.*

***.12 Standards for Reasonable Review.***

*In fulfilling its obligations under LTSE Rule 5.110(c), each Member must conduct a review, at least annually, of the businesses in which it engages. The review must be reasonably designed to assist in detecting and preventing violations of and achieving compliance with applicable securities laws and regulations and with LTSE rules. Each Member shall establish and maintain supervisory procedures that must take into consideration, among other things, the Member's size, organizational structure, scope of business activities, number and location of the Member's offices, the nature and complexity of the products and services offered by the Member, the volume of business done, the number of associated persons assigned to a location, the disciplinary history of Registered Representatives or associated persons, and any indicators of irregularities or misconduct (i.e., "red flags"), etc. The procedures established and reviews conducted must provide that the quality of supervision at remote locations is sufficient to ensure compliance with applicable securities laws and regulations and with LTSE Rules. A Member must be especially diligent in establishing procedures and conducting reasonable reviews with respect to a non-branch location where a Registered Representative engages in securities activities. Based on the factors outlined above, Members may need to impose reasonably designed supervisory procedures for certain locations or may need to provide for more frequent reviews of certain locations.*

***.13 General Presumption of Three-Year Limit for Periodic Inspection Schedules.***

*LTSE Rule 5.110(c)(1)(C) requires a Member to inspect on a regular periodic schedule every non-branch location. In establishing a non-branch location inspection schedule, there is a general presumption that a non-branch location will be inspected at least every three years, even in the absence of any indicators of irregularities or misconduct (i.e., "red flags"). If a Member establishes a longer periodic inspection schedule, the Member must document in its written supervisory and inspection procedures the factors used in determining that a longer periodic inspection cycle is appropriate.*

***.14 Exception to Persons Prohibited from Conducting Inspections.***

*A Member's determination that it is not possible to comply with LTSE Rule 5.110(c)(3)(B) with respect to who is not allowed to conduct a location's inspection will generally arise in instances where:*

*(a) the Member has only one office; or*

*(b) the Member has a business model where small or single-person offices report directly to an OSJ manager who is also considered the offices' branch office manager.*

** Where such office of convenience is located on bank premises, signage necessary to comply with applicable federal and state laws, rules and regulations, LTSE Rules, applicable rules and regulations of other self-regulatory organizations, and securities and banking regulators may be displayed, and shall not be deemed "holding out" for purposes of this section.*

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**Rule 5.120. Supervisory Control System**

a) Each Member shall designate and specifically identify to LTSE one or more principals who shall establish, maintain, and enforce a system of supervisory control policies and procedures that:

(1) test and verify that the Member's supervisory procedures are reasonably designed with respect to the activities of the Member and its associated persons, to achieve compliance with applicable securities laws and regulations, and with applicable LTSE Rules; and

(2) create additional or amend supervisory procedures where the need is identified by such testing and verification. The designated principal or principals must submit to the Member's senior management no less than annually, a report detailing each Member's system of supervisory controls, the summary of the test results and significant identified exceptions, and any additional or amended supervisory procedures created in response to the test results.

b) Each report provided to senior management pursuant to paragraph (a) in the calendar year following a calendar year in which a Member reported $200 million or more in gross revenue must include, to the extent applicable to the Member's business:

(1) a tabulation of the reports pertaining to customer complaints and internal investigations made to LTSE during the preceding year; and

(2) discussion of the preceding year's compliance efforts, including procedures and educational programs, in each of the following areas:

(A) trading and market activities;

(B) investment banking activities;

(C) antifraud and sales practices;

(D) finance and operations;

(E) supervision; and

(F) anti-money laundering.

c) For purposes of paragraph (b), "gross revenue" is defined as:

(1) total revenue as reported on FOCUS Form Part II or IIA (line item 4030) less commodities revenue (line item 3990), if applicable; or

(2) total revenue as reported on FOCUS Form Part II CSE (line item 4030) less, if applicable, (A) commissions on commodity transactions (line item 3991); and (B) commodities gains or losses (line items 3924 and 3904).

**Rule 5.130. Annual Certification of Compliance and Supervisory Processes**

a) LTSE Members and persons associated with a Member shall comply with FINRA Rule 3130 as if such rule were part of LTSE's Rules.

b) For purposes of this LTSE Rule:

(1) references to "FINRA Rules" shall be construed as references to "LTSE Rules," and

(2) references to "MSRB rules" shall be deleted.

**Rule 5.140. Reserved**

**Rule 5.150. Prevention of the Misuse of Material, Non-Public Information**

Each Member must establish, maintain and enforce written procedures reasonably designed, taking into consideration the nature of such Member's business, to prevent the misuse of material, non-public information by such Member or persons associated with such Member. Members for whom the Exchange is the Designated Examining Authority that are required to

file SEC form X-17A-5 with the Exchange on an annual or more frequent basis must file contemporaneously with the submission for the calendar year-end "Insider Trading and Securities Fraud Enforcement Act of 1988 compliance acknowledgements stating that the procedures mandated by this LTSE Rule have been established, enforced, and maintained. Any Member or associated person of a Member who becomes aware of a possible misuse of material, non-public information must notify LTSE Regulation.

(a) For purposes of this LTSE Rule 5.150, conduct constituting the misuse of material, non-public information includes, but is not limited to, the following:

(1) 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, non-public information concerning that issuer;

(2) 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

(3) 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.

(b) This LTSE Rule 5.150 provides that, at a minimum, each Member establish, maintain, and enforce the following policies and procedures:

(1) all associated persons of the Member must be advised in writing of the prohibition against the misuse of material, non-public information;

(2) all associated persons of the Member 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;

(3) each Member must receive and retain copies of trade confirmations and monthly account statements for each account in which an associated person 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 for the purpose of detecting the possible misuse of material, non-public information;

(4) all associated persons must disclose to the Member 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 will not, in all cases, satisfy the requirements and intent of this LTSE Rule 5.150; the adequacy of each Member's policies and procedures will depend upon the nature of such Member's business.

### Rule 5.160. Anti-Money Laundering Compliance Program

Each Member 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 Member of senior management. The anti-money laundering programs required by this LTSE Rule 5.160 shall, at a minimum:

a) establish and implement policies and procedures 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;

b) establish and implement policies, procedures, and internal controls reasonably designed to achieve compliance with the Bank Secrecy Act and the implementing regulations thereunder;

c) provide for annual (on a calendar-year basis) independent testing for compliance to be conducted by Member personnel or by a qualified outside party, unless the Member does not execute transactions for customers or otherwise hold customer accounts or act as an introducing broker with respect to customer accounts (e.g., engages solely in proprietary trading or conducts business only with other broker-dealers), in which case such "independent testing" is required every two years (on a calendar-year basis);

d) designate and identify to LTSE (by name, title, mailing address, e-mail address, telephone number, and facsimile number) an individual or individuals responsible for implementing and monitoring the day-to-day operations and internal controls of the program (such individual or individuals must be an associated person of the Member) and provide prompt notification to LTSE regarding any change in such designation(s); and

e) provide ongoing training for appropriate personnel.

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**** * * * * Supplementary Material * * * ****

***.01 Independent Testing Requirements.***

*(a) All Members should undertake more frequent testing than required if circumstances warrant.*

*(b) Independent testing, pursuant to LTSE Rule 5.160(c), must be conducted by a designated person with a working knowledge of applicable requirements under the Bank Secrecy Act and its implementing regulations.*

*(c) Independent testing may not be conducted by:*

*(1) a person who performs the functions being tested,*

*(2) the designated anti-money laundering compliance person, or*

*(3) a person who reports to a person described in either subparagraphs (1) or (2) above.*

***.02 Review of Anti-Money Laundering Compliance Person Information.***

*Each Member must identify, review, and, if necessary, update the information regarding its anti-money laundering compliance person designated pursuant to LTSE Rule 5.160(d) in the manner prescribed by LTSE Rule 2.170(h).*

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*(Amended by SR-LTSE-2019-05 eff. December 20, 2019)*

**Rule 5.170. Transactions for or by Associated Persons**

Members and persons associated with a Member shall comply with FINRA Rule 3210 as if such rule were part of the Exchange's Rules.

# CHAPTER 6. MISCELLANEOUS PROVISIONS

### Rule 6.110. Comparison and Settlement Requirements

a) Every Member who is a Member of a registered clearing agency shall implement comparison and settlement procedures under the rules of such entity.

b) For purposes of this LTSE Rule, a registered clearing agency shall mean a clearing agency (as defined in the Act) which has agreed to supply the Exchange with data reasonably requested in order to permit the Exchange to enforce compliance by its Members with the provisions of the Act, the rules and regulations thereunder, and the Rules of the Exchange.

c) Anything contained in paragraph (a) to the contrary notwithstanding, the Board may extend or postpone the time of the delivery of an Exchange transaction whenever, in its opinion, such action is called for by the public interest, by just and equitable principles of trade or by the need to meet unusual conditions. In such case, delivery shall be effected at such time, place and manner as directed by the Board.

### Rule 6.120. Failure to Deliver and Failure to Receive

a) Borrowing and deliveries shall be effected in accordance with Rule 203 of Regulation SHO, under the Exchange Act. The Exchange incorporates by reference Rules 200 and 203 of Regulation SHO, to this LTSE Rule 6.120, as if they were fully set forth herein.

### Rule 6.130. Forwarding of Proxy and Other Issuer-Related Materials; Proxy Voting

a) A Member when so requested by an issuer and upon being furnished with: (1) sufficient copies of proxy material, annual reports, information statements or other material required by law to be sent to security holders periodically, and (2) satisfactory assurance that it will be reimbursed by such issuer for all out-of-pocket expenses, including reasonable clerical expenses, shall transmit promptly to each beneficial owner of securities (or the beneficial owner’s designated investment adviser) of such issuer which are in its possession and control and registered in a name other than the name of the beneficial owner all such material furnished. In the event of a proxy solicitation, such material shall include a signed proxy indicating the number of shares held for such beneficial owner and bearing a symbol identifying the proxy with proxy records maintained by the Member, and a letter informing the beneficial owner (or the beneficial owner's designated investment adviser) of the time limit and necessity for completing the proxy form and forwarding it to the person soliciting proxies prior to the expiration of the time limit in order for the shares to be represented at the meeting. A Member shall furnish a copy of the symbols to the person soliciting the proxies and shall also retain a copy thereof pursuant to the provisions of Exchange Act Rule 17a-4. This paragraph shall not apply to beneficial

owners residing outside of the U.S., though Members may voluntarily comply with the provisions hereof in respect of such persons if they so desire.

b) No Member shall give a proxy to vote stock that is registered in its name, unless: (i) such Member is the beneficial owner of such stock; (ii) such proxy is given pursuant to the written instructions of the beneficial owner; or (iii) such proxy is given pursuant to the rules of any national securities exchange or association of which it is a Member, provided that the records of the Member clearly indicate the procedure it is following.

c) Notwithstanding the foregoing, a Member that is not the beneficial owner of a security registered under Section 12 of the Exchange Act is prohibited from granting a proxy to vote the security in connection with a shareholder vote on the election of a Member of the board of directors of an issuer (except for a vote with respect to uncontested election of a Member of the board of directors of any investment company registered under the Investment Company Act of 1940), executive compensation, or any other significant matter, as determined by the Commission, by rule, unless the beneficial owner of the security has instructed the Member to vote the proxy in accordance with the voting instructions of the beneficial owner.

d) Notwithstanding the foregoing, a Member may give a proxy to vote any stock registered in its name if such Member holds such stock as executor, administrator, guardian, trustee, or in a similar representative or fiduciary capacity with authority to vote. A Member that has in its possession or within its control stock registered in the name of another Member and that desires to transmit signed proxies pursuant to the provisions of paragraph (a) of this LTSE Rule 6.130, shall obtain the requisite number of signed proxies from such holder of record. Notwithstanding the foregoing: (1) any Member designated by a named Employee Retirement Income Security Act of 1974 (as amended) ("ERISA") Plan fiduciary as the investment manager of stock held as assets of the ERISA Plan may vote the proxies in accordance with the ERISA Plan fiduciary responsibilities if the ERISA Plan expressly grants discretion to the investment manager to manage, acquire, or dispose of any plan asset and has not expressly reserved the proxy voting right for the named ERISA Plan fiduciary; and (2) any designated investment adviser may vote such proxies.

e) Designated Investment Advisor

For purposes of this LTSE Rule 6.130, the term "designated investment adviser" is a person registered under the Investment Advisers Act of 1940 (as the same may be amended from time-to-time) (the "Advisers Act"), or registered as an investment adviser under the laws of a state, who exercises investment discretion pursuant to an advisory contract for the beneficial owner and is designated in writing by the beneficial owner to receive proxy and related materials and vote the proxy, and to receive annual reports and other material sent to security holders.

(f) For purposes of this LTSE Rule 6.130, the term "state" shall have the meaning given to such term in Section 202(a)(19) of the Advisers Act.

(g) The written designation must be signed by the beneficial owner, be addressed to the Member, and include the name of the designated investment adviser.

(h) Members that receive such a written designation from a beneficial owner must ensure that the designated investment adviser is registered with the SEC pursuant to the Advisers Act, or with a state as an investment adviser under the laws of such state, and that the investment adviser is exercising investment discretion over the customer's account pursuant to an advisory contract to vote proxies and/or to receive proxy soliciting material, annual reports and other material. Members must keep records substantiating this information.

(i) Beneficial owners have an unqualified right at any time to rescind designation of the investment adviser to receive materials and to vote proxies. The rescission must be in writing and submitted to the Member.

### Rule 6.140. Assigning of Registered Securities in Name of a Member

a) A Member may authorize one or more persons who are its employees to assign registered securities in the name of such Member and to guarantee assignments of registered securities with the same effect as if the name of such Member had been signed under like circumstances by one of the partners of the Member or by one of the authorized officers of the Member by executing and filing with the Exchange, in a form prescribed by it, a separate Power of Attorney for each person so authorized.

### Rule 6.150. Commissions

Nothing in LTSE Rules, the Bylaws or the Exchange practices shall be construed to require, authorize or permit any Member, or any person associated with a Member, to agree or arrange, directly or indirectly, for the charging of fixed rates of commission for transactions effected on, or effected by the use of the facilities of, the Exchange.

### Rule 6.160. Off-Exchange Transactions

No rule, stated policy or practice of this Exchange shall prohibit or condition, or be construed to prohibit or condition or otherwise limit, directly or indirectly, the ability of any Member to effect any transaction otherwise than on this Exchange with another person in any security listed on this Exchange, or to which unlisted trading privileges on this Exchange have been extended.

### Rule 6.170. Regulatory Services Agreement

The Exchange may 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 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 6.180. Transactions Involving LTSE Employees

a) When a Member has actual notice that an LTSE employee has a financial interest in, or controls trading in, an account, the Member shall promptly obtain and implement an instruction from the employee directing that duplicate account statements be provided by the Member to LTSE.

b) No Member shall directly or indirectly make any loan of money or securities to any LTSE employee; provided, however, that this prohibition does not apply to loans made in the context of disclosed, routine banking and brokerage agreements, or loans that are clearly motivated by a personal or family relationship.

c) Notwithstanding the annual dollar limitation set forth in LTSE Rule 3.291, no Member shall directly or indirectly give, or permit to be given, anything of more than nominal value to any LTSE employee who has responsibility for a regulatory matter that involves the Member. For purposes of this subsection, the term “regulatory matter” includes, but is not limited to, examinations, disciplinary proceedings, membership applications, listing applications, delisting proceedings, and dispute-resolution proceedings that involve the Member.

### Rule 6.210. Ex-Dividend or Ex-Rights Dates

Transactions in securities traded "regular" shall be "ex-dividend" or "ex-rights" as the case may be, on the business day preceding the record date fixed by the company or the date of the closing of transfer books, except when the Board of Directors rules otherwise. Should such record date or such closing of transfer books occur upon a day other than a business day this Rule shall apply for the second preceding business day.

# CHAPTER 7. RESERVED

# CHAPTER 8. INVESTIGATIONS AND SANCTIONS

## Rule Series 8.100. General Provisions

### Rule 8.100. Regulation of LTSE and its Members

LTSE and FINRA are parties to the Regulatory Contract pursuant to which FINRA has agreed to perform certain functions described in these rules on behalf of LTSE. LTSE Rules that refer to LTSE Regulation, LTSE Regulation staff, LTSE staff, and LTSE departments should be understood as also referring to FINRA staff and FINRA departments acting on behalf of LTSE pursuant to the Regulatory Contract.

Notwithstanding the fact that LTSE has entered into the Regulatory Contract with FINRA to perform some of LTSE's functions, LTSE shall retain ultimate legal responsibility for, and control of, such functions.

### Rule 8.110. Availability of LTSE Rulebook to Customers

Members shall make available a current copy of the LTSE Rules for examination by customers upon request. Members may comply with this LTSE Rule by maintaining electronic access to the LTSE Rules and providing customers with such access upon request.

### Rule 8.120. Definitions

Unless otherwise provided, terms used in this Chapter 8 shall have the meaning as defined in LTSE Rule 9.120.

## Rule Series 8.200. Investigations

### Rule 8.210. Provisions of Information and Testimony, and Inspection and Copying of Books

(a) Authority of Adjudicator and LTSE Staff

For the purpose of an investigation, complaint, examination, or proceeding authorized by the LTSE Bylaws or LTSE Rules, an Adjudicator or LTSE staff shall have the right to:

(1) require a Member, person associated with a Member, or any other person subject to LTSE's jurisdiction to provide information orally, in writing, or electronically (if

the requested information is, or is required to be, maintained in electronic form) and to testify at a location specified by LTSE staff, under oath or affirmation administered by a court reporter or a notary public if requested, with respect to any matter involved in the investigation, complaint, examination, or proceeding; and

(2) inspect and copy the books, records, and accounts of such Member or person with respect to any matter involved in the investigation, complaint, examination, or proceeding that is in such Member's or person's possession, custody or control.

(b) Other SROs and Regulators

(1) LTSE's staff may enter into an agreement with a domestic federal agency, or subdivision thereof, or foreign regulator to share any information in LTSE's possession for any regulatory purpose set forth in such agreement, provided that the agreement must require the other regulator, in accordance with the terms of the agreement, to treat any shared information confidentially and to assert such confidentiality and other applicable privileges in response to any requests for such information from third parties.

Any such agreement with a foreign regulator must also meet the following conditions:

(A) the other regulator party to the agreement must have jurisdiction over common regulatory matters; and

(B) the agreement must require the other regulator to reciprocate and share with LTSE information of regulatory interest or concern to LTSE.

(2) LTSE staff may exercise the authority set forth in paragraph (a) of this LTSE Rule 8.210 for the purpose of an investigation, complaint, examination, or proceeding conducted by another domestic or foreign self-regulatory organization, association, securities or contract market, or regulator of such markets with which LTSE has entered into an agreement providing for the exchange of information and other forms of material assistance solely for market surveillance, investigative, enforcement, or other regulatory purposes.

(c) Requirement to Comply

No Member or person shall fail to provide information or testimony or to permit an inspection and copying of books, records, or accounts pursuant to this LTSE Rule.

(d) Notice

A notice under this LTSE Rule 8.210 shall be deemed received by the Member or currently or formerly registered person to whom it is directed by mailing or otherwise transmitting the notice to the last known business address of the Member or the last known residential address of the person as reflected in the Central Registration

Depository. With respect to a person who is currently associated with a Member in an unregistered capacity, a notice under this LTSE Rule 8.210 shall be deemed received by the person by mailing or otherwise transmitting the notice to the last known business address of the Member as reflected in the Central Registration Depository. With respect to a person subject to LTSE's jurisdiction who was formerly associated with a Member in an unregistered capacity, a notice under this LTSE Rule shall be deemed received by the person upon personal service, as set forth in LTSE Rule 9.134(a)(1). If the Adjudicator or LTSE staff responsible for mailing or otherwise transmitting the notice to the Member or person has actual knowledge that the address in the Central Registration Depository is out of date or inaccurate, then a copy of the notice shall be mailed or otherwise transmitted to:

(1) the last known business address of the Member or the last known residential address of the person as reflected in the Central Registration Depository; and

(2) any other more current address of the Member or the person known to the Adjudicator or LTSE staff who is responsible for mailing or otherwise transmitting the notice.

If the Adjudicator or LTSE staff responsible for mailing or otherwise transmitting the notice to the Member or person knows that the Member or person is represented by counsel regarding the investigation, complaint, examination, or proceeding that is the subject of the notice, then the notice shall be served upon counsel by mailing or otherwise transmitting the notice to the counsel in lieu of the Member or person, and any notice served upon counsel shall be deemed received by the Member or person.

(e) Electronic Interface

In carrying out its responsibilities under this LTSE Rule 8.210, LTSE may, as appropriate, establish programs for the submission of information to LTSE on a regular basis through a direct or indirect electronic interface between LTSE and Members.

(f) Inspection and Copying

A witness, upon proper identification, may inspect the official transcript of the witness' own testimony. Upon written request, a person who has submitted documentary evidence or testimony in an LTSE investigation may procure a copy of the person's documentary evidence or the transcript of the person's testimony upon payment of the appropriate fees, except that prior to the issuance of a complaint arising from the investigation, LTSE staff may for good cause deny such request.

(g) Encryption of Information Provided in Electronic Form

(1) Any Member or person who, in response to a request pursuant to this LTSE Rule 8.210, provides the requested information on a portable media device must ensure that such information is encrypted.

(2) For purposes of this LTSE Rule 8.210, a "portable media device" is a storage device for electronic information, including but not limited to a flash drive, CD-ROM, DVD, portable hard drive, laptop computer, disc, diskette, or any other portable device for storing and transporting electronic information.

(3) For purposes of this LTSE Rule 8.210, "encrypted" means the transformation of data into a form in which meaning cannot be assigned without the use of a confidential process or key. To ensure that encrypted information is secure, a Member or person providing encrypted information to LTSE staff pursuant to this LTSE Rule 8.210 shall (a) use an encryption method that meets industry standards for strong encryption, and (b) provide the confidential process or key regarding the encryption to LTSE staff in a communication separate from the encrypted information itself.

## Rule 8.220. Automated Submission of Trading Data Requested

(a) A Member shall submit the trade data specified below in automated format as may be prescribed by LTSE from time to time. This information shall be supplied with respect to any transaction or transactions that are the subject of a request for information made by LTSE.

(b) If the transaction was a proprietary transaction effected or caused to be effected by the Member for any account in which such Member, or person associated with a Member, is directly or indirectly interested, such Member shall submit or cause to be submitted the following information:

(1) Clearing house number, or alpha symbol as used by the Member submitting the data;

(2) Clearing house number(s), or alpha symbol(s) as may be used from time to time, of the Member(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, or, if an options contract, whether open long or short or close long or short;

(6) Transaction price;

(7) Account number; and

(8) Trading center where transaction was executed.

(c) If the transaction was effected or caused to be effected by the Member for any customer account, such Member shall submit or cause to be submitted the following information:

(1) The data described in paragraphs (b)(1) through (8) above;

(2) The customer name, address(es), branch office number, Registered Representative number, whether order was solicited or unsolicited, date account opened, employer name, and the tax identification number(s); and

(3) If the transaction was effected for another Member, whether the other Member was acting as principal or agent.

(d) In addition to the above trade data, a Member shall submit such other information in such automated format as may from time-to-time be required by LTSE.

(e) Pursuant to LTSE Rule Series 9.600, LTSE may exempt a Member from the requirement that the data prescribed in paragraphs (b) through (d) above be submitted to LTSE in an automated format for good cause shown.

## Rule Series 8.300. Sanctions

### Rule 8.310. Sanctions for Violation of the Rules

(a) Imposition of Sanction

After compliance with Chapter 9 of the LTSE Rules, LTSE may impose one or more of the following sanctions on a Member or person associated with a Member for each violation of the federal securities laws, rules or regulations thereunder, or LTSE Rules, or may impose one or more of the following sanctions on a Member or person associated with a Member for any neglect or refusal to comply with an order, direction, or decision issued under the LTSE Rules:

(1) censure a Member or person associated with a Member;

(2) impose a fine upon a Member or person associated with a Member;

(3) suspend the membership of a Member or suspend the registration of a person associated with a Member for a definite period or a period contingent on the performance of a particular act;

(4) expel a Member, cancel the membership of a Member, or revoke or cancel the registration of a person associated with a Member;

(5) suspend or bar a Member or person associated with a Member from association with all Members;

(6) impose a temporary or permanent cease and desist order against a Member or a person associated with a Member; or

(7) impose any other fitting sanction.

(b) Assent to Sanction

Each party to a proceeding resulting in a sanction shall be deemed to have assented to the imposition of the sanction unless such party files a written application for appeal, review, or relief pursuant to Chapter 9 of the LTSE Rules.

**Rule 8.320. Effect of a Suspension, Revocation, Cancellation or Bar**

(a) If a person is subject to a suspension, revocation, cancellation of registration, bar from association with any Member (each a "sanction") or other disqualification, a Member shall not allow such person to be associated with it in any capacity that is inconsistent with the sanction imposed or disqualified status, including a clerical or ministerial capacity. A Member also shall not pay or credit to any person subject to a sanction or disqualification, during the period of the sanction or disqualification or any period thereafter, any salary, commission, profit, or any other remuneration that the person might accrue during the period of the sanction or disqualification. However, a Member may make payments or credits to a person subject to a sanction that are consistent with the scope of activities permitted under the sanction where the sanction solely limits an associated person from conducting specified activities (such as a suspension from acting in a principal capacity) or a disqualified person has been approved (or is otherwise permitted pursuant to the Exchange's rules and the federal securities laws) to associate with a Member.

(b) Notwithstanding paragraph (a) of this Rule, a Member may pay to a person that is subject to a sanction or disqualification described in paragraph (a) of this Rule, any remuneration pursuant to an insurance or medical plan, indemnity agreement relating to legal fees, or as required by an arbitration award or court judgment.

(c) Notwithstanding this Rule, a Member may pay or credit to a person that is subject of a sanction or disqualification salary, commission, profit or any other remuneration that the Member can evidence accrued to the person prior to the effective date of such sanction or disqualification; provided, however, the Member may not pay any salary, commission, profit or any other remuneration that accrued to the person that relates to or results from the activity giving rise to the sanction or disqualification, and any such payment or credit must comply with applicable federal securities laws.

**Rule 8.330. Reserved**

**Rule 8.340. Release of Disciplinary Decisions**

The Exchange shall publish a copy of any final disciplinary action under LTSE Rule Series 9.000, other than minor rule violations, on its website.

**Rule 8.350. Payment of Fines, Other Monetary Sanctions, or Costs; Summary Action for Failure to Pay**

(a) Payment to the Exchange

All fines and other monetary sanctions shall be paid as directed by LTSE.

(b) Summary Suspension or Expulsion

After seven days' notice in writing, LTSE may summarily suspend or expel from membership a Member that fails to:

(1) pay promptly a fine or other monetary sanction imposed pursuant to LTSE Rule 8.310 or cost imposed pursuant to LTSE Rule 8.360 when such fine, monetary sanction, or cost becomes finally due and payable; or

(2) terminate immediately the association of a person who fails to pay promptly a fine or other monetary sanction imposed pursuant to LTSE Rule 8.310 or a cost imposed pursuant to LTSE Rule 8.360 when such fine, monetary sanction, or cost becomes finally due and payable.

(c) Summary Revocation of Registration

After seven days' notice in writing, LTSE may summarily revoke the registration of a person associated with a Member if such person fails to pay promptly a fine or other monetary sanction imposed pursuant to LTSE Rule 8.310 or a cost imposed pursuant to LTSE Rule 8.360 when such fine, monetary sanction, or cost becomes finally due and payable.

### Rule 8.360. Costs of Proceedings

A Member or person associated with a Member disciplined pursuant to LTSE Rule 8.310 shall bear such costs of the proceeding as the Adjudicator deems fair and appropriate under the circumstances.

# CHAPTER 9. CODE OF PROCEDURE

## Rule Series 9.000. Code of Procedure

### Rule 9.001. Regulatory Contract with FINRA

LTSE and FINRA are parties to the Regulatory Contract, pursuant to which FINRA has agreed to perform certain functions described in the Rule 9.000 Series on behalf of LTSE. LTSE Rules that refer to the LTSE Regulation, LTSE Regulation staff, LTSE staff, and LTSE departments should be understood as also referring to FINRA, FINRA staff, and FINRA departments acting on behalf of LTSE pursuant to the Regulatory Contract.

Notwithstanding the fact that LTSE has entered into the Regulatory Contract with FINRA to perform some of LTSE's functions, LTSE shall retain ultimate legal responsibility for, and control of, such functions.

## Rule Series 9.100. Application and Purpose

### Rule 9.110. Application

(a) Proceedings

Chapter 9 of the LTSE Rules is the Code of Procedure and includes proceedings for (1) disciplining a Member or person associated with a Member; (2) regulating the activities of a Member experiencing financial or operational difficulties; (3) summary or non-summary suspensions, cancellations, bars, prohibitions, or limitations; and (4) obtaining relief from the eligibility requirements of the LTSE Bylaws and LTSE Rules. Chapter 9 of the LTSE Rules is of general applicability to all proceedings set forth herein, unless a specific Rule provides otherwise.

(b) Rights, Duties, and Obligations of Members and Associated Persons

Unless otherwise specified, an associated person shall have the same rights as a Member and shall be subject to the same duties and obligations under the Code of Procedure.

(c) Incorporation of Defined Terms and Cross References

Unless otherwise provided, terms used in the LTSE Rule Series 9.000 shall have the meaning as defined in LTSE Rules 1.160 and 9.120. References within the LTSE Rule Series 9.000 to FINRA offices or departments refer to offices so designated by FINRA, including its Market Regulation department.

**Rule 9.120. Definitions**

(a) Adjudicator: The term "Adjudicator" means:

(1) a body, board, committee, group, or natural person that presides over a proceeding and renders a decision;

(2) a body, board, committee, group, or natural person that presides over a proceeding and renders a recommended or proposed decision which is acted upon by an Adjudicator described in paragraph (a)(1); or

(3) a natural person who serves on a body, board, committee, or group described in paragraphs (a)(1) or (2).

(b) Chief Hearing Officer: The term "Chief Hearing Officer" means the Hearing Officer who manages the Office of Hearing Officers, or his or her delegate. The Chief Hearing Officer may be FINRA's Chief Hearing Officer pursuant to the Regulatory Contract, if approved by the Board of Directors at least annually.

(c) Reserved.

(d) Code: The term "Code" refers to this Code of Procedure.

(e) Counsel to the LTSE Appeals Committee: The term "Counsel to the LTSE Appeals Committee" means the General Counsel of LTSE who is responsible for advising the LTSE Appeals Committee regarding a disciplinary proceeding on appeal or review before the LTSE Appeals Committee.

(f) Department of Enforcement: The term "Department of Enforcement" means the Department of Enforcement of FINRA, acting on behalf of LTSE pursuant to the Regulatory Contract.

(g) Department of Market Regulation: The term "Department of Market Regulation" means FINRA's Market Regulation department, acting on behalf of LTSE pursuant to the Regulatory Contract.

(h) Department of Member Regulation: The term “Department of Member Regulation” means the Department of Member Regulation of FINRA, acting on behalf of LTSE pursuant to the Regulatory Contract.

(i) Director: The term "Director" means a member of the Board of Directors of LTSE.

(j) Document: The term "Document" means a writing, drawing, graph, chart, photograph, recording, or any other data compilation, including data stored by computer, from which information can be obtained.

(k) Extended Hearing: The term "Extended Hearing" means a disciplinary proceeding described in LTSE Rule 9.231(c).

(l) Extended Hearing Panel: The term "Extended Hearing Panel" means an Adjudicator that is constituted under LTSE Rule 9.231(c) to conduct a disciplinary proceeding that is classified as an "Extended Hearing" and is governed by Rule Series 9.200.

(m) General Counsel: The term "General Counsel" means the Chief Legal Officer or General Counsel of LTSE, or his or her delegate, who shall be a person who reports to the Chief Legal Officer or General Counsel of LTSE and is an Associate General Counsel, an Assistant General Counsel, or a person who has substantially the same

or equivalent duties and responsibilities as an Associate General Counsel or an Assistant General Counsel.

(n) Head of Enforcement: The term "Head of Enforcement" means the individual designated by FINRA to manage its Department of Enforcement, or his or her delegate in the Department of Enforcement.

(o) Head of Market Regulation: The term "Head of Market Regulation" means the individual designated by FINRA to manage its Department of Market Regulation, or his or her delegate in the Department of Market Regulation.

(p) Hearing Officer: The term "Hearing Officer" means an employee of FINRA, or former employee of FINRA who previously acted as a Hearing Officer, who is an attorney and who is appointed by the Chief Hearing Officer to act in an adjudicative role and fulfill various adjudicative responsibilities and duties described in the Rule Series 9.200 regarding disciplinary proceedings, the Rule Series 9.550 regarding expedited proceedings and the Rule Series 9.800 regarding temporary cease and desist proceedings brought against Members and associated persons.

(q) Hearing Panel: The term "Hearing Panel" means an Adjudicator that is constituted under LTSE Rule 9.231 to conduct a disciplinary proceeding governed by LTSE Rule Series 9.200 or that is constituted under LTSE Rule Series 9.520 or 9.550 to conduct a proceeding.

(r) Interested Staff: The term "Interested Staff" means, in the context of:

(1) a disciplinary proceeding under LTSE Rule Series 9.200 and 9.300:

(A) the Head of Enforcement;

(B) an LTSE Regulation employee or FINRA employee of the Department of Enforcement who reports, directly or indirectly, to the Head of Enforcement;

(C) an LTSE Regulation or FINRA employee who directly participated in the authorization of the complaint;

(D) an LTSE Regulation or FINRA employee who directly participated in an examination, investigation, prosecution, or litigation related to a specific disciplinary proceeding, and a district director or department head to whom such employee reports;

(E) the Head of Market Regulation; or

(F) an employee of the Department of Market Regulation who reports, directly or indirectly, to the Head of Market Regulation;

(2) a proceeding under LTSE Rule Series 9.520 or 9.550:

(A) the head of the department or office that issues the notice or is designated as a Party;

(B) an LTSE Regulation or FINRA employee who reports, directly or indirectly, to such person;

(C) an LTSE Regulation or FINRA employee who directly participated in the authorization or initiation of the proceeding; or

(D) an LTSE Regulation or FINRA employee who directly participated in an examination, investigation, prosecution, or litigation related to a specific proceeding, and a district director or department head to whom such employee reports; or

(3) a proceeding under LTSE Rule Series 9.600:

(A) the head of the department or office that issues the decision granting or denying an exemption or is designated as a Party;

(B) an LTSE Regulation or FINRA employee who reports, directly or indirectly, to such person;

(C) an LTSE Regulation or FINRA employee who directly participated in the exemption proceeding; or

(D) an LTSE Regulation or FINRA employee who directly participated in an examination, investigation, prosecution, or litigation related to a specific exemption proceeding, and a district director or department head to whom such employee reports.

(s) Office of Disciplinary Affairs: The term "Office of Disciplinary Affairs" means the Office of Disciplinary Affairs for FINRA, acting on behalf of LTSE pursuant to the Regulatory Contract..

(t) Office of Hearing Officers: The term “Office of Hearing Officers” means the office managed by the Chief Hearing Officer, or his or her delegate. The Office of Hearing Officers may be FINRA's Office of Hearing Officers pursuant to the Regulatory Contract, if approved by the Board of Directors at least annually.

(u) Panelist: The term "Panelist," as used in LTSE Rule 9.200, means a member of a Hearing Panel or Extended Hearing Panel who is not a Hearing Officer.

(v) Party: With respect to a particular proceeding, the term "Party" means:

(1) in LTSE Rule Series 9.200, 9.300, and 9.800, the Department of Enforcement or the Department of Market Regulation or a Respondent;

(2) in LTSE Rule Series 9.520, the Department of Member Regulation or a Member that is the subject of a notice or files an application under LTSE Rule 9.522;

(3) in LTSE Rule Series 9.550, the LTSE department or office that issued the notice or, if another LTSE department or office is named as the party handling the matter on behalf of the issuing department or office, the LTSE department or office that is so designated or a Member or person that is the subject of a notice under LTSE Rule Series 9.550; or

(4) in LTSE Rule Series 9.600, the department or office designated under LTSE Rule 9.620 to issue the decision granting or denying an exemption or a Member that seeks the exemption under LTSE Rule 9.610.

(w) Respondent: The term "Respondent" means, in a disciplinary proceeding governed by Rule Series 9.200 and in an appeal or review governed by Rule Series 9.300, an LTSE Member or associated person against whom a complaint is issued.

## Rule Series 9.130. Service; Filing of Papers

### Rule 9.131. Service of Complaints

(a) Service on Each Party

Except as provided below, a complaint shall be served on each Party by the Department of Enforcement or the Department of Market Regulation. When counsel for a Party or other person authorized to represent others under LTSE Rule 9.141 agrees to accept service of the complaint, then the Department of Enforcement or Department of Market Regulation may serve the complaint on counsel for a Party or other person authorized to represent others under LTSE Rule 9.141 as specified in LTSE Rule 9.134(a).

(b) How Served

A complaint or document initiating a proceeding shall be served pursuant to LTSE Rule 9.134.

(c) Filing Requirement

A complaint that is served upon a Respondent and each document initiating a proceeding that is served upon a Party, along with the certificate of service executed in connection with the service upon such Respondent or Party, shall be filed with the Adjudicator or, if none, the Office of Hearing Officers pursuant to LTSE Rule 9.135.

**Rule 9.132. Service of Orders, Notices, and Decisions by Adjudicator**

(a) Service on Each Party

An order, notice, or decision issued by a Hearing Officer, Hearing Panel, or Extended Hearing Panel under LTSE Rule Series 9.200 shall be served on each Party, or each Party's counsel, or other person the Party designates to represent him or her in a proceeding by the Office of Hearing Officers. An order, notice, or decision issued by any other Adjudicator shall be served by that Adjudicator.

(b) How Served

An order, notice, or decision shall be served pursuant to LTSE Rule 9.134.

(c) Service Upon Counsel or Other Person Acting In Representative Capacity

Whenever service is required to be made upon a person represented by counsel or a representative who has filed a notice of appearance pursuant to LTSE Rule 9.141, service shall be made upon counsel or the representative. The Adjudicator, at its discretion, may also order that service be made upon the person.

**Rule 9.133. Service of Papers Other Than Complaints, Orders, Notices, or Decisions**

(a) Service on Each Party

Other than a complaint, order, notice, or decision, any paper, including an answer and a motion, shall be served on each Party by the Party on whose behalf such paper was prepared or by his or her counsel or representative.

(b) How Served

The paper shall be served pursuant to LTSE Rule 9.134.

(c) Filing Requirement

The paper that is served upon a Party, along with the certificate of service executed in connection with the service upon such Party, shall be filed with the Adjudicator or, if none, the Office of Hearing Officers pursuant to LTSE Rule 9.135.

(d) Service upon Counsel or Other Person Acting in Representative Capacity

Whenever service is required to be made upon a person represented by counsel or a representative who has filed a notice of appearance pursuant to LTSE Rule 9.141, service shall be made upon counsel or the representative. The Adjudicator, at his or her discretion, may also order that service be made upon the person.

**Rule 9.134. Methods of and Procedures for Service**

(a) Methods

The following methods of service are permitted:

(1) Personal Service

Personal service may be accomplished by handing a copy of the papers to the person required to be served; leaving a copy at the person's office with an employee or other person in charge thereof; or leaving a copy at the person's dwelling or usual place of abode with a person of suitable age and discretion then residing therein;

(2) Service by Mail by U.S. Postal Service

Service by mail may be accomplished by mailing the papers through the U.S. Postal Service by using first class mail, first class certified mail, first class registered mail, or Express Mail, except that a complaint shall be served upon a Respondent by U.S. Postal Service first class certified mail or Express Mail; or

(3) Service by Courier

Service by courier may be accomplished by sending the papers through a courier service that generates a written confirmation of receipt.

(b) Procedures

(4) Service on Natural Persons

Papers served on a natural person may be served at the natural person's residential address, as reflected in the Central Registration Depository, if applicable. When a Party or other person responsible for serving such natural person has actual knowledge that the natural person's Central Registration Depository address is out of date, duplicate copies shall be served on the natural person at the natural person's last known residential address and the business address in the Central Registration Depository of the entity with which the natural person is employed or affiliated. Papers may also be served at the business address of the entity with which the natural person is employed or affiliated, as reflected in the Central Registration Depository, or at a business address, such as a branch office, at which the natural person is employed, or at which the natural person is physically present during a normal business day. The Hearing Officer may waive the requirement of

serving documents (other than complaints) at the addresses listed in the Central Registration Depository if there is evidence that these addresses are no longer valid, and there is a more current address available. If a natural person is represented by counsel or a representative, papers served on the natural person, excluding a complaint or a document initiating a proceeding, shall be served on the counsel or representative.

(5) Service on Entities

Papers served on an entity shall be made by service on an officer, partner of a partnership, managing or general agent, a contact employee as set forth on Form BD, or any other agent authorized by appointment or by law to accept service. Such papers shall be served at the entity's business address as reflected in the Central Registration Depository, if applicable; provided, however, that when the Party or other person responsible for serving such entity has actual knowledge that an entity's Central Registration Depository address is out of date, duplicate copies shall be served at the entity's last known address. If an entity is represented by counsel or a representative, papers served on such entity, excluding a complaint or document initiating a proceeding, shall be served on such counsel or representative.

(6) When Service Is Complete

Personal service and service by courier or Express Mail are complete upon delivery. Service by mail is complete upon mailing.

**Rule 9.135. Filing of Papers with Adjudicator: Procedure**

a) When to File

Papers, including answers and motions, that are required to be filed with an Adjudicator within a time limit specified by the Adjudicator or within a time limit set forth in the LTSE Rules shall be deemed timely if received within the time limit, or such later time as the Adjudicator may determine, except complaints, which shall be deemed timely filed upon mailing, delivery by electronic mail, or delivery to the Office of Hearing Officers. Other papers that are required to be filed shall be deemed timely if, on the same day such papers are served, they are also hand-delivered, mailed via U.S. Postal service first class mail, delivered by electronic mail, or sent by courier to FINRA.

b) Where to File

All papers required to be filed pursuant to LTSE Rule Series 9.200 and any notice of appeal or review required to be filed pursuant to LTSE Rule Series 9.300 shall be

filed with the Office of Hearing Officers. All other papers required to be filed pursuant to LTSE Rule Series 9.000 shall be filed where specified in the Rule Series, or if not specified in the Rule Series, with the Adjudicator, unless the Adjudicator orders otherwise.

c) Certificate of Service

Papers filed with an Adjudicator or the Office of Hearing Officers shall be accompanied by a certificate of service stating the name of the person or persons served, the date on which service is made, the method of service and, if service is not made in person, the address to which service is made. Such certificate shall be executed by the person who made the service. If the method of service on a Party is different from the method of service on any other Party, the certificate shall state why such different method was used.

**Rule 9.136. Filing of Papers: Form**

(a) Specifications

Papers filed in connection with any proceeding under LTSE Rule Series' 9.200 and 9.300 shall:

(1) be on unglazed white paper measuring 8 ½ x 11 inches, but to the extent that the reduction of a larger document would render it illegible, such document may be filed on larger paper;

(2) be typewritten or printed in either 10 or 12-point typeface or otherwise reproduced by a process that produces a permanent and plainly legible copy;

(3) include at the head of the paper, or on a title page, the title of the proceeding, the names of the Parties, the subject of the particular paper or pleading, and the number assigned to the proceeding;

(4) be paginated at the bottom of the page and with all margins at least one inch wide;

(5) be double-spaced, with single-spaced footnotes and single-spaced indented quotations; and

(6) be stapled, clipped, or otherwise fastened in the upper left corner, but not bound.

(b) Signature Required

All papers shall be signed and dated pursuant to LTSE Rule 9.137.

(c) Number of Copies

A signed original and one copy of all papers shall be filed with the Adjudicator unless otherwise ordered.

(d) Form of Briefs

A brief containing more than ten pages shall include a table of contents, and an alphabetized table of cases, statutes, and other authorities cited, as applicable, with references to the page(s) of the brief wherein they are cited.

(e) Scandalous or Impertinent Matter

Any scandalous or impertinent matter contained in any brief, pleading, or other filing, or in connection with any oral presentation in a proceeding may be stricken on order of an Adjudicator. Any matter stricken by an Adjudicator by this LTSE Rule 9.136(e) shall be marked "Stricken" and preserved. Matters stricken in a proceeding governed by Rule Series 9.200 shall be preserved under LTSE Rule 9.267(b).

**Rule 9.137. Filing of Papers: Signature Requirement and Effect**

(a) General Requirements

Following the issuance of a complaint in a disciplinary proceeding, or the initiation of another proceeding, every filing of a Party represented by counsel or a representative shall be signed by at least one counsel or representative of record in his or her name and shall state the business address and telephone number of such counsel or representative. A Party who appears on his or her own behalf shall sign his or her individual name and state his or her address and telephone number on every filing.

(b) Effect of Signature

(1) The signature of a counsel, representative, or Party shall constitute a certification that:

(A) the person signing the filing has read the filing;

(B) to the best of his or her knowledge, information, and belief, formed after reasonable inquiry, the filing is well-grounded in fact and is warranted by existing law or a good faith argument for the extension, modification, or reversal of existing law; and

(C) the filing is not made for any improper purpose, such as to harass, cause unnecessary delay, or needlessly to increase the cost of adjudication.

(2) If a filing is not signed, an Adjudicator may strike the filing, unless it is signed promptly after the omission is called to the attention of the person making the filing.

**Rule 9.138. Computation of Time**

(a) Calendar Day

As used throughout this Chapter 9 of the LTSE Rules, "day" means calendar day.

(b) Formula

In computing any period of time, the day of the act, event, or default from which the period of time designated in the Code begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, Sunday, or Federal holiday falling on a weekday, in which event the period runs until the end of the next day that is not a Saturday, Sunday, or Federal holiday falling on a weekday. Intermediate Saturdays, Sundays, and Federal holidays falling on weekdays shall be excluded from the computation when the period prescribed is ten days or less, not including any additional time for service by mail allowed by paragraph (c) of this Rule 9.138.

(c) Additional Time For Service by Mail

If service is made by U.S. Postal Service first class, certified, or registered mail, three (3) days shall be added to the prescribed period for response.

## Rule Series 9.140. Proceedings

**Rule 9.141. Appearance and Practice; Notice of Appearance**

(a) Representing Oneself

In any proceeding, a person may appear on his or her own behalf. When a person first makes any filing or otherwise appears on his or her own behalf before an Adjudicator in a proceeding, he or she shall file with the Adjudicator, or otherwise state on the record, and keep current, an address at which any notice or other written communication required to be served upon or furnished to him or her may be sent and a telephone number where he or she may be reached during business hours.

(b) Representing Others

A person shall not be represented before an Adjudicator, except as provided in this paragraph 9.141(b). Subject to the prohibitions of LTSE Rules 9.150 and 9.280, a person may be represented in any proceeding by an attorney at law admitted to practice before the highest court of any state of the U.S., the District of Columbia, or any commonwealth, territory, or possession of the United States. A member of a partnership may represent the partnership; and a bona fide officer of a corporation, trust, or association may represent the corporation, trust, or association. When a person first makes any filing or otherwise appears in a representative capacity before

an Adjudicator in a proceeding, that person shall file with the Adjudicator, and keep current a Notice of Appearance. The Notice of Appearance is a written notice stating the name of the proceeding; the representative's name, business address, and telephone number; and the name and address of the person or persons represented. Any individual appearing or practicing in a representative capacity before an Adjudicator may be required to file a power of attorney with the Adjudicator showing his or her authority to act in such capacity.

**Rule 9.142. Withdrawal by Attorney or Representative**

An attorney for a Party or other person authorized to represent others by LTSE Rule 9.141 seeking to withdraw his or her appearance shall file a motion to withdraw. The motion shall set forth the good cause for withdrawal and state the name, current address, and telephone number of the Party no longer being represented.

**Rule 9.143. Ex Parte Communications**

(a) Prohibited Communications

Unless on notice and opportunity for all Parties to participate, or to the extent required for the disposition of ex parte matters as authorized by this Chapter 9 of the LTSE Rules:

(1) No Party, or counsel to or representative of a Party, or Interested Staff shall make or knowingly cause to be made an ex parte communication relevant to the merits of a proceeding to an Adjudicator who is participating in a decision with respect to that proceeding, or to an LTSE employee who is participating or advising in the decision of an Adjudicator with respect to that proceeding; and

(2) No Adjudicator who is participating in a decision with respect to a proceeding, or no LTSE employee who is participating or advising in the decision of an Adjudicator with respect to a proceeding shall make or knowingly cause to be made to a Party, a counsel or representative to a Party, or Interested Staff an ex parte communication relevant to the merits of that proceeding.

(b) Disclosure of Prohibited Communication

An Adjudicator who is participating in a decision with respect to a proceeding, or an LTSE employee who is participating or advising in the decision of an Adjudicator, who receives, makes, or knowingly causes to be made a communication prohibited by this LTSE Rule shall place in the record of the proceeding:

(1) all such written communications;

(2) memoranda stating the substance of all such oral communications; and

(3) all written responses to all such communications and memoranda stating the substance of all oral responses to all such communications.

(c) Remedies

Upon receipt of a communication made or knowingly caused to be made by any Party, any counsel or representative to a Party, or any Interested Staff in violation of paragraph (a)(1) above, LTSE or an Adjudicator may, to the extent consistent with the interests of justice, the policies underlying the Exchange Act, and/or the LTSE Rules, order the Party responsible for the communication, or the Party who may benefit from the ex parte communication made, to show cause why the Party's claim or interest in the proceeding should not be dismissed, denied, disregarded, or otherwise adversely affected by reason of such ex parte communication. All participants to a proceeding may respond to any allegations or contentions contained in a prohibited ex parte communication placed in the record. Such responses shall be placed in the record.

(d) Timing

In a disciplinary proceeding governed by LTSE Rule Series 9.200 and 9.300, the prohibitions of this LTSE Rule 9.143 shall apply beginning with the authorization of a complaint as provided in LTSE Rule 9.211, unless the person responsible for the communication has knowledge that the complaint shall be authorized, in which case the prohibitions shall apply beginning at the time of his or her acquisition of such knowledge.

(e) Waiver of Ex Parte Prohibition

(1) Offer of Settlement

If a Respondent submits an offer of settlement under LTSE Rule 9.270, the submission constitutes a waiver by such Respondent of any claim that the prohibitions against ex parte communications were violated after the Respondent’s submission of the offer of settlement by a person or body in connection with such person's or body's participation in discussions regarding the terms and conditions of the offer of settlement and the order of acceptance, or other consideration of the offer of settlement and order of acceptance, including acceptance or rejection of such offer of settlement and order of acceptance.

(2) Letter of Acceptance, Waiver, and Consent

If a Member or a person associated with a Member submits an executed letter of acceptance, waiver, and consent under LTSE Rule 9.216(a), the submission constitutes a waiver by such Member or person associated with a Member of any claim that the prohibitions against ex parte communications were violated after the Member's or associated person's submission of the executed letter of acceptance, waiver, and consent by a person or body in connection with such person's or body's participation in discussions regarding the terms and conditions of the letter of acceptance, waiver, and consent, or other consideration of the letter of acceptance, waiver, and consent, including acceptance or rejection of such letter of acceptance, waiver, and consent.

(3) Minor Rule Violation Plan Letter

If a Member or a person associated with a Member submits an executed minor rule violation plan letter under LTSE Rule 9.216(b), the submission constitutes a waiver by such Member or person associated with a Member of any claim of violation after the Member or associated person submitted the executed minor rule violation plan letter of the prohibitions against ex parte communications by a person or body in connection with such person's or body's participation in discussions regarding the terms and conditions of the minor rule violation plan letter, or other consideration of the minor rule violation plan letter, including acceptance or rejection of such minor rule plan violation letter.

**Rule 9.144. Separation of Functions**

(a) Interested Staff

Except as counsel or a witness in a proceeding or as provided in LTSE Rule 9.550, Interested Staff are prohibited from advising an Adjudicator regarding a decision or otherwise participating in a decision of an Adjudicator. An Adjudicator is prohibited from advising Interested Staff regarding a decision or otherwise participating in a decision of Interested Staff, including the decision to issue a complaint and a decision whether to appeal or cross-appeal a disciplinary proceeding to the LTSE Appeals Committee.

(b) Separation of Adjudicators

A Hearing Officer, including the Chief Hearing Officer, or a Panelist of a Hearing Panel or an Extended Hearing Panel, is prohibited from participating in: a decision whether to issue a complaint pursuant to LTSE Rule 9.211; a decision whether to appeal or cross-appeal a disciplinary proceeding to the LTSE Appeals Committee

pursuant to LTSE Rule 9.311; and a discussion or decision relating to a call for review, a review, or an appeal pursuant LTSE Rule Series 9.300. A Director is prohibited from participating in a discussion or a decision relating to the above referenced acts with the LTSE Appeals Committee or the Adjudicators referenced above, except to the extent the Director is serving on the LTSE Appeals Committee in such capacity.

(c) Waiver of Prohibitions of Separation of Functions

(1) Offer of Settlement

If a Respondent submits an offer of settlement under LTSE Rule 9.270, the submission constitutes a waiver by such Respondent of any claim of violation of paragraph (a) or (b) of this LTSE Rule 9.144 by a person or body in connection with such person's or body's participation in discussions regarding the terms and conditions of the offer of settlement and the order of acceptance, or other consideration of the offer of settlement and order of acceptance, including acceptance or rejection of such offer of settlement and order of acceptance.

(2) Letter of Acceptance, Waiver, and Consent

If a Member or a person associated with a Member submits an executed letter of acceptance, waiver, and consent under LTSE Rule 9.216(a), the submission constitutes a waiver by such Member or person associated with a Member of any claim of violation of paragraph (a) or (b) of this LTSE Rule 9.144 by a person or body in connection with such person's or body's participation in discussions regarding the terms and conditions of the letter of acceptance, waiver, and consent, or other consideration of the proposed letter of acceptance, waiver, and consent, including acceptance or rejection of such letter of acceptance, waiver, and consent.

(3) Minor Rule Violation Plan Letter

If a Member or a person associated with a Member submits an executed minor rule violation plan letter under LTSE Rule 9.216(b), the submission constitutes a waiver by such Member or person associated with a Member of any claim of violation of paragraph (a) or (b) of this LTSE Rule 9.144 by a person or body in connection with such person's or body's participation in discussions regarding the terms and conditions of the minor rule violation plan letter or other consideration of the minor rule violation plan letter, including acceptance or rejection of such minor rule violation plan letter.

## Rule 9.145. Rules of Evidence; Official Notice

(a) Rules of Evidence

The formal rules of evidence as applied in judicial proceedings shall not apply in a proceeding brought under the Rule 9.000 Series.

(b) Official Notice

In a proceeding governed by the Rule 9.000 Series, an Adjudicator may take official notice of such matters as might be judicially noticed by a court, or of other matters within the specialized knowledge of LTSE as an expert body. Before an Adjudicator proposes to take official notice of a matter, it shall permit a Party the opportunity to oppose or otherwise comment upon the proposal to take official notice.

## Rule 9.146. Motions

(a) General Requirement for Motions

A Party may make a written or oral motion, subject to limitations set forth below. A Party or other person may make a motion under LTSE Rule 9.146(k), subject to limitations set forth below.

(b) Adjudicator May Require a Written Motion

If a Party makes an oral motion, an Adjudicator may order that such motion be set forth in writing, after considering the facts and circumstances, including whether:

1. the hearing or conference in which the Party makes such motion is being recorded; and
2. the opposing Parties shall be fully informed and shall have adequate notice and opportunity to respond to such motion.

(c) Specificity

All motions shall state the specific relief requested and the basis therefor.

(d) Time For Filing Opposition or Other Response to Motion

Unless otherwise ordered by an Adjudicator, any Party may file an opposition or other response to a written motion and the opposition or response shall be filed within 14 days after service of the motion. If no response is filed within the response period, the Party failing to respond shall be deemed to have waived any objection to the granting of the motion. A Party shall be afforded an opportunity to respond to an oral motion at the time the oral motion is made, unless the Adjudicator orders that the Party shall be granted additional time to respond.

(e) Oral Argument

An Adjudicator may allow oral argument on motions. Oral argument may take place in person or by telephone.

(f) Frivolous Motions

An Adjudicator may deny dilatory, repetitive, or frivolous motions without awaiting a response.

(g) No Stay

Unless otherwise ordered by an Adjudicator, the filing of a motion does not stay a proceeding.

(h) Reply

The moving Party shall have no right to reply to the opposition or other response of the other Parties unless an Adjudicator by order permits a reply to be filed. Unless otherwise ordered by an Adjudicator, a movant's reply submission shall be filed within five days after the Adjudicator serves the order granting the motion to file a reply or a Party serves the opposition or other response to which the Adjudicator previously ordered that a reply could be filed.

(i) Page Limit, Format Requirements

Unless otherwise ordered by an Adjudicator, submissions in support of or in opposition to motions shall not exceed ten double-spaced pages, including double-spaced footnotes, exclusive of pages containing any table of contents, table of authorities, or addenda.

(j) Disposition of Procedural Motions; Disposition of Motions for Summary Disposition

(1) In LTSE Rule Series 9.200, a motion on a procedural matter may be decided by a Hearing Officer. A motion for summary disposition of a cause of action set forth in a complaint shall be decided by a majority vote of the Hearing Panel or, if applicable, the Extended Hearing Panel.

(2) In LTSE Rule Series 9.300, a motion on a procedural matter may be decided by the Board.

(3) In LTSE Rule Series 9.500, a motion shall be decided by an Adjudicator.

(k) Motion For Protective Order

(1) A Party, a person who is the owner, subject, or creator of a Document subject to production under LTSE Rule 8.210 or any other LTSE Rule that may be introduced as evidence in a disciplinary proceeding, or a witness who testifies at a hearing in a disciplinary proceeding may file a motion requesting a protective order to limit disclosure or prohibit from disclosure to other Parties, witnesses or other persons, except the Department of Enforcement and the Department of Market Regulation and LTSE Regulation staff, Documents or testimony that contain confidential information. The motion shall include a general summary or extract of the Documents or testimony without revealing confidential details. If the movant seeks a protective order against disclosure to other Parties, copies of the Documents shall not be served on the other Parties. Unless the Documents are unavailable, the movant shall file for in camera inspection a sealed copy of the Documents for which the order is sought. If the movant is not a Party, the motion shall be served on each Party by the movant using a method in LTSE Rule 9.134(a) and filed with the Adjudicator. A motion for a protective order shall be granted only upon a finding that disclosure of the Document or testimony would have a demonstrated adverse business effect on the movant or would involve an unreasonable breach of the movant's personal privacy.

(2) If a protective order is granted, the order shall set forth the restrictions on use and disclosure of such Document or testimony. An Adjudicator does not have the authority to issue a protective order that would limit in any manner the use by LTSE staff of such Documents or testimony in LTSE staff's performance of their regulatory and self-regulatory responsibilities and functions, including the transmittal, without restriction to the recipient, of such Documents or testimony to state, federal, or foreign regulatory authorities or other self-regulatory organizations. An Adjudicator does not have the authority to issue a protective order that purports to protect from production such Documents or testimony in the event that LTSE is subject to a subpoena requiring that the Documents or testimony be produced.

(l) General

All motions, oppositions or responses, replies, and any other filings made in a proceeding shall comply with LTSE Rules 9.133, 9.134, 9.135, 9.136, and 9.137.

**Rule 9.147. Rulings on Procedural Matters**

The Board, the LTSE Appeals Committee, a Hearing Officer, or any other applicable Adjudicator shall have full authority, except as otherwise provided by the Code, to rule on a procedural motion and any other procedural or administrative matter arising during the course of a proceeding conducted pursuant to the Code, subject to the rights of review or appeal provided by the Code.

**Rule 9.148. Interlocutory Review**

Except as provided in LTSE Rule 9.280, there shall be no interlocutory review of a ruling or order issued by any Adjudicator in a proceeding governed by the Code. If an Adjudicator grants interlocutory review of a ruling or order pursuant to LTSE Rule 9.280, such review shall not stay a proceeding, except under LTSE Rule 9.280 or as otherwise ordered by the Adjudicator.

**Rule 9.149. Reserved**

**Rule 9.150. Exclusion from LTSE Rule Series 9.000 Proceeding**

a) Exclusion

An Adjudicator may exclude an attorney for a Party or other person authorized to represent others by LTSE Rule 9.141 from acting as counsel, acting in any representative capacity, or otherwise appearing in a particular Chapter 9 of the LTSE Rules proceeding for contemptuous conduct under LTSE Rule 9.280 or unethical or improper professional conduct in that proceeding. If an attorney for a Party, or other person authorized to represent others by LTSE Rule 9.141, is excluded from a disciplinary hearing or conference, or any portion thereof, such attorney or person may seek review by the LTSE Appeals Committee of such exclusion under LTSE Rule 9.280(c).

b) Other Proceedings Not Precluded

Prohibiting an attorney or other person authorized to represent others by LTSE Rule 9.141 from practicing or appearing in an LTSE proceeding shall not preclude LTSE or FINRA from initiating other proceedings against such person.

**Rule 9.160. Recusal or Disqualification**

No person shall participate as an Adjudicator in a matter governed by the Code as to which he or she has a conflict of interest or bias, or circumstances otherwise exist where his or her fairness might reasonably be questioned. In any such case, the person shall recuse himself or herself, or shall be disqualified as follows:

(a) LTSE Board of Directors

The Chair of the Board shall have authority to order the disqualification of a Director, and a majority of the Board excluding the Chair of the Board, shall have authority to order the disqualification of the Chair;

(b) The Chair of the LTSE Appeals Committee shall have authority to order the disqualification of a member of the LTSE Appeals Committee, and a majority of the LTSE Appeals Committee excluding the Chair, shall have authority to order the disqualification of the Chair;

(c) Reserved;

(d) Reserved;

(e) Panelist of Hearing Panel or Extended Hearing Panel

Disqualification of a Panelist of a Hearing Panel or Extended Hearing Panel appointed under LTSE Rule Series 9.200 shall be governed by LTSE Rule 9.234; and

(f) Hearing Officer

Disqualification of a Hearing Officer of a Hearing Panel or an Extended Hearing Panel shall be governed by LTSE Rule 9.233.

## Rule Series 9.200. Disciplinary Proceedings

## Rule Series 9.210. Complaint and Answer

### Rule 9.211. Authorization of Complaint

(a) Complaint

(1) If the Department of Enforcement or the Department of Market Regulation believes that any LTSE Member or associated person is violating or has violated any rule, regulation, or statutory provision, including the federal securities laws and the regulations thereunder, which LTSE has jurisdiction to enforce, the Department of Enforcement or the Department of Market Regulation may request authorization from the Office of Disciplinary Affairs to issue a complaint.

(2) The Board shall have the authority to direct the Office of Disciplinary Affairs to authorize the Department of Enforcement or the Department of Market Regulation to issue a complaint when, on the basis of information and belief, LTSE is of the opinion that any LTSE Member or associated person is violating or has violated any rule, regulation, or statutory provision, including the federal securities laws and the regulations thereunder, which LTSE has jurisdiction to enforce.

(b) Commencement of Disciplinary Proceeding

A disciplinary proceeding shall begin when the complaint is served and filed.

### Rule 9.212. Complaint Issuance – Requirements, Service, Amendment, Withdrawal, and Docketing

(a) Form, Content, Notice, Docketing, and Service

(1) If a complaint is authorized, the Department of Enforcement or the Department of Market Regulation shall issue the complaint. Each complaint shall be in writing and signed by the Department of Enforcement or the Department of Market Regulation. The complaint shall specify in reasonable detail the conduct alleged to constitute the violative activity and the rule, regulation, or statutory provision the Respondent is alleged to be violating or to have violated. If the complaint consists of several causes of action, each

cause shall be stated separately. Complaints shall be served by the Department of Enforcement or the Department of Market Regulation on each Party pursuant to LTSE Rules 9.131 and 9.134, and filed at the time of service with the Office of Hearing Officers pursuant to LTSE Rules 9.135, 9.136, and 9.137.

(2) At the time of issuance of a complaint, the Department of Enforcement or the Department of Market Regulation may propose:

(A) an appropriate location for the hearing; and

(B) if applicable, the Extended Hearing Panel as described in LTSE Rule 9.231.

(b) Amendments to Complaint

The Department of Enforcement or the Department of Market Regulation may file and serve an amended complaint once as a matter of course at any time before the Respondent answers the complaint. Otherwise, upon motion by the Department of Enforcement or the Department of Market Regulation, the Hearing Officer may permit the Department of Enforcement or the Department of Market Regulation to amend the complaint, including amendments so as to make the complaint conform to the evidence presented, after considering whether the Department of Enforcement or the Department of Market Regulation has shown good cause for the amendment and whether any Respondent will suffer any unfair prejudice if the amendment is allowed. Amendments to complaints will be freely granted when justice so requires.

(c) Withdrawal of Complaint

With prior leave of the Hearing Officer, the Department of Enforcement or the Department of Market Regulation may withdraw a complaint. If the Department of Enforcement or the Department of Market Regulation withdraws the complaint before the earlier of (1) the Hearing Panel's or, if applicable, the Extended Hearing Panel's, issuance of a ruling on a motion for summary disposition, or (2) the start of the hearing on the merits, the withdrawal of the complaint by the Department of Enforcement or the Department of Market Regulation shall be without prejudice and the Department of Enforcement or the Department of Market Regulation shall be permitted to re-file a case based on allegations concerning the same facts and circumstances that are set forth in the withdrawn complaint. If the Department of Enforcement or the Department of Market Regulation requests to withdraw such complaint after the occurrence of either of the events set forth in (1) and (2) in this paragraph, the Hearing Panel or, if applicable, the Extended Hearing Panel, after considering the facts and circumstances of the request, shall determine whether the withdrawal shall be granted with prejudice.

(d) Disciplinary Proceeding Docket

The Office of Hearing Officers shall promptly record each complaint filed with it in LTSE's disciplinary proceeding docket, and record in the disciplinary proceeding docket each event, filing, and change in the status of a disciplinary proceeding.

**Rule 9.213. Assignment of Hearing Officer and Appointment of Panelists to Hearing Panel or Extended Hearing Panel**

(a) Assignment of Hearing Officer

As soon as practicable after the Department of Enforcement or the Department of Market Regulation has filed a complaint with the Office of Hearing Officers, the Chief Hearing Officer shall assign a Hearing Officer to preside over the disciplinary proceeding and shall serve the Parties with notice of the Hearing Officer's assignment pursuant to LTSE Rule 9.132.

(b) Appointment of Panelists

As soon as practicable after assigning a Hearing Officer to preside over a disciplinary proceeding, the Chief Hearing Officer shall appoint Panelists pursuant to LTSE Rules 9.231 and 9.232 to a Hearing Panel or, if the Chief Hearing Officer determines that an Extended Hearing Panel should be appointed, to an Extended Hearing Panel.

**Rule 9.214. Consolidation or Severance of Disciplinary Proceedings**

(a) Consolidation Initiated by Chief Hearing Officer

The Chief Hearing Officer may order the consolidation of two or more disciplinary proceedings, upon his or her own motion, under circumstances where such consolidation would further the efficiency of the disciplinary process, and where the subject complaints involve common questions of law or fact, or one or more of the same Respondents. In determining whether to order the consolidation of such disciplinary proceedings, the Chief Hearing Officer shall consider:

(1) whether the same or similar evidence reasonably would be expected to be offered at each of the hearings;

(2) whether the proposed consolidation would conserve the time and resources of the Parties; and

(3) whether any unfair prejudice would be suffered by one or more Parties as a result of the consolidation.

If the Chief Hearing Officer proposes to consolidate two or more disciplinary proceedings, the Chief Hearing Officer shall serve upon the Parties notice of the proposed consolidation of disciplinary proceedings, together with a copy of each relevant complaint and any answer that has been filed thereto, pursuant to LTSE Rule 9.132. The Parties shall have 14 days after service to file a response, stating any arguments in favor of or opposition to consolidation.

(b) Consolidation Initiated by a Party

A Party may file a motion to consolidate two or more disciplinary proceedings if such consolidation would further the efficiency of the disciplinary process, if the subject complaints involve common questions of law or fact or one or more of the same Respondents, or if one or more of the factors favoring consolidation set forth in

paragraph (a) appear to be present. If a Party moves to consolidate two or more disciplinary proceedings, the Party shall file such motion, together with a copy of each relevant complaint and any answer thereto that has been filed, with the Office of Hearing Officers, and, pursuant to LTSE Rule 9.133, shall serve the same upon the Parties in each of the cases proposed to be consolidated. The Parties shall have 14 days after service to file a response, stating any arguments in favor of or opposition to consolidation, and shall serve the response upon the Parties in each of the cases proposed to be consolidated. The Chief Hearing Officer shall issue an order approving or denying the request for consolidation.

(c) Impact on Hearing Panel or Extended Hearing Panel

If the Chief Hearing Officer issues an order to consolidate two or more disciplinary proceedings for which Hearing Panels or, if applicable, Extended Hearing Panels, have been appointed, the Chief Hearing Officer's order shall specify which Hearing Panel or, if applicable, Extended Hearing Panel, shall preside over the consolidated disciplinary proceeding, or shall appoint a new Hearing Panel or, if applicable, Extended Hearing Panel, to preside, based on the criteria set forth in LTSE Rules 9.231 and 9.232.

(d) Severance Initiated by Chief Hearing Officer

The Chief Hearing Officer may order the severance of a disciplinary proceeding into two or more disciplinary proceedings, upon his or her own motion. In determining whether to order the severance of such disciplinary proceedings, the Chief Hearing Officer shall consider:

(1) whether the same or similar evidence reasonably would be expected to be offered at each of the possible hearings

(2) whether the severance would conserve the time and resources of the Parties; and

(3) whether any unfair prejudice would be suffered by one or more Parties if the severance is (not) ordered.

If the Chief Hearing Officer proposes to sever a disciplinary proceeding, the Chief Hearing Officer shall serve upon the Parties notice of the proposed severance of disciplinary proceedings pursuant to LTSE Rule 9.132. The Parties shall have 14 days after service to file a response, stating any arguments in favor of or opposition to severance.

(e) Severance Initiated by a Party

A Party may file a motion to sever a disciplinary proceeding if one (1) or more of the factors favoring severance set forth in paragraph (d) above appear to be present. If a Party moves to sever a disciplinary proceeding, the Party shall file such motion with the Office of Hearing Officers, and, pursuant to LTSE Rule 9.133, shall serve the same upon each of the parties to the action proposed to be severed. The Parties shall have fourteen (14) days after service to file a response, stating any arguments in favor of or opposition to severance, and shall serve the response upon the Parties in the case proposed to be severed. The Chief Hearing Officer shall issue an order approving or denying the request for severance.

(f) Impact on Hearing Panel or Extended Hearing Panel of Severance

If the Chief Hearing Officer issues an order to sever a disciplinary proceeding for which a Hearing Panel or, if applicable, Extended Hearing Panel, has been appointed, the Chief Hearing Officer's order shall specify whether the same Hearing Panel or, if applicable, Extended Hearing Panel, shall preside over the severed disciplinary proceedings, or shall appoint a new Hearing Panel(s) or, if applicable, Extended Hearing Panel(s), to preside over any or all of the severed proceedings, based on the criteria set forth in LTSE Rules 9.231 and 9.232.

**Rule 9.215. Answer to Complaint**

(a) Form, Service, Notice

Pursuant to LTSE Rule 9.133, each Respondent named in a complaint shall serve an answer to the complaint on all other Parties within 25 days after service of the complaint on such Respondent, and at the time of service shall file such answer with the Office of Hearing Officers pursuant to LTSE Rules 9.135, 9.136 and 9.137. The Hearing Officer assigned to a disciplinary proceeding pursuant to LTSE Rule 9.213 may extend such period for good cause. Upon the receipt of a Respondent's answer, the Office of Hearing Officers shall promptly send written notice of the receipt of such answer to all Parties.

(b) Content, Affirmative Defenses

Unless otherwise ordered by the Hearing Officer, an answer shall specifically admit, deny, or state that the Respondent does not have and is unable to obtain sufficient information to admit or deny, each allegation in the complaint. When a Respondent intends to deny only part of an allegation, the Respondent shall specify so much of it as is admitted and deny only the remainder. A statement of lack of information shall

be deemed a denial. Any allegation not denied in whole or in part shall be deemed admitted. Any affirmative defense shall be asserted in the answer.

(c) Motion for More Definite Statement

A Respondent may file with an answer a motion for a more definite statement of specified matters of fact or law to be considered or determined. Such motion shall state why each such matter of fact or law should be required to be made more definite. If the motion is granted, the order granting such motion shall set the periods for filing such a statement and any answer thereto.

(d) Amendments to Answer

Upon motion by a Respondent, the Hearing Officer may, after considering good cause shown by the Respondent and any unfair prejudice which may result to any other Party, permit an answer to be amended.

(e) Extension of Time to Answer Amended Complaint

If a complaint is amended pursuant to LTSE Rule 9.212(b), the time for filing an answer or amended answer shall be the greater of the original time period within which the Respondent is required to respond, or 14 days after service of the amended complaint. If any Respondent has already filed an answer, such Respondent shall have 14 days after service of the amended complaint, unless otherwise ordered by the Hearing Officer, within which to file an amended answer.

(f) Failure to Answer, Default

If a Respondent does not file an answer or make any other filing or request related to the complaint with the Office of Hearing Officers within the time required, the Department of Enforcement or the Department of Market Regulation shall send a second notice to such Respondent requiring an answer within 14 days after service of the second notice. The second notice shall state that failure of the Respondent to reply within the period specified shall allow the Hearing Officer, in the exercise of his or her discretion, pursuant to LTSE Rule 9.269 to: (1) treat as admitted by the Respondent the allegations in the complaint; and (2) issue a default decision against the Respondent. If the Respondent fails to file an answer with the Office of Hearing Officers within the time required, the Hearing Officer may issue a default decision against the Respondent pursuant to LTSE Rule 9.269.

**Rule 9.216. Acceptance, Waiver, and Consent; Plan Pursuant to Exchange Act Rule 19d -1(c)(2)**

(a) Acceptance, Waiver, and Consent Procedures

(1) Notwithstanding LTSE Rule 9.211, if the Department of Enforcement or the Department of Market Regulation has reason to believe a violation has occurred and the Member or associated person does not dispute the violation, the Department of Enforcement or the Department of Market Regulation may prepare and request that the Member or associated person execute a letter accepting a finding of violation, consenting to the imposition of sanctions, and agreeing to waive such Member's or associated person's right to a hearing before a Hearing Panel or, if applicable, an Extended Hearing Panel, and any right of appeal to the LTSE Appeals Committee, the SEC, and the courts, or to otherwise challenge the validity of the letter, if the letter is accepted. The letter shall describe the act or practice engaged in or omitted, the rule, regulation, or statutory provision violated, and the sanction or sanctions to be imposed. Unless the letter states otherwise, the effective date of any sanction(s) imposed will be a date to be determined by LTSE Regulation staff.

(2) If a Member or person associated with a Member submits an executed letter of acceptance, waiver, and consent, by the submission such Member or person associated with a Member also waives:

(i) any right of such Member or person associated with a Member to claim bias or prejudgment of the General Counsel, CRO, the LTSE Appeals Committee, or any Member of the LTSE Appeals Committee, in connection with such person's or body's participation in discussions regarding the terms and conditions of the letter of acceptance, waiver, and consent, or other consideration of the letter of acceptance, waiver, and consent, including acceptance or rejection of such letter of acceptance, waiver, and consent; and

(ii) any right of such Member or person associated with a Member to claim that a person violated the ex parte prohibitions of LTSE Rule 9.143 or the separation of functions prohibitions of LTSE Rule 9.144, in connection with such person's or body's participation in discussions regarding the terms and conditions of the letter of acceptance, waiver, and consent, or other consideration of the letter of acceptance, waiver, and consent, including acceptance or rejection of such letter of acceptance, waiver, and consent.

B. If a letter of acceptance, waiver, and consent is rejected, the Member or associated person shall be bound by the waivers made under paragraphs (a)(1) and (a)(2)(A) for conduct by persons or bodies occurring during the period beginning on the date the letter of acceptance, waiver, and consent was executed and submitted and ending upon the rejection of the letter of acceptance, waiver, and consent.

(3) If the Member or associated person executes the letter of acceptance, waiver, and consent, it shall be submitted to the Office of Disciplinary Affairs. The Office of Disciplinary Affairs may, on behalf of the LTSE Board, accept or reject such letter.

(4) If the letter is accepted by the Office of Disciplinary Affairs, it shall be deemed final and shall constitute the complaint, answer, and decision in the matter. If the letter is rejected by the Office of Disciplinary Affairs, LTSE, or FINRA on its behalf, may take any other appropriate disciplinary action with respect to the alleged violation or violations. If the letter is rejected, the Member or associated person shall not be prejudiced by the execution of the letter of acceptance, waiver, and consent under paragraph (a)(1) and the letter may not be introduced into evidence in connection with the determination of the issues set forth in any complaint or in any other proceeding.

(b) Procedure for Violation Under Plan Pursuant to Exchange Act Rule 19d-1(c)(2)

(1) Notwithstanding LTSE Rule 9.211, LTSE or FINRA on its behalf, may, subject to the requirements set forth in paragraphs (b)(2) through (b)(4) and in Exchange Act Rule 19d-1(c)(2), impose a fine (not to exceed $2,500) and/or a censure on any Member or associated person with respect to any rule listed in LTSE Rule 9.218. If the Department of Enforcement or the Department of Market Regulation has reason to believe a violation has occurred and if the Member or associated person does not dispute the violation, the Department of Enforcement or the Department of Market Regulation may prepare and request that the Member or associated person execute a minor rule violation plan letter accepting a finding of violation, consenting to the imposition of sanctions, and agreeing to waive such Member's or associated person's right to a hearing before a Hearing Panel or, if applicable, an Extended Hearing Panel, and any right of appeal to the LTSE Appeals Committee, the Board, the SEC, and the courts, or to otherwise challenge the validity of the letter, if the letter is accepted. The letter shall describe the act or practice engaged in or omitted, the rule, regulation, or statutory provision violated, and the sanction or sanctions to be imposed. Unless the letter states otherwise, the effective date of any sanction(s) imposed will be a date to be determined by LTSE Regulation staff.

(2) If a Member or person associated with a Member submits an executed minor rule violation plan letter, by the submission such Member or person associated with a Member also waives:

(i) any right of such Member or person associated with a Member to claim bias or prejudgment of the General Counsel, CRO, the LTSE Appeals Committee, or any Member of the LTSE Appeals Committee, in connection with such person's or body's participation in discussions regarding the terms and conditions of the minor rule violation plan letter or other consideration of the minor rule violation plan letter, including acceptance or rejection of such minor rule violation plan letter; and

(ii) any right of such Member or person associated with a Member to claim that a person violated the ex parte prohibitions of LTSE Rule 9.143 or the separation of functions prohibitions of LTSE

Rule 9.144, in connection with such person's or body's participation in discussions regarding the terms and conditions of the minor rule violation plan letter or other consideration of the minor rule violation plan letter, including acceptance or rejection of such minor rule violation plan letter.

(B) If a minor rule violation plan letter is rejected, the Member or person associated with a Member shall be bound by the waivers made under paragraphs (b)(1) and (b)(2)(A) for conduct by persons or bodies occurring during the period beginning on the date the minor rule violation plan letter was executed and submitted and ending upon the rejection of the minor rule violation plan letter.

(3) If the Member or associated person executes the minor rule violation plan letter, it shall be submitted to the Office of Disciplinary Affairs. The Office of Disciplinary Affairs may, on behalf of the LTSE Board, accept or reject such letter.

(4) If the letter is accepted by the Office of Disciplinary Affairs, it shall be deemed final and LTSE shall report the violation to the SEC as required by the SEC pursuant to a plan approved under Exchange Act Rule 19d-1(c)(2). If the letter is rejected by the Office of Disciplinary Affairs, LTSE, or FINRA on its behalf, may take any other appropriate disciplinary action with respect to the alleged violation or violations. If the letter is rejected, the Member or associated person shall not be prejudiced by the execution of the minor rule violation plan letter under paragraph (b)(1) and the letter may not be introduced into evidence in connection with the determination of the issues set forth in any complaint or in any other proceeding.

**Rule 9.217. Expedited Client Suspension Proceeding**

(a) Initiation of Proceeding

(1) Scope of Authority. With the prior written authorization of the CRO or such other senior officers as the CRO may designate, the Office of General Counsel or LTSE Regulation (such departments generally referred to as the "Exchange" for purposes of this LTSE Rule 9.217) may initiate an expedited suspension proceeding with respect to alleged violations of LTSE Rule 10.270 (Disruptive Quoting and Trading Activity Prohibited).

(2) Service of Notice. The Exchange shall initiate the proceeding by serving a notice on a Member or associated person of a Member (hereinafter "Respondent"). The Exchange shall serve the notice by personal service or overnight commercial courier. The notice shall be effective upon service.

(3) Content of Notice. The notice shall state whether the Exchange is requesting the Respondent to be required to take action or to refrain from taking action. The notice shall be accompanied by:

(A) A declaration of facts, signed by a person with knowledge of the facts contained therein, that specifies the acts that constitute the alleged violation; and

(B) A proposed order that contains the required elements of a suspension order (except the date and hour of the order's issuance), which are set forth in sub-paragraph (d)(2) of this Rule 9.217).

(b) Appointment of Hearing Officers and Hearing Panel

(1) As soon as practicable after the Exchange initiates a suspension proceeding, a Hearing Panel shall be assigned in accordance with LTSE Rules 9.231 and 9.232.

(2) If at any time a Hearing Officer determines that he or she has a conflict of interest or bias or circumstances otherwise exist where his or her fairness might reasonably be questioned, or if a Party files a motion to disqualify a Hearing Officer, the recusal and disqualification proceeding shall be conducted in accordance with LTSE Rule Series 9.200 except that:

(A) a motion seeking disqualification of a Hearing Officer must be filed no later than five (5) days after the announcement of the Hearing Panel; and

(B) the Exchange may file a brief in opposition to the Respondent's motion no later than 5 days after service thereof.

(c) Hearing

(1) When Held. The hearing shall be held not later than 15 days after service of the notice initiating the suspension proceeding, unless otherwise extended by the Chief Hearing Officer with the consent of the Parties for good cause shown. If a Hearing Officer is recused or disqualified, the hearing shall be held not later than five days after a replacement Hearing Officer is appointed.

(2) Service of Notice of Hearing. A notice of date, time, and place of the hearing shall be served on the Parties not later than seven days before the hearing, unless otherwise ordered by the Chief Hearing Officer. Service shall be made by personal service or overnight commercial courier. The notice shall be effective upon service.

(3) Authority of Hearing Officers. A Hearing Officer shall have authority to do all things necessary and appropriate to discharge his or her duties as set forth the LTSE Rule Series 9.200.

(4) Witnesses. A person who is subject to the jurisdiction of the Exchange shall testify under oath or affirmation. The oath or affirmation shall be administered by a court reporter or a notary public.

(5) Additional Information. At any time during its consideration, the Hearing Panel may direct a Party to submit additional information. Any additional information submitted shall be provided to all Parties at least one day before the Hearing Panel renders its decision.

(6) Transcript. The hearing shall be recorded by a court reporter and a written transcript thereof shall be prepared. A transcript of the hearing shall be available to the Parties for purchase from the court reporter at prescribed rates. A witness may purchase a copy of the transcript of his or her own testimony from the court reporter at prescribed rates. Proposed corrections to the transcript may be submitted by affidavit to the Hearing Panel within a reasonable time determined by the Hearing Panel. Upon notice to all the

Parties to the proceeding, the Hearing Panel may order corrections to the transcript as requested or sua sponte.

(7) Record and Evidence Not Admitted. The record shall consist of the notice initiating the proceeding, the declaration, and the proposed order described in subparagraph (a)(3) above; the transcript of the hearing; all evidence considered by the Hearing Panel; and any other document or item accepted into the record by the Hearing Panel. The Office of General Counsel shall be the custodian of the record. Proffered evidence that is not accepted into the record by the Hearing Panel shall be retained by the custodian of the record until the date when the Exchange's decision becomes final or, if applicable, upon the conclusion of any review by the SEC or the federal courts.

(8) Failure to Appear at Hearing. If a Respondent fails to appear at a hearing for which it has notice, the allegations in the notice and accompanying declaration may be deemed admitted, and the Hearing Panel may issue a suspension order without further proceedings. If the Exchange fails to appear at a hearing for which it has notice, the Hearing Panel may order that the suspension proceeding be dismissed.

(d) Issuance of Suspension Order by Hearing Panel

(1) Basis for Issuance. The Hearing Panel shall issue a written decision stating whether a suspension order shall be imposed. The Hearing Panel shall issue the decision not later than ten days after receipt of the hearing transcript, unless otherwise extended by the Chief Hearing Officer with the consent of the Parties for good cause shown. A suspension order shall be imposed if the Hearing Panel finds:

(A) by a preponderance of the evidence that the alleged violation specified in the notice has occurred; and

(B) that the violative conduct or continuation thereof is likely to result in significant market disruption or other significant harm to investors.

(2) Content, Scope, and Form of Order. A suspension order shall:

(A) be limited to: (i) ordering a Respondent to cease and desist from violating LTSE Rule 10.270, and/or (ii) ordering a Respondent to cease and desist from providing access to the Exchange to a client of Respondent that is causing violations of LTSE Rule 10.270;

(B) set forth the alleged violation and the significant market disruption or other significant harm to investors that is likely to result without the issuance of an order;

(C) describe in reasonable detail the act or acts the Respondent is to take or refrain from taking and to suspend the Respondent unless and until such action is taken or refrained from; and

(D) include the date and hour of its issuance.

(3) Duration of Order. A suspension order shall remain effective and enforceable unless modified, set aside, limited, or revoked pursuant to paragraph (e), below.

(4) Service. The Hearing Panel's decision and any suspension order shall be served by personal service or overnight commercial courier. The suspension order shall be effective upon service.

(e) Review by Hearing Panel. At any time after the Respondent is served with a suspension order, a Party may apply to the Hearing Panel to have the order modified, set aside, limited, or revoked. The application shall set forth with specificity the facts that support the request. The Hearing Panel shall respond to the request in writing within ten days after receipt of the request, unless otherwise extended by the Chief Hearing Officer with the consent of the Parties for good cause shown. The Hearing Panel's response shall be served on the Respondent via personal service or overnight commercial courier. The filing of an application under this Rule shall not stay the effectiveness of the suspension order.

(f) Application to SEC for Review. Sanctions imposed pursuant to this Rule constitute final and immediately effective disciplinary sanctions imposed by the Exchange. The right to have any action under this Rule reviewed by the SEC is governed by Section 19 of the Exchange Act. The filing of an application for review shall not stay the effectiveness of a suspension order unless the SEC otherwise orders.

**Rule 9.218. Violations Appropriate for Disposition Under Plan Pursuant to Exchange Act Rule 19d-1(c)(2)**

a) Rule 2.154 - Continuing Education Requirements.

b) Rule 4.511 - General Requirements related to books and records requirements.

c) Rule 4.540 - Furnishing of records.

d) Rule 5.110 - Supervision.

e) Rule 8.220 - Automated submission of trading data requested.

f) Rule 11.151(a)(1) - Market Maker two-sided quotation requirement.

g) Rule 11.290 - Short sales.

h) Rule 11.310 - Locking or crossing quotations in NMS stocks.

i) Rule 11.420 - Order audit trail system requirements.

j) Rule Series 11.600 – Failure to comply with the Consolidated Audit Trail Compliance Rule requirements

**RECOMMENDED FINE SCHEDULE – RULE 9.218(a) – (i)**

| OCCURRENCE* | INDIVIDUAL | MEMBER |
|---|---|---|
| First time fined | $100 | $500 |
| Second time fined | $300 | $1,000 |
| Third time fined | $500 | $2,500 |

* Within a "rolling" 12-month period.

For failures to comply with the Consolidated Audit Trail Compliance Rule requirements of the Rule Series 11.600, pursuant to Rule 9.218(j), the Exchange may impose a minor rule violation fine of up to $2,500.

*(Amended by SR-LTSE-2019-11 eff. July 2, 2020, amended by SR-LTSE-2022-06 eff. December 30, 2022)*

### Rule 9.219. Reserved

## Rule Series 9.220. Request for Hearing; Extensions of Time, Postponements, Adjournments

### Rule 9.221. Request for Hearing

(a) Respondent Request for Hearing

With the filing of any Respondent's answer, such Respondent may:

(1) request a hearing;

(2) propose an appropriate location for the hearing; and

(3) propose, if applicable, an Extended Hearing Panel as described in LTSE Rule 9.231.

If a Respondent requests a hearing, a hearing shall be granted. A Respondent who fails to request a hearing with the filing of his or her answer waives the right to a hearing unless a Hearing Officer, Hearing Panel, or, if applicable, an Extended Hearing Panel, grants, for good cause shown, a later filed motion by such Respondent requesting a hearing.

(b) Hearing Officer Order Requiring Hearing

In the absence of a request for a hearing from any Respondent, the Hearing Officer may order any complaint set down for hearing.

(c) Authority of Hearing Panel, Extended Hearing Panel to Order Hearing

If all Respondents waive a hearing, and the Hearing Officer does not order a hearing on his or her own motion, the Hearing Panel or, if applicable, the Extended Hearing Panel, may order a hearing or may consider the matter on the record, as defined in LTSE Rule 9.267. If fewer than all Respondents waive a hearing, the Hearing Officer, the Hearing Panel, or, if applicable, the Extended Hearing Panel, may, in the exercise of its discretion, order that a hearing be held as to all Respondents. Alternatively, the Hearing Officer, the Hearing Panel, or, if applicable, the Extended Hearing Panel, may conduct a hearing as to only those Respondents who requested a hearing and consider the matter on the record as to those Respondents who waived a hearing.

(d) Notice of Hearing

The Hearing Officer shall issue a notice stating the date, time, and place of the hearing, and whether the hearing shall be held before a Hearing Panel or an Extended Hearing Panel, and shall serve such notice on the Parties at least 28 days before the hearing, unless:

(1) in the discretion of the Hearing Officer, he or she determines that extraordinary circumstances require a shorter notice period; or

(2) the Parties waive the notice period.

**Rule 9.222. Extensions of Time, Postponements, and Adjournments**

(a) Availability

At any time prior to the issuance of the decision of the Hearing Panel or, if applicable, the Extended Hearing Panel, the Hearing Officer may, for good cause shown, extend or shorten any time limits prescribed by the Code for the filing of any papers and may, consistent with paragraph (b), postpone or adjourn any hearing.

(b) Limitations on Postponements, Adjournments, and Extensions

A hearing shall begin at the time and place ordered, unless the Hearing Officer, for good cause shown, changes the place of the hearing, postpones the commencement of the hearing, or adjourns a convened hearing for a reasonable period of time, subject to the limitations in paragraph (b)(2) below.

(1) Additional Considerations

In considering a motion for the postponement of the start of a hearing or, adjournment once a hearing has begun, the Hearing Officer shall consider:

(A) the length of the proceeding to date;

(B) the number of postponements, adjournments, or extensions already granted;

(C) the stage of the proceedings at the time of the request;

(D) potential harm to the investing public if an extension of time, adjournment, or postponement is granted; and

(E) such other matters as justice may require.

(2) Time Limit

Postponements, adjournments, or extensions of time for filing papers shall not exceed 28 days unless the Hearing Officer states on the record or provides by written order the reasons a longer period is necessary.

## Rule Series 9.230. Appointment of Hearing Panel; Extended Hearing Panel

### Rule 9.231. Appointment by the Chief Hearing Officer of Hearing Panel or Extended Hearing Panel or Replacement Hearing Officer

(a) Appointment

The Chief Hearing Officer shall appoint a Hearing Panel or an Extended Hearing Panel to conduct the disciplinary proceeding and issue a decision.

(b) Hearing Panel

The Hearing Panel shall be composed of a Hearing Officer and two Panelists, except as provided in paragraph (e) of this LTSE Rule 9.231 and in LTSE Rule 9.234 (a), (c), (d), or (e). The Hearing Officer shall serve as the chair of the Hearing Panel. Each Panelist shall be associated with a Member of LTSE or retired therefrom.

(c) Extended Hearing Panel

Upon consideration of the complexity of the issues involved, the probable length of the hearing, or other factors that the Chief Hearing Officer deems material, the Chief Hearing Officer may determine that a matter shall be designated an Extended Hearing, and that such matter shall be considered by an Extended Hearing Panel. The Extended Hearing Panel shall be composed of a Hearing Officer and two Panelists, except as provided in LTSE Rule 9.234(a), (c), (d), or (e). The Hearing Officer will serve as the chair of the Extended Hearing Panel. The Panelists shall be associated with an LTSE Member, or retired therefrom. The Chief Hearing Officer shall have discretion in consultation with LTSE to compensate any or all Panelists of an Extended Hearing Panel at the rate then in effect for FINRA arbitrators as referenced in Chapter 12.

(d) Observer

A person who is qualified to serve as a Panelist may be designated by the Chief Hearing Officer to serve as an observer to a Hearing Panel or an Extended Hearing Panel. If the Chief Hearing Officer designates more than two people to serve as observers to a Hearing Panel or an Extended Hearing Panel, the Chief Hearing Officer shall obtain the consent of the Parties. An observer may attend any hearing of a disciplinary proceeding and observe the proceeding, but may not vote or participate in any other manner in the hearing or the deliberations of the Hearing Panel or the Extended Hearing Panel, or participate in the administration of the disciplinary proceeding.

(e) Appointment of Replacement Hearing Officer

In the event that a Hearing Officer withdraws, is incapacitated, or otherwise is unable to continue service after being appointed, the Chief Hearing Officer shall appoint a replacement Hearing Officer. To ensure fairness to the parties and expedite completion of the proceeding when a replacement Hearing Officer is appointed after the hearing has commenced, the replacement Hearing Officer has discretion to exercise the following powers:

(1) Allow the Hearing Panelists to resolve the issues in the proceeding and issue a decision without the participation of the replacement Hearing Officer in the decision. The replacement Hearing Officer may advise the Hearing Panelists regarding legal issues, and shall exercise the powers of the Hearing Officer under LTSE Rule 9.235(a), including preparing and signing the decision on behalf of the Hearing Panel, in accordance with LTSE Rule 9.268; or

(2) Certify familiarity with the record and participate in the resolution of the issues in the case and in the issuance of the decision. In exercising this power, the replacement Hearing Officer may recall any witness before the Hearing Panel.

**Rule 9.232. Criteria for Selection of Panelists and Replacement Panelists**

a) Each Panelist shall be a person of integrity and judgment and, other than the Hearing Officer, shall be a Member of the LTSE hearing board as provided in paragraph (b). At least one Panelist shall be engaged in securities activities differing from that of the Respondent, or, if retired, was so engaged in differing activities at the time of retirement.

b) The Chairman of the Exchange Board of Directors, subject to the approval of the Board, shall from time to time appoint a hearing board to be composed of such number of persons associated with an LTSE Member or retired therefrom, who are

not members of the Board. The members of the hearing board shall be appointed annually and shall serve at the pleasure of the Board.

c) Criteria for Appointment of a Panelist

The Chief Hearing Officer shall select Panelists from the current members of the LTSE hearing board based upon the following criteria:

(1) expertise;

(2) the absence of any conflict of interest or bias, and any appearance thereof;

(3) availability; and

(4) the frequency with which a person has served as a Panelist on a Hearing Panel or an Extended Hearing Panel during the past two years, favoring the selection of a person as a Panelist who has never served or served infrequently as a Panelist during the period.

**Rule 9.233. Hearing Panel or Extended Hearing Panel: Recusal and Disqualification of Hearing Officers**

(a) Recusal, Withdrawal of Hearing Officer

If at any time a Hearing Officer determines that he or she has a conflict of interest or bias or circumstances otherwise exist where his or her fairness might reasonably be questioned, the Hearing Officer shall notify the Chief Hearing Officer and the Chief Hearing Officer shall issue and serve on the Parties a notice stating that the Hearing Officer has withdrawn from the matter. In the event that a Hearing Officer withdraws, is incapacitated, or otherwise is unable to continue service after being appointed, the Chief Hearing Officer shall appoint a replacement Hearing Officer. In such a case, the replacement Hearing Officer shall proceed according to LTSE Rule 9.231(e).

(b) Motion for Disqualification

A Party may move for the disqualification of a Hearing Officer. A motion shall be based upon a reasonable, good faith belief that a conflict of interest or bias exists or circumstances otherwise exist where the Hearing Officer's fairness might reasonably be questioned, and shall be accompanied by an affidavit setting forth in detail the facts alleged to constitute grounds for disqualification, and the dates on which the Party learned of those facts. Such motions shall be filed not later than 15 days after the later of:

(1) when the Party learned of the facts believed to constitute the disqualification; or
(2) when the Party was notified of the assignment of the Hearing Officer.

(c) Disposition of Disqualification Motion

A motion for disqualification of a Hearing Officer shall be decided by the Chief Hearing Officer who shall promptly investigate whether disqualification is required and issue a written ruling on the motion. In the event of a disqualification of the Hearing Officer, the Chief Hearing Officer shall appoint a replacement Hearing Officer.

**Rule 9.234. Hearing Panel or Extended Hearing Panel: Recusal and Disqualification of Panelists**

(a) Recusal, Withdrawal of Panelist

If at any time a Panelist of a Hearing Panel or an Extended Hearing Panel determines that he or she has a conflict of interest or bias or circumstances otherwise exist where his or her fairness might reasonably be questioned, the Panelist shall notify the Hearing Officer and the Hearing Officer shall issue and serve on the Parties a notice stating that the Panelist has withdrawn from the matter. In the event that a Panelist withdraws, is incapacitated, or otherwise is unable to continue service after being appointed, the Chief Hearing Officer may, in the exercise of discretion, determine whether to appoint a replacement Panelist. In the event that both Panelists withdraw, are incapacitated, or otherwise are unable to continue service after being appointed, the Chief Hearing Officer shall appoint two replacement Panelists.

(b) Disqualification: Motion of Party; Order of Chief Hearing Officer

(1) A Party may file a motion to disqualify a Panelist of a Hearing Panel or an Extended Hearing Panel. A motion shall be based upon a reasonable, good faith belief that a conflict of interest or bias exists or circumstances otherwise exist where the Panelist's fairness might reasonably be questioned, and shall be accompanied by an affidavit setting forth in detail the facts alleged to constitute grounds for disqualification, and the dates on which the Party learned of those facts.

(2) Such motions shall be filed not later than 15 days after the later of:

(A) when the Party learned of the facts believed to constitute the disqualification; or

(B) when the Party was notified of the appointment of the Panelist.

(3) The Chief Hearing Officer may order the disqualification of a Panelist of a Hearing Panel or an Extended Hearing Panel if the Chief Hearing Officer determines that a conflict of interest or bias exists or circumstances otherwise exist where the Panelist's fairness might reasonably be questioned, and shall state the facts constituting the grounds for disqualification.

(c) Disposition of Disqualification Motion: Challenge to Single Member of Hearing Panel

If a Party files a motion to disqualify a Panelist of a Hearing Panel or an Extended Hearing Panel, the Hearing Officer shall promptly investigate whether disqualification is required and shall issue a written ruling on the motion. In the event a Panelist is

disqualified, the Chief Hearing Officer may, in the exercise of discretion, appoint a replacement Panelist.

(d) Disposition of Disqualification Motion: Challenge to Both Panelists of Hearing Panel or Extended Hearing Panel

If a Party files a motion to disqualify both Panelists of a Hearing Panel or an Extended Hearing Panel, the Hearing Officer shall promptly investigate whether disqualification is required and shall issue a written ruling on the motion. In the event one Panelist is disqualified, the Chief Hearing Officer may, in the exercise of discretion, appoint a replacement Panelist. In the event both Panelists are disqualified, the Chief Hearing Officer shall promptly appoint two persons as replacement Panelists.

(e) Disposition of Disqualification Motion: Challenge to Both Panelists of Hearing Panel or Extended Hearing Panel and Hearing Officer

If a Party files a motion to disqualify both Panelists of a Hearing Panel or an Extended Hearing Panel, and the Hearing Officer, the Chief Hearing Officer shall promptly investigate whether disqualification is required and shall issue a written ruling on the motion. In the event a Panelist is disqualified, the Chief Hearing Officer may, in the exercise of discretion, appoint a replacement Panelist. In the event both Panelists are disqualified, the Chief Hearing Officer shall promptly appoint two persons as replacement Panelists. In the event a Hearing Officer and a Panelist are disqualified, the Chief Hearing Officer shall promptly appoint a replacement Hearing Officer. In the event both Panelists and the Hearing Officer are disqualified, the Chief Hearing Officer shall promptly appoint a replacement Hearing Officer and two persons as replacement Panelists.

(f) Criteria for Replacement Panelist

If the Chief Hearing Officer appoints a replacement Panelist by operation of this LTSE Rule 9.234, the Chief Hearing Officer shall do so using the criteria set forth in LTSE Rule 9.232.

**Rule 9.235. Hearing Officer Authority**

(a) Hearing Officer Authority

The Hearing Officer shall be selected by the Chief Hearing Officer and shall have authority to do all things necessary and appropriate to discharge his or her duties. In addition to the powers exercised by all members of the Hearing Panel or, if applicable, the Extended Hearing Panel, the powers of the Hearing Officer include, but are not limited to:

(1) holding pre-hearing and other conferences and requiring the attendance at any such conference of at least one representative of each Party who has authority to negotiate the resolution of issues in controversy;

(2) regulating the course of the hearing;

(3) ordering the Parties to present oral arguments at any stage of the disciplinary proceeding;

(4) resolving any and all procedural and evidentiary matters, discovery requests, and other non-dispositive motions, subject to any limitations set forth elsewhere in the Code;

(5) reopening any hearing, upon notice to all Parties, prior to the issuance of the decision of the Hearing Panel or, if applicable, the Extended Hearing Panel;

(6) creating and maintaining the official record of the disciplinary proceeding; and

(7) drafting a decision that represents the views of the majority of the Hearing Panel or, if applicable, the Extended Hearing Panel.

(b) Authority in the Absence of Hearing Officer

If the Hearing Officer appointed to a case is temporarily unavailable or unable for any reason to discharge his or her duties in a particular proceeding under conditions not requiring the appointment of a replacement Hearing Officer, the Chief Hearing Officer or the Deputy Chief Hearing Officer in his or her discretion may exercise the necessary authority in the same manner as if he or she had been appointed Hearing Officer in the particular proceeding.

## Rule Series 9.240. Pre-Hearing Conference and Submission

### Rule 9.241. Pre-Hearing Conference

(a) Purposes

The purposes of a pre-hearing conference include, but are not limited to:

(1) expediting the disposition of the proceeding;

(2) establishing procedures to manage the proceeding efficiently; and

(3) improving the quality of the hearing through more thorough preparation.

(b) Procedure

On his or her own motion or at the request of a Party, the Hearing Officer may, in his or her discretion, order counsel or any Party to meet for a pre-hearing conference. Such conferences also may be held with one or more persons participating by telephone or other remote means.

(c) Subjects to be Discussed

At a pre-hearing conference, the Hearing Officer shall schedule an expedited proceeding as required by LTSE Rule 9.290, and may consider and take action with respect to any or all of the following:

(1) simplification and clarification of the issues;

(2) exchange of witness and exhibit lists and copies of exhibits;

(3) stipulations, admissions of fact, and stipulations concerning the contents, authenticity, or admissibility into evidence of documents;

(4) matters of which official notice may be taken;

(5) the schedule for exchanging pre-hearing motions or briefs, if any;

(6) the method of service and filing of papers by the Parties;

(7) determination of hearing dates;

(8) amendments to the complaint or answers thereto;

(9) production of documents as set forth in LTSE Rule 9.251;

(10) designation of relevant portions of transcripts from investigative testimony or other proceedings and the inclusion of an index for such testimony; and

(11) such other matters as may aid in the orderly and expeditious disposition of the proceeding.

(d) Scheduling

An initial pre-hearing conference, unless determined by the Hearing Officer to be unnecessary or premature, shall be held within 21 days after filing of an answer, or after the expiration of the second period provided for filing an answer as set forth in LTSE Rule 9.215(f). When a complaint names multiple Respondents, the 21-day period shall commence from the later of (i) the date on which the last timely answer was filed, or (ii) if one or more Respondents have failed to answer, from the expiration of the second period provided for filing an answer under LTSE Rule 9.215 (f).

(e) Pre-hearing Order

At or following the conclusion of any conference held pursuant to this LTSE Rule 9.241, the Hearing Officer shall enter a written ruling or order that recites any agreements reached and any procedural determinations made by the Hearing Officer.

(f) Failure to Appear: Default

The Hearing Officer may issue a default decision, pursuant to LTSE Rule 9.269, against a Party that fails to appear, in person or through counsel or a representative, at a pre-hearing conference of which the Party has due notice.

### Rule 9.242. Pre-Hearing Submission

(a) Requirement to Furnish Information

Prior to a hearing before a Hearing Panel or, if applicable, an Extended Hearing Panel, the Hearing Officer, in the exercise of his or her discretion, may order a Party to furnish to all other Parties and the Hearing Panel or, if applicable, the Extended Hearing Panel, such information as deemed appropriate, including any or all of the following:

(1) an outline or narrative summary of a Party's case or defense;

(2) the legal theories upon which a Party shall rely;

(3) a list and copies of documents that a Party intends to introduce at the hearing;

(4) a list of witnesses who shall testify on a Party's behalf, including the witnesses' names, occupations, addresses, and a brief summary of their expected testimony; and

(5) if a witness shall be called to testify as an expert, a statement of the expert's qualifications, a listing of other proceedings in which the expert has given expert testimony, a list of the expert's publications, and copies of those publications that are not readily available to the other Parties and the Hearing Panel or, if applicable, the Extended Hearing Panel.

(b) Reserved

Rule Series 9.250. Discovery

**Rule 9.251. Inspection and Copying of Documents in Possession of Staff**

(a) Documents to be Available for Inspection and Copying

(1) Unless otherwise provided by this LTSE Rule, or by order of the Hearing Officer, the Department of Enforcement or the Department of Market Regulation shall make available for inspection and copying by any Respondent, Documents prepared or obtained by Interested Staff in connection with the investigation that led to the institution of proceedings. Such Documents include but are not limited to:

(A) requests for information issued pursuant to LTSE Rule 8.210;

(B) every other written request directed to persons not employed by LTSE to provide Documents or to be interviewed;

(C) the Documents provided in response to any such requests described in (A) and (B) above;

(D) all transcripts and transcript exhibits; and

(E) all other Documents obtained from persons not employed by LTSE.

(2) The Department of Enforcement or the Department of Market Regulation shall promptly inform the Hearing Officer and each other Party if, after the issuance of a complaint, requests for information under LTSE Rule 8.210 are issued under the same investigative file number under which the investigation leading to the institution of disciplinary proceedings was conducted. If Interested Staff receive Documents pursuant to a request for information under LTSE Rule 8.210 after Documents have been made available to a Respondent for inspection and copying as set forth in paragraph (a), and if such Documents are material and relevant to the disciplinary proceeding in which such Respondent is a Party, the additional Documents shall be made available to the Respondent not later than 14 days after the Interested Staff receives such Documents. If a hearing on the merits is scheduled to begin, Interested Staff shall make the additional Documents available to the Respondent not less than ten days before the hearing. If Interested Staff receives such Documents ten or fewer days before a hearing on the merits is scheduled to begin or after such hearing begins, Interested Staff shall make the additional Documents available immediately to the Respondent.

(3) Nothing in paragraph (a)(1) above shall limit the discretion of the Department of Enforcement or the Department of Market Regulation to make available any other Document or the authority of the Hearing Officer to order the production of any other Document.

(b) Withheld Documents

(1) The Department of Enforcement or the Department of Market Regulation may withhold a Document if:

(A) the Document is privileged or constitutes attorney work product;

(B) the Document is an examination or inspection report, an internal memorandum, or other note or writing prepared by a FINRA or LTSE employee that shall not be offered in evidence;

(C) the Document would disclose (i) an examination, investigatory or enforcement technique or guideline of FINRA or LTSE, a federal, state, or foreign regulatory authority, or a self-regulatory organization; (ii) the identity of a source, including a federal, state, or foreign regulatory authority or a self-regulatory organization that furnished information or was furnished information on a confidential basis regarding an investigation, an examination, an enforcement proceeding, or any other type of civil or criminal enforcement action; or (iii) an examination, an investigation, an enforcement proceeding, or any other type of civil or criminal enforcement action under consideration by, or initiated by, LTSE, a federal, state, or foreign regulatory authority, or a self-regulatory organization; or

(D) the Hearing Officer grants leave to withhold a Document or category of Documents as not relevant to the subject matter of the proceeding, or for other good cause shown.

(2) The Department of Enforcement or the Department of Market Regulation shall withhold a Document if the Document is prohibited from disclosure by federal law.

(3) Nothing in paragraph (b)(1) above authorizes the Department of Enforcement or the Department of Market Regulation to withhold a Document, or a part thereof, that contains material exculpatory evidence.

(c) Withheld Document List

The Hearing Officer may require the Department of Enforcement or the Department of Market Regulation to submit to the Hearing Officer a list of Documents withheld pursuant to paragraph (b) or to submit to the Hearing Officer any Document withheld. Upon review, the Hearing Officer may order the Department of Enforcement or the Department of Market Regulation to make the list or any Document withheld available to the other Parties for inspection and copying unless federal law prohibits disclosure of the Document or its existence. A motion to require the Department of Enforcement or the Department of Market Regulation to produce a list of Documents withheld pursuant to paragraph (b) shall be based upon some reason to believe that a Document is being withheld in violation of the Code.

(d) Timing of Inspection and Copying

The Hearing Officer shall determine the schedule of production of documents pursuant to this LTSE Rule. Unless otherwise ordered by the Hearing Officer, the Department of Enforcement or the Department of Market Regulation shall commence making Documents available to a Respondent for inspection and copying pursuant to this LTSE Rule not later than 21 days after service of the Respondent's answer or, if there are multiple Respondents, not later than 21 days after the last timely answer is filed. If a Respondent in a multi-Respondent case fails to answer, the Department of Enforcement or the Department of Market Regulation shall make Documents available to all other Respondents not later than the later of:

(1) 21 days after the filing date of the last timely answer, or

(2) the expiration of the second period provided for filing an answer as set forth in LTSE Rule 9.215(f).

(e) Place and Time of Inspection and Copying

Documents subject to inspection and copying pursuant to this LTSE Rule 9.251 shall be made available to the Respondent for inspection and copying at the LTSE or FINRA office where they are ordinarily maintained, or at such other FINRA office as the Hearing Officer, in his or her discretion, shall designate, or as the Parties otherwise agree. A Respondent shall be given access to the Documents at LTSE's or FINRA's offices during normal business hours. A Respondent shall not be given custody of the Documents or be permitted to remove the Documents from LTSE's or FINRA's offices.

(f) Copying Costs

A Respondent may obtain a photocopy of all Documents made available for inspection. A Respondent shall be responsible for the cost of photocopying. Unless otherwise ordered, charges for copies made at the request of a Respondent shall be at a rate to be established by LTSE.

(g) Failure to Make Documents Available - Harmless Error

In the event that a Document required to be made available to a Respondent pursuant to this LTSE Rule 9.251 is not made available by the Department of Enforcement or the Department of Market Regulation, no rehearing or amended decision of a proceeding already heard or decided shall be required unless the Respondent establishes that the failure to make the Document available was not harmless error. The Hearing Officer, or, upon appeal or review, the LTSE Appeals Committee, shall determine whether the failure to make the document available was not harmless error, applying applicable LTSE, FINRA, SEC, and federal judicial precedent.

**Rule 9.252. Requests for Information**

(a) Content and Timing of Requests

A Respondent who requests that LTSE invoke LTSE Rule 8.210 to compel the production of Documents or testimony at the hearing shall do so in writing and serve copies on all Parties. Such request shall: be submitted to the Hearing Officer no later than 21 days before the scheduled hearing date; describe with specificity the Documents, the category or type of Documents, or the testimony sought; state why the Documents, the category or type of Documents, or the testimony are material; describe the requesting Party's previous efforts to obtain the Documents, the category or type of Documents, or the testimony through other means; and state whether the custodian of each Document, or the custodian of the category or type of Documents, or each proposed witness is subject to LTSE's jurisdiction.

(b) Standards for Issuance

A request that LTSE compel the production of Documents or testimony shall be granted only upon a showing that: the information sought is relevant, material, and non-cumulative; the requesting Party has previously attempted in good faith to obtain the desired Documents and testimony through other means but has been unsuccessful in such efforts; and each of the persons from whom the Documents and testimony are sought is subject to LTSE's jurisdiction. In addition, the Hearing Officer shall consider whether the request is unreasonable, oppressive, excessive in scope, or unduly burdensome, and whether the request should be denied, limited, or modified.

(c) Limitations on Requests

If, after consideration of all the circumstances, the Hearing Officer determines that a request submitted pursuant to this LTSE Rule is unreasonable, oppressive, excessive in scope, or unduly burdensome, he or she shall deny the request, or grant it only upon such conditions as fairness requires. In making the foregoing determination, the Hearing Officer may inquire of the other Parties whether they shall stipulate to the facts sought to be proved by the Documents or testimony sought. If the Hearing Officer grants the request, the Hearing Officer shall order that requested Documents be produced to all Parties not less than ten days before the hearing, and order that witnesses whose testimony was requested appear and testify at the hearing. If the Hearing Officer grants the request ten or fewer days before a hearing on the merits is scheduled to begin or after such hearing begins, the Documents or testimony shall be produced immediately to all Parties.

## Rule 9.253. Production of Witness Statements

(a) Availability

Notwithstanding the provisions of LTSE Rule 9.251(b),

(1) A Respondent in a disciplinary proceeding may file a motion requesting that the Department of Enforcement or the Department of Market Regulation produce for inspection and copying any statement of any person called or to be called as a witness by the Department of Enforcement or the Department of Market Regulation that pertains, or is expected to pertain, to his or her direct testimony and which is "a stenographic, mechanical, electrical, or other recording, or a transcription thereof, which is a substantially verbatim recital of an oral statement made by said witness and recorded contemporaneously with the making of such oral statement," as that phrase is used in 18 U.S.C. § 3500(e)(2).

(2) A Respondent in a disciplinary proceeding may also file a motion requesting that the Department of Enforcement or the Department of Market Regulation produce for inspection and copying any contemporaneously written statement made by an Interested Staff member during a routine examination or inspection about the substance of oral statements made by a non-LTSE person when (a) either the Interested Staff member or non-LTSE person is called as a witness by the Department of Enforcement or the Department of Market Regulation, and (b) that portion of the statement for which production is sought directly relates to the Interested Staff member's testimony or the testimony of the non-LTSE witness.

(b) Failure to Produce - Harmless Error

In the event that a statement required to be made available for inspection and copying by a Respondent is not provided by the Department of Enforcement or the Department of Market Regulation, there shall be no rehearing of a proceeding already heard, or issuance of an amended decision in a proceeding already decided, unless the Respondent establishes that the failure to provide the statement was not harmless error. The Hearing Officer, or upon appeal or review, the LTSE Appeals Committee, shall determine whether the failure to provide any statement was not harmless error, applying applicable LTSE, FINRA, SEC, and federal judicial precedent.

## Rule Series 9.260. Hearing and Decision

### Rule 9.261. Evidence and Procedure in Hearing

(a) Submission of Documentary Evidence and List of Witnesses Before Hearing

No later than ten days before the hearing, or at such earlier date as may be specified by the Hearing Officer, each Party shall submit to all other Parties and to the Hearing Officer copies of documentary evidence and the names of the witnesses each Party intends to present at the hearing. The documentary evidence submitted by the Parties prior to the hearing pursuant to this paragraph shall not become part of the record, unless the Hearing Officer, Hearing Panel, or Extended Hearing Panel orders some or all of it included pursuant to LTSE Rule 9.267(a)(8). The Hearing Officer may order each Party to refrain from submitting its documentary evidence to the Hearing Officer.

(b) Party's Right to Be Heard

If a hearing is held, a Party shall be entitled to be heard in person, by counsel, or by the Party's representative.

(c) Request to Submit Additional Evidence

Notwithstanding paragraph (a), a Party, for good cause shown, may seek to submit any additional evidence at the hearing as the Hearing Officer, in his or her discretion, determines may be relevant and necessary for a complete record.

### Rule 9.262. Testimony

A person who is subject to the jurisdiction of LTSE shall testify under oath or affirmation. The oath or affirmation shall be administered by a court reporter or a notary public.

### Rule 9.263. Evidence: Admissibility

(a) Criteria for Receiving and Excluding Evidence

The Hearing Officer shall receive relevant evidence, and may exclude all evidence that is irrelevant, immaterial, unduly repetitious, or unduly prejudicial.

(b) Objections

Objections to the admission or exclusion of evidence shall be made on the record and shall succinctly state the grounds relied upon. Excluded material shall be deemed a supplemental document, which shall be attached to the record and retained under LTSE Rule 9.267.

**Rule 9.264. Motion for Summary Disposition**

(a) Pre-hearing

After a Respondent's answer has been filed and Documents have been made available to that Respondent for inspection and copying pursuant to LTSE Rule 9.251, the Respondent or the Department of Enforcement or the Department of Market Regulation, without leave of the Hearing Officer, may make a motion for summary disposition of any or all the causes of action in the complaint with respect to that Respondent, as well as any defense raised in a Respondent's answer. All pre-hearing motions for summary disposition and supporting papers shall be filed at least 21 days before the time set for the hearing, or at such earlier time as ordered by the Hearing Officer. Notwithstanding the provisions of LTSE Rule 9.146(d), any opposition or response to a pre-hearing motion for summary disposition shall be filed at least seven days before the time set for the hearing.

(b) After Commencement of Hearing on Merits

After a hearing on the merits has commenced, a Respondent or the Department of Enforcement or the Department of Market Regulation may make a motion for summary disposition of any or all of the causes of action in the complaint with respect to that Respondent or defenses raised in that Respondent's answer only with leave of the Hearing Officer.

(c) Case Not Fully Adjudicated on Motion

If on motion under this LTSE Rule a decision is not rendered upon the whole case or for all the relief asked and a hearing is necessary, the Hearing Panel or, if applicable, the Extended Hearing Panel, at the hearing of the motion, by examining the pleadings and the evidence before it and by questioning counsel, shall, if practicable, ascertain what material facts exist without substantial controversy and what material facts are actually and in good faith controverted. It shall thereupon make an order specifying the facts that appear without substantial controversy, and directing such further proceedings in the action as are just. Upon the hearing of the action the facts so specified shall be deemed established, and the hearing shall be conducted accordingly.

(d) Form of Papers

A motion for summary disposition pursuant to paragraph (a) shall be accompanied by the following: a statement of undisputed facts; a supporting memorandum of points and authorities; and affidavits or declarations that set forth such facts as would be admissible at the hearing and show affirmatively that the affiant is competent to

testify to the matters stated therein. A memorandum of points and authorities in support or opposition shall not exceed 35 pages.

(e) Rulings on Motion

The Hearing Officer may promptly deny or defer decisions on any motion for summary disposition; however, only the Hearing Panel or, if applicable, the Extended Hearing Panel, may grant a motion for summary disposition, except the Hearing Officer may grant motions for summary disposition with respect to questions of jurisdiction. The Hearing Panel or, if applicable, the Extended Hearing Panel, may grant the motion for summary disposition if there is no genuine issue with regard to any material fact and the Party that files the motion is entitled to summary disposition as a matter of law. If a Party files a motion under paragraph (a), the facts alleged in the pleadings of the Party against whom the motion is made shall be taken as true, except as modified by stipulations or admissions made by the non-moving Party, by uncontested affidavits or declarations, or by facts officially noticed pursuant to LTSE Rule 9.145. If a Party opposing a motion for summary disposition made under paragraph (a) cannot present, by affidavit prior to the hearing, facts essential to justify the Party's opposition to the motion, the Hearing Panel or, if applicable, the Extended Hearing Panel, may deny the motion for summary disposition or defer the decision on the motion.

**Rule 9.265. Record of Hearing**

(a) Recordation

A hearing shall be recorded by a court reporter and a transcript shall be prepared. Unless otherwise ordered by a Hearing Officer, a pre-hearing conference shall be recorded by a court reporter and a transcript shall be prepared.

(b) Availability of a Transcript

A transcript of a pre-hearing conference and a transcript of a hearing shall be available to a Party for purchase from the court reporter at prescribed rates. A witness may purchase from the court reporter a transcript of his or her own testimony.

(c) Transcript Correction

Prior to the filing of post-hearing briefs or proposed findings and conclusions, or within such earlier time as ordered by the Hearing Officer, a Party or witness may seek to correct his or her transcript. A proposed correction of the transcript shall be submitted to the Hearing Officer by affidavit. Upon notice to all Parties to the disciplinary proceeding, the Hearing Officer may order the correction to the transcript as requested or sua sponte.

**Rule 9.266. Proposed Findings of Fact; Conclusions of Law; Post-Hearing Briefs**

(a) Discretion of Hearing Officer to Require Proposed Findings of Fact, Conclusions of Law, and Post-Hearing Briefs

At the discretion of the Hearing Officer, the Parties may be ordered to file proposed findings of facts and conclusions of law, or post-hearing briefs, or both. The Hearing Officer may order that such proposed findings and conclusions be filed together with, or as part of, post-hearing briefs.

(b) Reference to Record Required

Proposed findings of fact or other statements of fact in briefs shall be supported by specific references to the record.

(c) Period for Filing

In any case in which the Hearing Officer ordered the filing of proposed findings or conclusions of law, or post-hearing briefs, the Hearing Officer shall, after consultation with the Parties, prescribe the period within which proposed findings and conclusions of law and post-hearing briefs are to be filed. Such period shall be reasonable under all the circumstances but the total period allowed for the filing of post-hearing submissions shall not exceed 60 days after the conclusion of the hearing unless the Hearing Officer, for good cause shown, permits a different period and sets forth in an order the reasons why a longer period is necessary.

(d) Form, Length of Papers

Unless the Hearing Officer orders otherwise, each post-hearing submission shall not exceed 25 pages, exclusive of cover sheets, tables of contents, and tables of authorities.

**Rule 9.267. Record; Supplemental Documents Attached to Record; Retention**

(a) Contents of the Record; Retention

The record shall consist of:

(1) the complaint, answers, each notice of hearing, pre-hearing order, and any amendments thereto;

(2) each application, motion, submission, and other paper, and any amendments, motions, objections, and exceptions to or regarding them;

(3) each transcript of a pre-hearing conference and of a hearing, and each stipulation, transcript of testimony, Document, and other item admitted into evidence;

(4) each written communication accepted at the discretion of the Hearing Officer;

(5) with respect to a motion to disqualify a Hearing Officer under LTSE Rule 9.233 or a Panelist under LTSE Rule 9.234, each affidavit or transcript of testimony taken and the ruling made in connection with the request;

(6) all proposed findings and conclusions;

(7) each written ruling, order, and decision issued by the Chief Hearing Officer, Hearing Officer, Hearing Panel or, if applicable, Extended Hearing Panel; and

(8) any other Document or item accepted into the record by the Hearing Officer, the Hearing Panel or, if applicable, the Extended Hearing Panel.

(b) Supplemental Documents Attached To Record; Retention

(1) A supplemental Document attached to the record is any Document submitted to the Hearing Officer that did not become part of the record, including:

(A) a Document not admitted by the Hearing Officer, Hearing Panel or, if applicable, the Extended Hearing Panel;

(B) any matter stricken from any filing or stricken during an oral presentation, including any matter stricken from any filing or stricken during any oral presentation because the Adjudicator determined it was scandalous or impertinent as provided in LTSE Rule 9.136(e); and

(C) a list of Documents, if any, that a Respondent unsuccessfully sought by motion to inspect and copy under LTSE Rule 9.251(c).

(2) A supplemental Document attached to the record shall not constitute part of the record, but shall be retained until the date upon which LTSE's decision becomes final disciplinary action or, if applicable, upon the conclusion of any review by the SEC or the federal courts.

(c) Substitution of Copies

Parties may submit to the Hearing Officer for substitution a true copy of a Document in the record.

## Rule 9.268. Decision of Hearing Panel or Extended Hearing Panel

(a) Majority Decision

Within 60 days after the final date allowed for filing proposed findings of fact, conclusions of law, and post-hearing briefs, or by a date established at the discretion of the Chief Hearing Officer, the Hearing Officer shall prepare a written decision that reflects the views of the Hearing Panel or, if applicable, the Extended Hearing Panel, as determined by majority vote.

(b) Contents of Decision

The decision shall include:

(1) a statement describing the investigative or other origin of the disciplinary proceeding, if not otherwise contained in the record;

(2) the specific statutory or rule provisions that were alleged to have been violated;

(3) a statement setting forth the findings of fact with respect to any act or practice the Respondent was alleged to have committed or omitted;

(4) the conclusions of the Hearing Panel, or Extended Hearing Panel, as to whether the Respondent violated any provision alleged in the complaint;

(5) a statement of the Hearing Panel, or the Extended Hearing Panel, in support of the disposition of the principal issues raised in the proceeding; and

(6) a statement describing any sanction imposed, the reasons therefor, and the date upon which such sanction shall become effective. Unless otherwise provided in the decision, the sanction(s) shall become effective pursuant to paragraph (f) of this LTSE Rule 9.268.

(c) Dissenting Opinion

Within 65 days after the final date allowed for filing proposed findings of fact and conclusions of law, and post-hearings briefs, or by a date established at the discretion of the Chief Hearing Officer, the Hearing Officer or any Panelist may prepare a written dissenting opinion.

(d) Service, Notice, and Dissemination Requirements

The Office of Hearing Officers shall promptly serve the decision of the Hearing Panel, or the Extended Hearing Panel, and any dissenting opinion on the Parties; publish notice of the decision and any dissenting opinion in the Central Registration Depository; and provide a copy of the decision and any dissenting opinion to each LTSE Member with which a Respondent is associated.

(e) Appeal or Review

If not timely appealed pursuant to LTSE Rule 9.311 or timely called for review pursuant to LTSE Rule 9.312, the majority decision shall constitute final disciplinary action of LTSE for purposes of Rule 19d-1(c)(1) of the Act.

(f) Effectiveness of Sanctions

Unless otherwise provided in the majority decision issued under paragraph (a) of this LTSE Rule 9.268:

(1) a sanction (other than a bar or an expulsion) specified in a decision constituting final disciplinary action of LTSE for purposes of Exchange Act Rule 19d-1(c)(1) shall become effective on a date to be determined by LTSE; and

(2) a bar or an expulsion specified in a decision shall become effective immediately upon the decision becoming the final disciplinary action of LTSE for purposes of Exchange Act Rule 19d-1(c)(1).

**Rule 9.269. Default Decisions**

(a) Issuance of Default Decisions

(1) The Hearing Officer may issue a default decision against a Respondent that fails to answer the complaint within the time afforded under LTSE Rule 9.215, or a Party that fails to appear at a pre-hearing conference held pursuant to LTSE Rule 9.241 of which the Party has due notice, or a Party that fails to appear any hearing that a Party is required to attend under LTSE Rule Series 9.200 of which the Party has due notice.

(2) If the defaulting Party is the Respondent, the Hearing Officer may deem the allegations against that Respondent admitted. If the Defaulting Party is the Department of Enforcement or the Department of Market Regulation, the Hearing Officer may issue a default decision ordering that the complaint be dismissed with prejudice.

(3) The Hearing Officer may order a Party that fails to appear at the pre-hearing conference or the hearing to pay the costs incurred by other Parties in connection with their appearance.

(b) Contents of Decision

The contents of a default decision shall conform to the requirements of LTSE Rule 9.268(b).

(c) Review of Default Decision

Party may, for good cause shown, file a motion to set aside a default, dismissal, and the imposition of costs. Upon a showing of good cause, the Hearing Officer that entered the original order shall decide the motion. If the Hearing Officer that issued the original order is not available, the Chief Hearing Officer shall appoint another Hearing Officer to decide the motion.

(d) Final Disciplinary Action of LTSE; Effectiveness of Sanctions

If a default decision is not appealed pursuant to LTSE Rule 9.311 or called for review pursuant to LTSE Rule 9.312 within 25 days after the date the Office of Hearing Officers serves it on the Parties, the default decision shall become the final disciplinary action of LTSE for purposes of Rule 19d-1(c)(1) of the Act. Unless otherwise provided in the default decision, the sanctions shall become effective on a date to be determined by LTSE staff, except that a bar or expulsion shall become effective immediately upon the default decision becoming the final disciplinary action of LTSE. The decision shall be served upon Respondent by courier, facsimile or other means reasonably likely to obtain prompt service when the sanction is a bar or an expulsion.

**Rule 9.270. Settlement Procedure**

(a) When Offer Allowed; No Stay of Proceeding

A Respondent who is notified that a proceeding has been instituted against him or her may propose in writing an offer of settlement at any time. If a Respondent proposes an offer of settlement before the hearing on the merits has begun, the making of an offer of settlement shall not stay the proceeding, unless otherwise decided by the Hearing Officer. If a Respondent proposes an offer of settlement after the hearing on the merits has begun, the making of an offer of settlement shall not stay the proceeding, unless otherwise decided by the Hearing Panel or, if applicable, the Extended Hearing Panel.

(b) Settlement Offer Shall Conform to LTSE Rule

A Respondent who makes an offer of settlement shall do so in conformity with the provisions of this LTSE Rule 9.270, and shall not make such an offer of settlement frivolously or propose a sanction inconsistent with the seriousness of the violations to be found.

(c) Content and Signature Requirements

An offer of settlement shall be in writing and signed by the person making the offer, and, if the person is represented by counsel or a representative, signed also by the counsel or representative. The offer of settlement shall contain in reasonable detail:

(1) a statement describing the investigative or other origin of the disciplinary action;

(2) the specific statutory or rule provisions that the Member or associated person is alleged to have violated;

(3) a statement containing the acts or practices which the Member or associated person is alleged to have engaged in or omitted;

(4) a statement consenting to findings of fact and violations consistent with the statements contained in the offer of settlement required by paragraphs (c)(2) and (c)(3) above;

(5) a description of the proposed sanction and the effective date of any sanction(s) imposed; or a statement that the effective date of the sanction(s) will be a date to be determined by LTSE staff.

(d) Waiver

(1) If a Respondent submits an offer of settlement, by the submission such Respondent waives:

(A) any right of such Respondent to a hearing before a Hearing Panel or, if applicable, an Extended Hearing Panel, and any right of appeal to the LTSE Appeals Committee, the SEC, and the courts, or any right otherwise to challenge or contest the validity of the order issued, if the offer of settlement and order of acceptance are accepted;

(B) any right of such Respondent to claim bias or prejudgment of the Chief Hearing Officer, Hearing Officer, a Hearing Panel or, if applicable, an Extended Hearing Panel, a Panelist on a Hearing Panel, or, if applicable, an Extended Hearing Panel, the Chief Regulatory Officer, the LTSE Appeals Committee, or any member of the LTSE Appeals Committee, in connection with such person's or body's participation in discussions regarding the terms and conditions of the offer of settlement and the order of acceptance, or other consideration of the offer of settlement and order of acceptance, including acceptance, or rejection of such offer of settlement and order of acceptance; and

(C) any right of such Respondent to claim that a person or body violated the ex parte prohibitions of LTSE Rule 9.143 or the separation of functions prohibitions of LTSE Rule 9.144, in connection with such person's or body's participation in discussions regarding the terms and conditions of the offer of settlement and the order of acceptance, or other consideration of the offer of settlement and order of settlement, including acceptance or rejection of such offer of settlement and order of acceptance.

(2) If an offer of settlement and an order of acceptance are rejected, the Respondent shall be bound by the waivers made in this paragraph (d) for conduct by persons or bodies occurring during the period beginning from the date the offer of settlement was submitted and ending upon the rejection of the offer of settlement and order of acceptance.

(e) Uncontested Offers of Settlement

If a Respondent makes an offer of settlement and the Department of Enforcement or the Department of Market Regulation does not oppose it, the offer of settlement is uncontested. If an offer of settlement is determined to be uncontested by the Department of Enforcement or the Department of Market Regulation before a hearing on the merits has begun, the Department of Enforcement or the Department of Market Regulation shall transmit the uncontested offer of settlement and a proposed order of acceptance to the Office of Disciplinary Affairs with its recommendation. If an offer of settlement is determined to be uncontested by the Department of Enforcement or the Department of Market Regulation after a hearing on the merits has begun, the Department of Enforcement or the Department of Market Regulation shall transmit the offer of settlement and a proposed order of acceptance to the Hearing Panel or, if applicable, the Extended Hearing Panel for acceptance or rejection.

(1) A proposed order of acceptance shall make findings of fact, including a statement of the rule, regulation, or statutory provision violated, and impose sanctions consistent with the terms of the offer of settlement.

(2) Before an offer of settlement and an order of acceptance shall become effective, they shall be submitted to and accepted by the Office of Disciplinary Affairs, Hearing Panel, or if applicable, Extended Hearing Panel. The Office of Disciplinary Affairs, Hearing Panel, or if applicable, Extended Hearing Panel may or may not accept such offer of settlement and order of acceptance.

(3) If the offer of settlement and order of acceptance are accepted by the Office of Disciplinary Affairs, Hearing Panel, or if applicable, Extended Hearing Panel they shall be issued and become final.

(f) Contested Offers of Settlement

If a Respondent makes an offer of settlement and the Department of Enforcement or the Department of Market Regulation opposes it, the offer of settlement is contested. A contested offer of settlement shall be deemed rejected, shall not be transmitted to the Office of Hearing Officers, Office of Disciplinary Affairs, or Hearing Panel or Extended Hearing Panel, and shall not constitute a part of the record in any proceeding against the Respondent making the offer.

(g) Final Disciplinary Action of LTSE

The proceeding shall conclude as of the date the order of acceptance is issued. The order of acceptance shall constitute final disciplinary action of LTSE. The sanction shall take effect as set forth in the order.

(h) Uncontested Offer of Settlement Not Accepted

If an uncontested offer of settlement or an order of acceptance is not accepted by the Office of Disciplinary Affairs, the Hearing Panel or, if applicable, the Extended Hearing Panel, the Respondent shall be notified in writing and the offer of settlement and proposed order of acceptance shall be deemed withdrawn. An offer and proposed order of acceptance shall not constitute a part of the record in any proceeding against the Respondent making the offer.

(i) Disciplinary Proceeding With Multiple Respondents

When a disciplinary proceeding names multiple Respondents, settlement offers may be accepted or rejected as to any or all of the Respondents submitting offers. The proceedings shall thereafter be terminated as to those Respondents whose offers of settlement are accepted, but such Respondents may be required to participate in any hearing conducted as to those Respondents that did not submit offers of settlement or whose offers of settlement were rejected.

(j) No Prejudice from Rejected Offer of Settlement

If an offer of settlement is rejected by the Office of Disciplinary Affairs, a Hearing Panel or, if applicable, an Extended Hearing Panel, the Respondent shall not be prejudiced by the offer, which may not be introduced into evidence in connection with the determination of the issues involved in the pending complaint or in any other proceeding.

**Rule 9.280. Contemptuous Conduct**

(a) Persons Subject to Sanctions

If a Party, attorney for a Party, or other person authorized to represent others by LTSE Rule 9.141, engages in conduct in violation of an order of a Hearing Officer, a Hearing Panel or, if applicable, an Extended Hearing Panel, or other contemptuous conduct during a proceeding, a Hearing Officer, Hearing Panel or, if applicable, an Extended Hearing Panel, may:

(1) subject the Party, attorney for a Party, or other person authorized to represent others by LTSE Rule 9.141, to the sanctions set forth in paragraph (b); and

(2) exclude an attorney for a Party, or other person authorized to represent others by LTSE Rule 9.141, under LTSE Rule 9.150.

(b) Sanctions Other Than Exclusion

A Hearing Officer, Hearing Panel or, if applicable, an Extended Hearing Panel, may make such orders as are just in regard to a Party, an attorney for a Party, or other person authorized to represent others by LTSE Rule 9.141.

(1) Such orders may include:

(A) an order providing that the matters on which the order is made or any other designated facts shall be taken to be established for the purposes of the disciplinary proceeding in accordance with the claim of the Party obtaining the order;

(B) an order providing that the disobedient Party may not support or oppose designated claims or defenses, or may not introduce designated matters in evidence;

(C) an order providing that pleadings or a specified part of the pleading shall be stricken, or an order providing that the proceeding shall be stayed until the Party subject to the order obeys it;

(D) in lieu of any of the foregoing orders or in addition thereto, an order providing that contemptuous conduct includes the failure to obey any order; and

(E) an order as provided in subparagraphs (A), (B), and (C) where a Party has failed to comply with an order to produce a person for examination, unless the Party failing to comply shows that such Party is unable to produce such person for examination.

(2) A Party that without substantial justification fails to disclose information required by LTSE Rules 9.240 and 9.250 or otherwise required by order of the Hearing Officer, Hearing Panel or, if applicable, the Extended Hearing Panel, shall not, unless such failure is harmless, be permitted to use as evidence at a hearing, in a motion or in any other filing of papers, or in oral argument, any witness or information not so disclosed. In addition to, or in lieu of this sanction, the Hearing Officer, Hearing Panel or, if applicable, the Extended Hearing Panel, on motion and after affording an opportunity to be heard, may impose other appropriate sanctions. These sanctions may include any of the sanctions provided for in paragraphs (b)(1)(A) through (C) above.

(c) Review of Exclusions

If an attorney for a Party, or other person authorized to represent others by LTSE Rule 9.141, is excluded from a disciplinary hearing or conference, or any portion thereof, such attorney or other person may seek review of the exclusion by filing a motion to vacate with the Chief Hearing Officer. Such motion to vacate shall be filed and served on all Parties within five days after service of the exclusion order. Any response shall be filed with the Chief Hearing Officer and served on all Parties within five days after the service of the motion to vacate. The Chief Hearing Officer shall consider such motion on an expedited basis and promptly issue a written order. The filing of a motion to vacate shall stay all aspects of the disciplinary proceeding until at least seven days after service of the order of the Chief Hearing Officer. The review

proceedings shall be conducted on the basis of the written record without oral argument.

(d) Adjournment

The hearing, conferences, or other activities relating to the disciplinary proceeding shall be stayed pending the review by the Chief Hearing Officer of an exclusion order in paragraph (c). In the event that the Chief Hearing Officer upholds an exclusion of an attorney or other person authorized to represent others by LTSE Rule 9.141, the Hearing Officer may, upon motion by a Party represented by an attorney or other person subject to an order of exclusion, grant an adjournment to allow the retention of new counsel or selection of a new representative. In determining whether to grant an adjournment or the length of an adjournment, the Hearing Officer shall consider whether there are other counsel or representatives of record on behalf of the Party, the availability of other counsel or other members of an excluded attorney's firm, or the availability of other representatives for the Party, and any other relevant factors.

## Rule 9.290. Expedited Disciplinary Proceedings

For any disciplinary proceeding, the subject matter of which also is subject to a temporary cease and desist proceeding initiated pursuant to LTSE Rule 9.810 or a temporary cease and desist order, hearings shall be held and decisions shall be rendered at the earliest possible time. An expedited hearing schedule shall be determined at a pre-hearing conference held in accordance with LTSE Rule 9.241.

Rule Series 9.300. Review of Disciplinary Proceeding by LTSE Board; Application for SEC Review

Rule Series 9.310. Appeal To or Review By the LTSE Board

**Rule 9.311. Appeal by Any Party; Cross -Appeal**

(a) Time to File Notice of Appeal

A Respondent or the Department of Enforcement or the Department of Market Regulation may file a written notice of appeal with the Secretary of LTSE, which states the basis and reasons for such review within 25 days after service of a decision issued pursuant to LTSE Rules 9.268 or 9.269, except that a decision concerning an LTSE Member that is an affiliate may not be appealed to the Board.

(b) Effect

An appeal to the Board from a decision issued pursuant to LTSE Rules 9.268 or 9.269 shall be heard by the LTSE Appeals Committee of the Board, and shall operate as a stay of that decision until a decision is issued pursuant to LTSE Rule 9.349 or, in cases called for discretionary review by the Board, until a decision is issued pursuant to LTSE Rule 9.351. Any such appeal, however, will not stay a decision, or that part of a decision, that imposes a permanent cease and desist order.

(c) Notice of Appeal Content and Signature Requirements

A Party appealing pursuant to this LTSE Rule 9.311 shall file a written notice of appeal with the Office of Hearing Officers and serve the notice on the Parties. The notice of appeal shall be signed by the appealing Party, or his or her counsel or representative, and shall contain:

(1) the name of the disciplinary proceeding;

(2) the disciplinary proceeding docket number;

(3) the name of the Party on whose behalf the appeal is made;

(4) a statement on whether oral argument before the LTSE Appeals Committee is requested; and

(5) a brief statement of the findings, conclusions, or sanctions as to which exceptions are taken.

(d) Notice of Cross-Appeal

A Party who is served with a notice of appeal may file a written notice of cross-appeal and serve the notice of cross-appeal on the Parties. The notice of cross-appeal shall be filed within five days after service of the notice of appeal. The notice of cross-appeal shall be signed by the Party cross-appealing, or his or her counsel, and shall contain the information set forth in paragraphs (c)(1), (c)(2), (c)(4), and (c)(5), and the name of the Party on whose behalf the cross-appeal is made.

(e) Waiver of Issues Not Raised

The LTSE Appeals Committee may, in its discretion, deem waived any issue not raised in the notice of appeal or cross-appeal. The LTSE Appeal Committee or the General Counsel shall provide the Parties with notice of, and an opportunity to submit briefs on, any issue that shall be considered by the LTSE Appeals Committee if such issue was not previously set forth in the notice of appeal. Parties may submit motions to the LTSE Appeals Committee challenging requests for briefing made by the General Counsel under this LTSE Rule of issues that were not previously set forth in the notice of appeal.

(f) Withdrawal of Notice of Appeal or Cross-Appeal

A Party may withdraw a notice of appeal or a notice of cross-appeal filed by him or her at any time by filing a written notice of withdrawal of appeal or cross-appeal with the Office of Hearing Officers and serving notice thereof on the Parties. The notice of withdrawal of appeal or cross-appeal shall contain: the name of the disciplinary proceeding; the disciplinary proceeding docket number; and the name of the Party on whose behalf the notice of appeal or cross-appeal was filed previously. The notice of withdrawal of appeal or cross-appeal shall be signed by the Party, or his or her counsel or representative. Upon the withdrawal of a notice of appeal, any outstanding cross-appeal shall be treated as an appeal unless it is withdrawn.

**Rule 9.312. Review Proceeding Initiated by the LTSE Board**

(a) Call for Review

(1) Rule 9.268 Decision

A decision issued pursuant to LTSE Rule 9.268 may be subject to a call for review by any member of the Board. A decision issued pursuant to LTSE Rule 9.268 shall be subject to a call for review within 45 days after the date of service of the decision. If called for review, such decision shall be reviewed by the LTSE Appeals Committee.

(2) Rule 9.269 Decision

A default decision issued pursuant to LTSE Rule 9.629 shall be subject to a call for review by the Chief Regulatory Officer, on his or her own motion within 25 days after the date of service of the decision. If called for review, such decision shall be reviewed by the LTSE Appeals Committee.

(b) Effect

Institution of review by a member of the Board on his or her own motion or the Chief Regulatory Officer, on his or her own motion, shall operate as a stay of a final decision issued pursuant to LTSE Rules 9.268 or 9.629 as to all Parties subject to the notice of review, until the LTSE Appeals Committee issues a decision pursuant to LTSE Rule 9.349, or, in cases called for discretionary review by the Board, until a decision is issued pursuant to LTSE Rule 9.351. Institution of any such review, however, will not stay a decision, or that part of a decision, that imposes a permanent cease and desist order.

(c) Requirements

(1) If a member of the Board, or, for a disciplinary proceeding decided under LTSE Rule 9.269, the Chief Regulatory Officer determines to call a case for review, a written notice of review shall be served promptly on each Party to the proceeding and filed with the Office of Hearing Officers. Such notice of review shall contain:

(A) the name of the disciplinary proceeding;

(B) the disciplinary proceeding docket number; and

(C) a brief statement of the findings, conclusions, or sanctions with respect to which the Board or the Chief Regulatory Officer determined that a call for review was necessary.

(2) The statement contained in the notice of review shall not limit the scope of the Board's authority under LTSE Rule 9.346 to review any issues raised in the record. The Board or the Chief Regulatory Officer shall provide the Parties with notice of, and an opportunity to submit briefs on, any issue that shall be considered by the LTSE Appeals Committee if such issue was not previously set forth in the notice of review. Parties may submit motions to the LTSE Appeals Committee requests for briefing made by the General Counsel under this LTSE Rule 9.312 of issues that were not previously set forth in the notice of appeal.

(d) Effect of Withdrawal of Notice of Appeal, Cross-Appeal

If the review of a disciplinary proceeding by the LTSE Appeals Committee is terminated before the LTSE Appeals Committee issues a decision on the merits because all appealing Parties file a notice of withdrawal of appeal and no Party previously filed a notice of cross-appeal, or all Parties who previously filed a notice of cross-appeal file a notice of withdrawal of cross-appeal:

(1) a member of the Board shall have the right to call for review a decision issued pursuant to LTSE Rule 9.268 in accordance with LTSE Rule 9.312(a)(1), except that the 45-day period during which a call for review may be made shall begin on the day LTSE receives the last filed notice of withdrawal of appeal or, if applicable, the last filed notice of withdrawal of cross-appeal; and,

(2) the Chief Regulatory Officer shall have the right to call for review a decision issued pursuant to LTSE Rule 9.269 in accordance with LTSE Rule 9.312(a)(2), except that the 25-day period during which a call for review may be made shall begin on the day LTSE receives the last filed notice of

withdrawal of appeal or, if applicable, the last filed notice of withdrawal of cross-appeal.

**Rule 9.313. Counsel to LTSE Board and Appeals Committee**

(a) Authority

A Counsel to the Board and Appeals Committee shall have authority to take ministerial and administrative actions to further the efficient administration of a proceeding, including the authority to:

(1) direct the Office of Hearing Officers to complete and transmit a record of a disciplinary proceeding to the LTSE Appeals Committee in accordance with LTSE Rule 9.267;

(2) establish or amend a briefing schedule under LTSE Rule 9.347(b) but not shorten a briefing schedule except with the consent of the Parties;

(3) permit a brief or any other document required to be filed to vary from the requirements of LTSE Rule 9.130 as provided in LTSE Rule 9.347(a);

(4) establish the date, time, and location of an oral argument and provide for notice of the hearing under LTSE Rule 9.341;

(5) for other than a Party and counsel or a person acting in a representative capacity, determine who may attend a hearing;

(6) rule on a motion by a Party to request to lengthen or shorten a period of time prescribed by the Code for the filing of any papers, or request that a hearing be postponed or adjourned under LTSE Rule 9.322, except that a period may not be shortened and a hearing may not be postponed or adjourned without the consent of the Parties;

(7) create and maintain the official record of the disciplinary proceeding on appeal or review; and

(8) establish the number of copies of all papers that shall be filed with the Adjudicator under LTSE Rule 9.136.

(b) Review

A Party seeking the review of a decision of a Counsel to the Board or Appeals Committee may make a motion to the LTSE Appeals Committee.

**Rule 9.321. Transmission of Record**

Within 21 days after the filing of a notice of appeal or notice of review, or at such later time as the LTSE Appeals Committee may designate, the Office of Hearing Officers shall assemble and prepare an index to the record, transmit the record and the index to the LTSE Appeals Committee, and serve copies of the index upon all Parties. The Hearing Officer who participated in the disciplinary proceeding, or the Chief Hearing Officer, shall certify that the record transmitted to the LTSE Appeals Committee is complete.

**Rule 9.322. Extensions of Time; Postponements; Adjournments**

(a) Availability

At any time prior to the issuance of a decision pursuant to LTSE Rule 9.349, the LTSE Appeals Committee or Counsel to the LTSE Appeals Committee, for good cause shown, may extend or shorten a period prescribed by the Code for the filing of any papers, except that Counsel to the LTSE Appeals Committee may shorten a period so prescribed only with the consent of the Parties. The LTSE Appeals Committee or Counsel to the LTSE Appeals Committee, for good cause shown, may postpone or adjourn a hearing consistent with paragraph (b), except that Counsel to the LTSE Appeals Committee may postpone or adjourn a hearing only with the consent of the Parties.

(b) Limitations on Postponements, Adjournments, and Changes in Location

Oral argument shall begin at the time and place ordered, unless the LTSE Appeals Committee or Counsel to the LTSE Appeals Committee, for good cause shown, postpones, adjourns, or changes the location of the oral argument, except that Counsel to the LTSE Appeals Committee may postpone or adjourn the oral argument only with the consent of the Parties. In considering a motion for the postponement or adjournment of an oral argument, the LTSE Appeals Committee or Counsel to the LTSE Appeals Committee shall consider, in addition to any other relevant factors:

(1) the length of time the disciplinary proceeding has been pending to date, and the timeliness of the request for a postponement, an adjournment, or an extension;

(2) the number of postponements, adjournments, or extensions already granted;

(3) the stage of the proceedings at the time of the request;

(4) the prejudice to the other Parties;

(5) the potential harm to the investing public if an extension of time, an adjournment, or a postponement is granted; and

(6) any other matter that justice may require.

**Rule 9.331. Reserved**

**Rule 9.332. Disqualification and Recusal**

(a) Recusal, Withdrawal of Member or Panelist

If at any time a member of the LTSE Appeals Committee or a Counsel to the LTSE Appeals Committee determines that the member or the Counsel to the LTSE Appeals Committee has a conflict of interest or bias or circumstances otherwise exist where the fairness of the member or the Counsel to the LTSE Appeals Committee might reasonably be questioned, the member or the Counsel to the LTSE Appeals Committee shall notify the Chair of the LTSE Appeals Committee who shall issue and serve on the Parties a notice stating that the member or the Counsel to the

LTSE Appeals Committee has withdrawn from the matter. In the event that a member of the LTSE Appeals Committee withdraws, is incapacitated, or is otherwise unable to continue service after assignment, the Chair of the Board shall appoint another member of the Board to serve on the LTSE Appeals Committee for the limited purpose of considering the issues raised in the disciplinary proceeding in which the withdrawal action was taken. In the event that a Counsel to the LTSE Appeals Committee withdraws, is incapacitated, or is otherwise unable to continue service after assignment, the General Counsel shall assign a replacement Counsel to the LTSE Appeals Committee.

(b) Motion for Disqualification

A Party may move for the disqualification of a member of the LTSE Appeals Committee or a Counsel to the LTSE Appeals Committee. All such motions shall be based upon a reasonable, good faith belief that a conflict of interest or bias exists or circumstances otherwise exist where the fairness of the member or the Counsel to the LTSE Appeals Committee might reasonably be questioned, and shall be accompanied by an affidavit setting forth in detail the facts alleged to constitute grounds for disqualification, and the dates on which the Party learned of those facts. Such motions shall be filed not later than 15 days after the later of:

(1) when the Party learned of the facts believed to constitute the disqualification; or

(2) when the Party was notified of the composition of the LTSE Appeals Committee or the assignment to the disciplinary proceeding of the Counsel to the LTSE Appeals Committee.

(c) Disposition of Disqualification Motions: Challenges to Single Member of LTSE Appeals Committee, or Counsel to the LTSE Appeals Committee

Motions for disqualification of a member of the LTSE Appeals Committee, or a Counsel to the LTSE Appeals Committee shall be decided by the Chair of the LTSE Appeals Committee (unless the member in question is the Chair in which case a majority of the other members of the LTSE Appeals Committee shall make the determination), who shall promptly determine whether disqualification is required and issue a written ruling on the motion. If a member of the LTSE Appeals Committee is disqualified, the Chair of the LTSE Appeals Committee (or a majority of the other members of the LTSE Appeals Committee if the Chair is disqualified) shall appoint another member of the Board to serve on the LTSE Appeals Committee for the limited purpose of considering the issues raised in the disciplinary proceeding in which the motion was made. If a Counsel is disqualified, the General Counsel shall assign a replacement Counsel to the LTSE Appeals Committee.

(d) Disposition of Disqualification Motions: Challenges to Multiple Members or Panelists

If a Party files a motion to disqualify more than one member of the LTSE Appeals Committee, the Chair of the LTSE Appeals Committee shall promptly determine whether disqualification is required, and shall issue a written ruling on the matter. In the event of such disqualification, the remaining members of the LTSE Appeals Committee shall consider the review or appeal of the disciplinary matter.

Rule Series 9.340. Proceedings

**Rule 9.341. Oral Argument**

(a) Request for Oral Argument

A Party may request oral argument before the LTSE Appeals Committee. Oral argument shall be requested in writing either in the Party's notice of appeal or cross-appeal or within fifteen (15) days after service of the LTSE Appeal Committee's notice of review. Subject to the limitations of LTSE Rules 9.342 and 9.344, oral argument shall be granted if timely requested. The right to oral argument set forth in this LTSE Rule is unaffected by a Party's waiver of, or failure to request, a hearing pursuant to LTSE Rule Series 9.200. The LTSE Appeals Committee may cancel in writing a previously scheduled oral argument for good cause shown due to abandonment or similar unreasonable availability.

(b) Discretion to Proceed With or Without Oral Argument

In the absence of a request for oral argument, the LTSE Appeals Committee, in its discretion, may order that a matter be set down for oral argument or may consider the matter on the basis of the record.

(c) Notice Regarding Oral Argument

If oral argument is held, a notice stating the date, time, and location of the oral argument shall be served on the Parties at least 21 days before the hearing. The Parties may agree in writing to waive the notice period or, in extraordinary circumstances, the LTSE Appeals Committee or Counsel to the LTSE Appeals Committee may provide for a shorter notice period, except that Counsel to the LTSE Appeals Committee may provide for a shorter notice period only with the consent of the Parties.

(d) Attendance Required

The Parties shall make oral arguments before the LTSE Appeals Committee. Unless otherwise agreed to by all of the Parties, all members of the LTSE Appeals Committee shall be present for the oral argument.

(e) Time Limits

Unless the LTSE Appeals Committee orders otherwise for good cause shown, each Party's oral argument shall be limited to a total of 30 minutes.

(f) Recordation; Transcript Correction

(1) Oral arguments shall be recorded by a court reporter and a transcript shall be prepared.

(2) A transcript of a hearing shall be available to a Party for purchase from the court reporter at prescribed rates. A witness may purchase a transcript of his or her own testimony from the court reporter.

(3) Prior to the filing of post-hearing briefs or within such earlier time as reasonably ordered by the LTSE Appeals Committee a Party or witness may seek to correct his or her transcript. A proposed correction of the transcript

shall be submitted by affidavit to the LTSE Appeals Committee. Upon notice to all Parties to the disciplinary proceeding, the LTSE Appeals Committee may order the correction to the transcript as requested or sua sponte.

**Rule 9.342. Failure to Appear at Oral Argument**

A Party who requests oral argument but fails to appear after being duly notified shall be deemed to have waived any opportunity for oral argument provided under LTSE Rule Series 9.300. The LTSE Appeals Committee shall permit argument to go forward as to those Parties who appear. The LTSE Appeals Committee, in the exercise of its discretion, may consider the matter on the basis of the record without oral argument as to those Parties who failed to appear.

**Rule 9.343. Disposition without Oral Argument**

If an oral argument is not held, the matter shall be considered by the LTSE Appeals Committee, on the basis of the record, as defined in LTSE Rule 9.267, and supplemented by any written materials submitted to or issued by the LTSE Appeals Committee in connection with the appeal, cross-appeal, or call for review.

**Rule 9.344. Failure to Participate Below; Abandonment of Appeal**

(a) Failure to Participate Below

If an appealing Party did not participate in the disciplinary proceeding before a Hearing Officer, a Hearing Panel or, if applicable, an Extended Hearing Panel, and fails to show good cause for the failure to participate, the matter shall be considered by the LTSE Appeals Committee on the basis of the record and other documents, as provided in LTSE Rules 9.346 and 9.347. When good cause is shown, the LTSE Appeals Committee shall remand the disciplinary proceeding with instructions. For purposes of this paragraph, failure to participate shall include failure to file an answer or otherwise respond to a complaint, or failure to appear at a scheduled hearing, but shall not include failure to request a hearing pursuant to LTSE Rule 9.221.

(b) Abandonment of Appeal

If an appealing Party fails to advise the LTSE Appeals Committee of the basis for seeking review or otherwise fails to provide information or submit a written brief in response to a request pursuant to LTSE Rules 9.346 and 9.347, the LTSE Appeals Committee may dismiss the appeal as abandoned, and the decision of the Hearing Officer, the Hearing Panel or, if applicable, the Extended Hearing Panel, shall become the final disciplinary action of LTSE. If a cross- appealing Party fails to

advise the LTSE Appeals Committee of the basis for seeking review or otherwise fails to provide information or submit a written brief in response to a request pursuant to LTSE Rules 9.346 and 9.347, the LTSE Appeals Committee may dismiss the cross-appeal as abandoned. Upon a showing of good cause, the LTSE Appeals Committee may withdraw any dismissal entered pursuant to this LTSE Rule.

**Rule 9.345. Reserved**

**Rule 9.346. Evidence in LTSE Appeals Committee Proceedings**

(a) Scope of Review

Except as otherwise set forth in this paragraph, the LTSE Appeals Committee's review shall be limited to consideration of:

(1) the record, as defined in LTSE Rule 9.267, supplemented by briefs and other papers submitted to the LTSE Appeals Committee; and
(2) any oral argument permitted under this Code.

A Party may introduce additional evidence only with prior approval of the LTSE Appeals Committee, upon a showing that extraordinary circumstances exist under paragraph (b) below. If an appealing Party shows good cause for failure to participate in the disciplinary proceeding below, the LTSE Appeals Committee may hear evidence and consider the disciplinary proceeding pursuant to LTSE Rule 9.344(a).

(b) Leave to Introduce Additional Evidence

A Party may apply to the LTSE Appeals Committee for leave to introduce additional evidence by motion filed not later than 30 days after the Office of Hearing Officers transmits to the LTSE Appeals Committee and serves upon all Parties the index to the record, pursuant to LTSE Rule 9.321. The motion shall describe each item of proposed new evidence, demonstrate that there was good cause for failing to introduce it below, demonstrate why the evidence is material to the proceeding, and be filed and served. The Party may attach the documentary evidence as an exhibit to the motion. By a motion filed in accordance with LTSE Rule 9.146, a Party may request an extension of the period during which a Party may file a motion for leave to introduce additional evidence. A Party shall demonstrate that there was good cause for failing to file the motion for leave to introduce additional evidence during the period prescribed.

(c) Motion In Opposition; Motion to Introduce Rebuttal Evidence

A Party may file an opposition to a motion, as provided in LTSE Rule 9.146(d), for leave to introduce new evidence, and may move for leave to introduce rebuttal evidence in response to the proposed new evidence. A Party who moves to introduce rebuttal evidence in response to the proposed new evidence of another Party shall describe each item of proposed rebuttal evidence and explain why the evidence is material to the proceeding, and shall file and serve such motion.

(d) Discretion Regarding Review of Additional Evidence

Upon consideration of any motion to introduce additional evidence and any opposition thereto, the LTSE Appeals Committee may permit the evidence to be introduced into the record on review, or may remand the disciplinary proceeding for further proceedings consistent with its ruling or for further fact finding.

(e) Requirements for Submitting Additional Documentary Evidence

A Party that is permitted to introduce additional documentary evidence before the LTSE Appeals Committee pursuant to paragraph (d) shall make copies of the evidence available to the LTSE Appeals Committee and to all Parties at such time as the LTSE Appeals Committee may specify.

(f) Additional Evidence

On its own motion, the LTSE Appeals Committee may order that the record be supplemented with such additional evidence as it may deem relevant. Among other things, the LTSE Appeals Committee may order a Respondent who asserts his or her inability to pay a monetary sanction to file a sworn financial statement and to keep such statement current as ordered by the LTSE Appeals Committee.

(g) Rules of Evidence Not Applicable

The formal rules of evidence as applied in judicial proceedings shall not apply.

(h) Testimony

A person who is subject to the jurisdiction of LTSE shall testify under oath or affirmation. The oath or affirmation shall be administered by a court reporter or a notary public.

**Rule 9.347. Filing of Papers in LTSE Appeals Committee Proceedings**

(a) Briefs; Reply Briefs; Requirements

Parties may file briefs in connection with proceedings governed by LTSE Rule Series 9.300. Briefs shall be confined to the particular matters at issue. An exception to findings, conclusions, or sanctions shall be supported by citation to the relevant portions of the record, including references to specific pages relied upon, and by

concise argument, including citation of such statutes, decisions, and other authorities as may be relevant. If an exception relates to the admission or exclusion of evidence, the substance of the evidence admitted or excluded shall be set forth in the brief, an appendix thereto, or by citation to the record. Parties may file reply briefs. If a Party files a reply brief, such brief shall be limited to matters in reply. All briefs shall conform to the requirements of LTSE Rule Series 9.130, and, except with advance leave of the LTSE Appeals Committee, or Counsel to the LTSE Appeals Committee, exclusive of pages containing tables of contents or tables of authorities, a brief other than a reply brief shall not exceed 25 double-spaced pages, and a reply brief shall not exceed 12 double-spaced pages.

(b) Timely Filing of Briefs

Briefs shall be due upon dates established by the LTSE Appeals Committee, or Counsel to the LTSE Appeals Committee in a scheduling order. Unless the LTSE Appeals Committee, or Counsel to the LTSE Appeals Committee specifies otherwise, opening briefs shall be submitted not less than 21 days from the date of the scheduling order, and answering briefs shall be submitted 21 days thereafter. When reply briefs are submitted, such briefs shall be filed not later than ten days after service of the answering brief. Counsel to the LTSE Appeals Committee may not shorten a period previously established for the filing of briefs except with the consent of the Parties. The time periods listed in this provision are only applicable to the filing of opening briefs, answering briefs, and reply briefs.

### Rule 9.348. Powers of the LTSE Appeals Committee on Review

In any appeal or review proceeding pursuant to LTSE Rule Series 9.300, the LTSE Appeals Committee may affirm, dismiss, modify, or reverse with respect to each finding, or remand the disciplinary proceeding with instructions. The LTSE Appeals Committee may affirm, modify, reverse, increase, or reduce any sanction, or impose any other fitting sanction.

### Rule 9.349. LTSE Appeals Committee Formal Consideration; Decision

(a) Decision of LTSE Appeals Committee, Including Remand

In an appeal or review of a disciplinary proceeding governed by LTSE Rule Series 9.300 that is not withdrawn or dismissed prior to a decision on the merits, the LTSE Appeals Committee, after considering all matters presented in the appeal or review, may affirm, dismiss, modify or reverse the decision of the Hearing Panel or, if applicable, Extended Hearing Panel, with respect to each Respondent who has appealed or cross-appealed or is subject to a call for review. The LTSE Appeals Committee may affirm, modify, reverse, increase, or reduce any sanction, or impose any other fitting sanction. Alternatively, the LTSE Appeals Committee may remand

the disciplinary proceeding with instructions. The LTSE Appeals Committee shall prepare a proposed written decision pursuant to paragraph (b) below.

(b) Contents of Decision

The decision shall include:

(1) a statement describing the investigative or other origin of the disciplinary proceeding, if not otherwise contained in the record;

(2) the specific statutory or rule provisions that were alleged to have been violated;

(3) a statement setting forth the findings of fact with respect to any act or practice the Respondent was alleged to have committed or omitted;

(4) the conclusions as to whether the Respondent violated any provision alleged in the complaint;

(5) a statement in support of the disposition of the principal issues raised in the proceeding; and

(6) a statement describing any sanction imposed, the reasons therefor, and, pursuant to LTSE Rule 9.360, the date upon which such sanction shall become effective.

(c) Issuance of Decision After Expiration of Call for Review Period

The LTSE Appeals Committee shall provide its proposed written decision to the Board. The Board may call the disciplinary proceeding for review pursuant to LTSE Rule 9.351. If the Board does not call the disciplinary proceeding for review, the proposed written decision of the LTSE Appeals Committee shall become final, and the LTSE Appeals Committee shall serve its written decision on the Parties and provide a copy to each member of LTSE with which a Respondent is associated. The decision shall constitute the final disciplinary action of LTSE for purposes of Rule 19d- 1(c)(1) of the Act, unless the LTSE Appeals Committee remands the proceeding.

## Rule Series 9350. Discretionary Review by LTSE Board

### Rule 9.351. Discretionary Review by LTSE Board

(a) Call for Review by Director

A Director may call a disciplinary proceeding for review by the Board if the call for review is made within the period prescribed in paragraph (b) below.

(b) 15 Day Period; Waiver

(1) A Director shall make his or her call for review not later than the next meeting of the Board that is at least 15 days after the date on which the Board receives the proposed written decision of the LTSE Appeals Committee.

(2) Waiver

By a unanimous vote of the Board, the Board may shorten the period in subparagraph (1) to less than 15 days. By an affirmative vote of the majority of the Board then in office, the Board may, during the 15-day period in subparagraph (1), vote to extend the period in subparagraph (1) to more than 15 days.

(c) Review at Next Meeting

If a Director calls a disciplinary proceeding for review within the period prescribed in paragraph (b) above, the Board shall review the disciplinary proceeding not later than the next meeting of the Board. The Board may order the Parties (excluding any Respondent who did not appeal or cross-appeal, or as to whom the issues appealed or called for review do not apply) to file briefs in connection with the review proceedings pursuant to this LTSE Rule.

(d) Decision of LTSE Board, Including Remand

After review, the Board may affirm, modify, or reverse the proposed written decision of the LTSE Appeals Committee. The Board may affirm, modify, reverse, increase, or reduce any sanction, or impose any other fitting sanction. Alternatively, the Board may remand the disciplinary proceeding with instructions. The Board shall prepare a written decision that includes all of the elements described in LTSE Rule 9.349(b)(1) through (6).

(e) Issuance of Decision After Expiration of Call for Review Period

The Board shall issue and serve its written decision on the Parties and provide a copy to each Member of LTSE with which a Respondent is associated. The decision shall constitute the final disciplinary action of LTSE for purposes of Rule 19d-1(c)(1) of the Act, unless the Board remands the proceeding.

**Rule 9.360. Effectiveness of Sanctions**

Unless otherwise provided in the decision issued under LTSE Rule 9.349 or 9.351, a sanction (other than a bar, an expulsion, or a permanent cease and desist order) specified in a decision constituting final disciplinary action of LTSE for purposes of Rule 19d-1(c)(1) of the Act shall become effective on a date to be determined by LTSE staff (or the Hearing Panel, Extended Hearing Panel, or Office of Disciplinary Affairs in the case of a decision with respect to an affiliate of LTSE within the meaning of LTSE Rule 2.210). A bar, an expulsion, or a permanent cease and desist order shall become effective upon service of the decision constituting final disciplinary action of LTSE, unless otherwise specified therein. LTSE shall serve the decision on a Respondent by courier, facsimile or other means

reasonably likely to obtain prompt service when the sanction is a bar, an expulsion, or a permanent cease and desist order.

**Rule 9.370. Application to SEC for Review**

(a) Appeal to SEC; Effect

A Respondent aggrieved by final disciplinary action pursuant to LTSE Rule Series 9.200 or 9.300 may apply for review by the SEC pursuant to Section 19(d)(2) of the Exchange Act. The filing with the SEC of an application for review by the SEC shall stay the effectiveness of any sanction, other than a bar or an expulsion, imposed in a decision constituting final disciplinary action of LTSE for purposes of Rule 19d-1(c)(1) of the Act.

(b) LTSE Notification to Member

LTSE, or FINRA on its behalf, shall promptly notify any LTSE Member with which a Respondent is associated if the Respondent files an application for review to the SEC.

## Rule Series 9.500. Other Proceedings

LTSE Rule Series 9.500 provides the procedure for persons who are or are about to be aggrieved by adverse action, including, but not limited to, those persons who have been denied membership in the Exchange, barred from becoming associated with a Member, or prohibited or limited with respect to Exchange services pursuant to the LTSE Bylaws or the Rules of the Exchange (other than disciplinary action for which review is provided in the Rule 9.300 Series and other than an arbitration award, from which there is no Exchange review), to apply for an opportunity to be heard and to have the complained of action reviewed.

## Rule Series 9.520. Eligibility Proceedings

**Rule 9.521. Purpose and Definitions**

(a) Purpose

LTSE Rule Series 9.520 sets forth procedures for a person to become or remain associated with a Member, notwithstanding the existence of a statutory disqualification as defined in Article I of the LTSE Bylaws and for a current Member or person associated with a Member to obtain relief from the eligibility or qualification requirements of the LTSE Bylaws and LTSE Rules. Such actions hereinafter are referred to as "eligibility proceedings."

(b) Definitions

(1) The term "Application" means FINRA's Form MC-400 for individuals or Form MC-400A for Members, filed with the Department of Registration and Disclosure ("RAD").

(2) The term "disqualified Member" means a broker, dealer, municipal securities broker or dealer, government securities broker or dealer, or Member that is or becomes subject to a disqualification or is otherwise ineligible for membership under Article X, Section 10.3 of the LTSE Bylaws.

(3) The term "disqualified person" means an associated person or person seeking to become an associated person who is or becomes subject to a disqualification or is otherwise ineligible for association under Article X, Section 10.3 of the LTSE Bylaws.

(4) The term "sponsoring Member" means the Member or applicant for membership pursuant to LTSE Rule 2.160 that is sponsoring the association or continued association of a disqualified person to be admitted, readmitted, or permitted to continue in association.

**Rule 9.522. Initiation of Eligibility Proceeding by LTSE Staff; Member Regulation Consideration**

(a) Initiation by FINRA

(1) Issuance of Notice of Disqualification or Ineligibility

If LTSE Regulation staff has reason to believe, or if FINRA staff advises LTSE that it has reason to believe, that a disqualification exists or that a Member or person associated with a Member, or applicant thereof, otherwise fails to meet the eligibility requirements of LTSE, LTSE staff shall issue a written notice to the Member or applicant for membership under LTSE Rule 2.170(e). The notice shall specify the grounds for such disqualification or ineligibility. LTSE staff shall not issue such written notice to Members or applicants for membership under LTSE Rule 2.160(d) with respect to disqualifications arising solely from findings or orders specified in Section 15(b)(4)(D), (E), or (H) of the Exchange Act or arising under Section 3(a)(39)(E) of the Exchange Act, unless the Member or applicant for membership under LTSE Rule 2.160(d) is required to file an application pursuant to Supplementary Material .01 to this LTSE Rule 9.522.

(2) Notice Regarding a Member

A notice issued to a disqualified Member shall state that the disqualified Member may apply for relief by filing an application or, in the case of a matter set forth in LTSE Rule 9.522(e)(1), a written request for relief, within ten business days after service of the notice. If the Member fails to file the application or, where appropriate, the written request for relief, within the 10-day period, the membership of the Member shall be canceled, unless LTSE Regulation grants an extension for good cause shown.

(3) Notice Regarding an Associated Person

A notice issued regarding a disqualified person to a Member or applicant for membership under LTSE Rule 2.160(a)(3) shall state that such Member or applicant for membership may file an application on behalf of itself and such person or, in the case of a matter set forth in LTSE Rule 9.522(e)(1), a written request for relief, within ten business days after service of the notice. If the Member fails to file the application or, where appropriate, the written request for relief, within the 10-day period, the registration of the disqualified person shall be revoked, unless LTSE Regulation grants an extension for good cause shown.

(4) Service

A notice issued under this paragraph (a) shall be served by facsimile or pursuant to LTSE Rules 9.131 and 9.134.

(b) Obligation of Member to Initiate Proceeding

(1) A Member shall file an application or, in the case of a matter set forth in LTSE Rule 9.522(e)(1), a written request for relief, with RAD, if the Member determines prior to receiving a notice under paragraph (a) that:

(A) it has become a disqualified Member;

(B) a person associated with such Member or whose association is proposed by an applicant for membership under LTSE Rule 2.160(a)(3) has become a disqualified person; or

(C) the Member or applicant for membership under LTSE Rule 2.160(a)(3) wishes to sponsor the association of a person who is a disqualified person.

(2) For any disqualifications arising solely from findings or orders specified in Section 15(b)(4)(D), (E), or (H) of the Exchange Act or arising under Section 3(a)(39)(E) of the Exchange Act, a Member shall not file an application unless instructed to do so pursuant to Supplementary Material .01 to this LTSE Rule 9.522.

(c) Withdrawal of Application

A Member may withdraw its application or written request for relief prior to a hearing by filing a written notice with RAD pursuant to LTSE Rules 9.135, 9.136, and 9.137. A Member may withdraw its application after the start of a hearing but prior to the issuance of a decision by the LTSE Appeals Committee by filing a written notice with RAD and the Office of General Counsel pursuant to LTSE Rules 9.135, 9.136, and 9.137.

(d) Ex Parte Communications

The prohibitions against ex parte communications set forth in LTSE Rule 9.143 shall become effective under the LTSE Rule 9.520 when LTSE staff has initiated the eligibility proceeding and LTSE staff has knowledge that a Member intends to file an application or written request for relief pursuant to LTSE Rule 9.520.

(e) Member Regulation Consideration

(1) Matters that may be Approved by LTSE Regulation without the Filing of an Application

LTSE Regulation, as it deems consistent with the public interest and the protection of investors, is authorized to approve a written request for relief from the eligibility requirements by a disqualified Member or a sponsoring Member without the filing of an application by such disqualified Member or sponsoring Member if a disqualified Member or disqualified person is subject to one or more of the following conditions but is not otherwise subject to disqualification:

(A) a disqualified Member or disqualified person is subject to a disqualification based on an injunction that was entered ten or more years prior to the proposed admission or continuance by order, judgment, or decree of any court of competent jurisdiction from acting as an investment adviser, underwriter, broker, dealer, municipal securities dealer, government securities broker, government securities dealer, transfer agent, foreign person performing a function substantially equivalent to any of the above, entity or person required to be registered under the Commodity Exchange Act, or any substantially equivalent foreign statute or regulation, or as an affiliated

person or employee of any investment company, bank, insurance company, foreign entity substantially equivalent to any of the above, or entity or person required to be registered under the Commodity Exchange Act or any substantially equivalent foreign statute or regulation, or from engaging in or continuing any conduct or practice in connection with any such activity, or in connection with the purchase or sale of any security;

(B) a sponsoring Member makes a request to change the supervisor of a disqualified person; or

(C) a disqualified Member or sponsoring Member is a Member of both LTSE and another self-regulatory organization; and:

(i) the other self-regulatory organization intends to file a Notice under Exchange Act Rule 19h-1 approving the membership continuance of the disqualified Member or, in the case of a sponsoring Member, the proposed association or continued association of the disqualified person; and

(ii) LTSE Regulation concurs with that determination.

(2) Matters that may be Approved by LTSE Regulation after the Filing of an Application

LTSE Regulation, as it deems consistent with the public interest and the protection of investors, is authorized to approve an application filed by a disqualified Member or sponsoring Member if the disqualified Member or disqualified person is subject to one or more of the following conditions but is not otherwise subject to disqualification (other than a matter set forth in paragraph (e)(1)):

(A) The disqualified person is already a participant in, a Member of, or a person associated with a Member of, a self-regulatory organization (other than LTSE), and the terms and conditions of the proposed admission to LTSE are the same in all material respects as those imposed or not disapproved in connection with such person's prior admission or continuance pursuant to an order of the SEC under Exchange Act Rule 19h-1 or other substantially equivalent written communication;

(B) LTSE Regulation finds, after reasonable inquiry, that except for the identity of the employer concerned, the terms and conditions of the proposed admission or continuance are the same in all material respects as those imposed or not disapproved in connection with a prior admission or continuance of the disqualified person pursuant to an order of the SEC under Exchange Act Rule 19h-1 or other substantially equivalent written communication, and that there is no intervening conduct or other circumstance that would cause the employment to be inconsistent with the public interest or the protection of investors;

(C) The disqualification previously was a basis for the institution of an administrative proceeding pursuant to a provision of the federal

securities laws, and was considered by the SEC in determining a sanction against such disqualified person in the proceeding, and the SEC concluded in such proceeding that it would not restrict or limit the future securities activities of such disqualified person in the capacity now proposed, or, if it imposed any such restrictions or limitations for a specified time period, such time period has elapsed;

(D) The disqualification consists of a court order or judgment of injunction or conviction, and such order or judgment:

(i) expressly includes a provision that, on the basis of such order or judgment, the SEC will not institute a proceeding against such person pursuant to Section 15(b) or 15B of the Exchange Act or that the future securities activities of such persons in the capacity now proposed will not be restricted or limited; or

(ii) includes such restrictions or limitations for a specified time period and such time period has elapsed;

(E) The disqualified person's functions are purely clerical and/ or ministerial in nature; or

(F) The disqualification arises from findings or orders specified in Section 15(b)(4)(D), (E), or (H) of the Exchange Act or arises under Section 3(a)(39)(E) of the Exchange Act.

(3) Rights of Disqualified Member, Sponsoring Member, Disqualified Person, and LTSE Regulation

(A) In the event LTSE Regulation does not approve a written request for relief from the eligibility requirements pursuant to paragraph (e)(1), the disqualified Member or sponsoring Member may file an application, and such Member shall have the right to proceed under LTSE Rules 9.523 or 9.524, as applicable. LTSE Regulation may require a disqualified Member or sponsoring Member to file an application with RAD, notwithstanding the provisions of paragraph (e)(1).

(B) In the event LTSE Regulation does not approve an application pursuant to paragraph (e)(2), the disqualified Member or sponsoring Member shall have the right to proceed under LTSE Rules 9.523 or 9.524, as applicable.

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*** * * * * *Supplementary Material* * * * ***

***.01 Membership Application Requirements for Members and Persons Associated with a Member Who Are or Become Subject to a Statutory Disqualification.***

*This Supplementary Material describes when an LTSE Member or Person Associated with a Member who is or becomes subject to a Statutory Disqualification must file a membership application.*

*(a) Statutory Disqualifications Arising from Willful Violations or Failure to Supervise (Exchange Act Section 15(b)(4)(D) or (E). With respect to disqualifications arising solely from findings specified in Exchange Act Section 15(b)(4)(D) or (E) by the SEC, CFTC or an SRO as*

*defined in the Uniform Forms (i.e., Form U4, Form U5 and Form BD), a member shall file an application with LTSE Regulation ("LTSE Regulation") if the sanction is still in effect and:*

*(1) the disqualified member or person is seeking admission or readmission to the securities industry; or*

*(2) the disqualified member or person is seeking to continue in membership or association with a member, unless*

*(A) such member or person was as of March 17, 2009, a member of, or an associated person of another SRO* and was, as of March 17, 2009, subject to the disqualification, in which event the member shall file an application with LTSE Regulation only if there is a change in employer or if the member makes an application for the registration of the person as a principal pursuant to LTSE rules.*

*(b) Statutory Disqualifications Arising from Sarbanes-Oxley Act (Exchange Act Section 15(b)(4)(H). With respect to disqualifications arising solely from orders specified in Exchange Act Section 15(b)(4)(H)(i) and (ii), a member shall file an application with LTSE Regulation if:*

*(1) the disqualified member or person is seeking admission or readmission to, or continuance in, the securities industry, unless:*

*(A) such member or person is subject to a final order pursuant to Section 15(b)(4)(H)(ii)9**; and*

*(B) the sanctions do not involve licensing or registration revocation or suspension (or analogous sanctions), and the sanctions are no longer in effect, in which event an application need not be filed; or*

*(C) the sanctions do involve licensing or registration revocation or suspension (or analogous sanctions), the sanctions are no longer in effect, and the order was entered ten (10) or more years ago, in which event an application need not be filed.*

*However, if the disqualified member or person was, as of March 17, 2009, a member of, or an associated person of a member of, another SRO* and was, as of March 17, 2009, subject to a final order as described in Section 15(b)(4)(H)(ii) and:*

*(2) the sanctions do not involve licensing or registration revocation or suspension (or analogous sanctions), and the sanctions are still in effect, the member shall file an application with LTSE Regulation only if there is a change in employer, or if the member makes an application for the registration of the person as a principal pursuant to LTSE rules; or*

*(3) the sanctions do involve licensing or registration revocation or suspension (or analogous sanctions), and the sanctions are no longer in effect, and the order was entered within the prior 10 years, the member shall file an application with LTSE Regulation only if there is a change in employer, or if the member makes an application for the registration of the person as a principal pursuant to LTSE rules.*

*Moreover, where such member or person was, as of March 17, 2009, a member of, or an associated person of a member of another SRO* and was, as of March 17, 2009, subject to a bar as described in Exchange Act Section 15(b)(4)(H)(i), and the bar is still in effect*** (and is not related to fraudulent, manipulative, or deceptive conduct), the member shall file an application with LTSE Regulation only if there is a change in*

*employer or if the member makes an application for the registration of the person as a principal pursuant to LTSE rules.*

*(c) Statutory Disqualifications under Exchange Act Section 3(a)(39)(E) Certain Affiliated Relationships*

*With respect to disqualifications arising solely under Section 3(a)(39)(E) of the Exchange Act, a member shall file an application with LTSE Regulation if:*

*(1) the disqualified member or person is seeking admission or readmission to, or continuance in, the securities industry and the disqualified member or person is subject to a statutory disqualification under Exchange Act Section 3(a)(39)(E), solely because such member or person has associated with him any person who is known, or in the exercise of reasonable care should be known, to the disqualified member or person to be a person described by Exchange Act Section 3(a)(39)(A), (B), (C) or (D), and the associated person:*

*(A) controls such disqualified member or person, is a general partner or officer (or person occupying a similar status or performing similar functions) of such disqualified member, is an employee, who, on behalf of such disqualified member, is engaged in securities advertising, public relations, research, sales, trading, or training or supervision of other employees who engage or propose to engage in such activities, except clerical and ministerial persons engaged in such activities, or is an employee with access to funds, securities or books and records, or*

*(B) is a broker or dealer not registered with the SEC, or controls such (unregistered) broker or dealer, or is a general partner or officer (or person occupying a similar status or performing similar functions) of such broker or dealer.*

*However, the disqualified member or person seeking to continue in the securities industry is not required to file an application where such member or person was, as of March 17, 2009, a member of, or an associated person of a member of another SRO and was, as of March 17, 2009, subject to the disqualification.*

** An associated person for purposes of LTSE Rule 9.522 would include a person that was associated with a member of another SRO within 45 days prior to March 17, 2009, provided that the person was associated with another member of another SRO within 45 days after March 17, 2009.*

*** This would include a finding of aiding and abetting a violation of such laws.*

**** A person would no longer be subject to a statutory disqualification when the time limitation of a bar or license revocation has expired, provided that: (1) application for reentry is not required or has been granted; (2) the bar or revocation has no continuing effect; and (3) the bar was not issued in connection with a final order based on violations of laws or regulations prohibiting fraudulent, manipulative or deceptive conduct, as described in Exchange Act Section 15(b)(4)(H)(ii). As an example, a person subject to a statutory disqualification based on a three-month bar (or three-year bar) that ends automatically and has no continuing effect would no longer be subject to a statutory disqualification at the end of the three months (or three years) under Exchange Act Section 15(b)(4)(H)(i), unless the bar was issued in connection with a final order based on violations of laws or regulations prohibiting fraudulent, manipulative or deceptive conduct, as described in Exchange Act Section 15(b)(4)(H)(ii).*

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*(Amended by SR-LTSE-2019-05 eff. December 20, 2019)*

**Rule 9.523. Acceptance of LTSE Regulation Recommendations and Supervisory Plans by Consent Pursuant to Exchange Act Rule 19h-1**

(a) With respect to all disqualifications, except those arising solely from findings or orders specified in Section 15(b)(4)(D), (E) or (H) of the Exchange Act or arising under Section 3(a)(39)(E) of the Exchange Act, after an application is filed, LTSE Regulation may recommend the membership or continued membership of a disqualified Member or sponsoring Member or the association or continuing association of a disqualified person pursuant to a supervisory plan where the disqualified Member, sponsoring Member, and/or disqualified person, as the case may be, consent to the recommendation and the imposition of the supervisory plan. The disqualified Member, sponsoring Member, and/or disqualified person, as the case may be, shall execute a letter consenting to the imposition of the supervisory plan.

(1) If a disqualified Member, sponsoring Member, and/or disqualified person submitted an executed letter consenting to a supervisory plan, by the submission of such letter, the disqualified Member, sponsoring Member and/or disqualified person waive:

(A) the right to a hearing before a Hearing Panel and any right of appeal to the LTSE Appeals Committee, the SEC, and the courts, or otherwise challenge the validity of the supervisory plan, if the supervisory plan is accepted.

(B) any right of the disqualified Member, sponsoring Member, and/or disqualified person to claim bias or prejudgment by LTSE Regulation, the Chief Regulatory Officer, the LTSE Appeals Committee, or any Member of the LTSE Appeals Committee, in connection with such person's or body's participation in discussions regarding the terms and conditions of LTSE Regulation's recommendation or the supervisory plan, or other consideration of the recommendation or supervisory plan, including acceptance or rejection of such recommendation or supervisory plan; and

(C) any right of the disqualified Member, sponsoring Member, and/ or disqualified person to claim that a person violated the ex parte prohibitions of LTSE Rule 9.143 or the separation of functions prohibitions of LTSE Rule 9.144, in connection with such person's or body's participation in discussions regarding the terms and conditions of the recommendation or supervisory plan, or other consideration of the recommendation or supervisory plan, including acceptance or rejection of such recommendation or supervisory plan.

(2) If a recommendation or supervisory plan is rejected, the disqualified Member, sponsoring Member, and/or disqualified person shall be bound by the waivers made under paragraph (a)(1) for conduct by persons or bodies occurring during the period beginning on the date the supervisory plan was submitted

and ending upon the rejection of the supervisory plan and shall have the right to proceed under this LTSE Rule and LTSE Rule 9.524, as applicable.

(3) If the disqualified Member, sponsoring Member, and/or disqualified person execute the letter consenting to the supervisory plan, it shall be submitted to the Office of General Counsel by LTSE Regulation with a proposed Notice under Exchange Act Rule 19h-1, where required. The Office of General Counsel shall forward the supervisory plan and proposed Notice under Exchange Act Rule 19h-1, if any, to the Chair of LTSE Appeals Committee, acting on behalf of the Board. The Chair of the LTSE Appeals Committee may accept or reject the recommendation of LTSE Regulation.

(4) If the recommendation and supervisory plan is accepted by the LTSE Appeals Committee, it shall be deemed final and, where required, the proposed Notice under Exchange Act Rule 19h-1 will be filed by LTSE. If the recommendation and supervisory plan are rejected by the LTSE Appeals Committee, LTSE may take any other appropriate action with respect to the disqualified Member, sponsoring Member, and/or disqualified person. If the recommendation and supervisory plan are rejected, the disqualified Member, sponsoring Member, and/or disqualified person shall not be prejudiced by the execution of the letter consenting to the supervisory plan under this paragraph (a) and the letter may not be introduced into evidence in any proceeding.

(b) With respect to disqualifications arising solely from findings or orders specified in Section 15(b)(4)(D), (E) or (H) of the Exchange Act or arising under Section 3(a)(39)(E) of the Exchange Act, after an application is filed, in approving an application under LTSE Rule 9.522(e)(2)(F), LTSE Regulation is authorized to accept the Membership or continued Membership of a disqualified Member or sponsoring Member or the association or continuing association of a disqualified person pursuant to a supervisory plan where the disqualified Member, sponsoring Member, and/or disqualified persons, as the case may be, consent to the imposition of the supervisory plan. The disqualified Member, sponsoring Member, and/ or disqualified person, as the case may be, shall execute a letter consenting to the imposition of the supervisory plan. LTSE Regulation shall prepare a proposed Notice under Exchange Act Rule 19h-1, where required, and LTSE shall file such Notice.

(1) If a disqualified Member, sponsoring Member, and/ or disqualified person submitted an executed letter consenting to a supervisory plan, by the submission of such letter, the disqualified Member, sponsoring Member and/or disqualified person waive:

(A) the right to a hearing before a Hearing Panel and any right of appeal to the LTSE Appeals Committee, the SEC, and the courts, or otherwise challenge the validity of the supervisory plan, if the supervisory plan is accepted;

(B) any right of the disqualified Member, sponsoring Member, and/or disqualified person to claim bias or prejudgment by LTSE Regulation or the Chief Regulatory Officer in connection with such person's or body's participation in discussions regarding the terms and conditions of LTSE Regulation's recommended supervisory plan, or other consideration of the supervisory plan, including acceptance or rejection of such recommendation or supervisory plan; and

(C) any right of the disqualified Member, sponsoring Member, and/or disqualified person to claim that a person violated the ex parte prohibitions of LTSE Rule 9.143 or the separation of functions prohibitions of LTSE Rule 9.144, in connection with such person's or body's participation in discussions regarding the terms and conditions of the supervisory plan, or other consideration of the supervisory plan, including acceptance or rejection of such supervisory plan.

(2) If the supervisory plan is rejected, the disqualified Member, sponsoring Member, and/or disqualified person shall be bound by the waivers made under paragraph (b)(1) for conduct by persons or bodies occurring during the period beginning on the date the supervisory plan was submitted and ending upon the rejection of the supervisory plan and shall have the right to proceed under LTSE Rule 9.524.

**Rule 9.524. LTSE Appeals Committee Consideration**

(a) Hearing Panel Consideration

(1) Appointment of Hearing Panel

When the disqualified Member, sponsoring firm, or applicant requests a hearing, the Chief Hearing Officer shall appoint a Hearing Panel composed of two or more members of the hearing board. The Hearing Panel shall conduct a hearing and recommend a decision on the request for relief.

(2) Notice of Hearing

The disqualified Member or sponsoring Member, as the case may be, and LTSE Regulation shall be notified via mail, facsimile, or overnight courier of the location, time, and date of the hearing not less than fourteen business days before the hearing, unless the parties agree to shorten the time period.

(3) Transmission of Documents

(A) Upon receipt of an application, RAD shall gather all of the information necessary to process the application, including (i) RAD records for the disqualified Member, sponsoring Member, and/ or disqualified person, as the case may be, and the proposed supervisor; and (ii) all of the information submitted by the disqualified Member or sponsoring Member in support of the application. RAD will prepare an index of these documents, and simultaneously provide this index and copies of the documents to the disqualified Member or sponsoring Member, as the case may be, the Office of the General Counsel, and LTSE Regulation. Such documents shall be served on the disqualified Member or sponsoring Member, as the case may be, by mail, facsimile, or overnight courier as soon as practicable. LTSE Regulation, or FINRA on its behalf, shall serve its recommendation and its supporting documents on the Office of General Counsel and the disqualified Member or sponsoring Member, as the case may be, within ten business days of the hearing, unless the Parties agree otherwise. The disqualified Member or sponsoring Member, as the

case may be, shall serve its documents on the Office of General Counsel and LTSE Regulation within ten business days of the hearing, unless the Parties agree otherwise. The Office of General Counsel shall forward all documents transmitted to it pursuant to this paragraph (a)(3) to the Hearing Panel.

(B) Not less than ten business days before the hearing, LTSE Regulation, or FINRA on its behalf, which shall act as a Party in the eligibility proceeding, and the disqualified Member or sponsoring Member, as the case may be, shall serve proposed exhibit and witness lists on each other and the Office of General Counsel. The exhibit and witness lists shall be served by facsimile or overnight courier.

(C) At any time prior to the issuance of its recommendation, the Hearing Panel may order the Parties to supplement the record with any additional information that the Hearing Panel deems necessary.

(4) Rights of Disqualified Member, Sponsoring Member, Disqualified Person, and Department of Member Regulation

The disqualified Member, sponsoring Member, and/ or disqualified person, as the case may be, and, LTSE Regulation, or FINRA on its behalf, shall be entitled to be heard in person, to be represented by an attorney, and to submit any relevant evidence.

(5) Extensions of Time, Postponements, and Adjournments

At any time prior to the issuance of the decision of the Hearing Panel, after obtaining consent of all the Parties, the Hearing Panel may shorten any time limits prescribed by the Code for the filing of any papers and may postpone or adjourn any hearing. The Hearing Panel may extend any time limits prescribed by the Code for the filing of any papers.

(6) Recordation of Hearing

The hearing shall be recorded and a transcript prepared by a court reporter. The disqualified Member, sponsoring Member, and/or disqualified person, as the case may be, may purchase a copy of the transcript from the court reporter at prescribed rates. A witness may purchase a copy of the transcript of his or her own testimony from the court reporter at prescribed rates. Proposed corrections to the transcript may be submitted by affidavit to the Hearing Panel within a reasonable time determined by the Hearing Panel. Upon notice to the participants in the hearing, the Hearing Panel may order corrections to the transcript as requested or sua sponte.

(7) Record

The record shall consist of:

(A) the notice issued pursuant to LTSE Rule 9.522(a), if applicable;

(B) all documents relied upon in issuing the notice under LTSE Rule 9.522(a), if applicable;

(C) the application for relief filed pursuant to LTSE Rule 9.522(b);

(D) any other submissions by the disqualified Member, sponsoring Member, and/or disqualified person, as the case may be, and the Department of Member Regulation;

(E) any evidence considered at the hearing; and

(F) the transcript of the hearing and any corrections thereto.

(8) Custodian of the Record

The custodian of the record shall be the Office of General Counsel of LTSE.

(9) Evidence Not Admitted

Evidence that is proffered but not admitted during the hearing shall not be part of the record, but shall be retained by the custodian of the record until the date when LTSE's decision becomes final or, if applicable, upon the conclusion of any review by the SEC or the federal courts.

(10) Recommendation

On the basis of the record, the Hearing Panel shall present a recommended decision in writing on the request for relief to the LTSE Appeals Committee. Notwithstanding the foregoing, with respect to an LTSE member that is an affiliate of LTSE within the meaning of LTSE Rule 2.210, the Hearing Panel shall prepare a final decision meeting the requirements of LTSE Rule 9524(b)(2), which shall not be reviewed by the LTSE Appeals Committee, and may not be called for review by the LTSE Board pursuant to LTSE Rule 9.525.

(b) Decision

(1) Decision of the LTSE Appeals Committee

After considering the record and recommendation of the Hearing Panel, the public interest, and the protection of investors, the LTSE Appeals Committee may grant or deny the request for relief, and, if relief is granted, impose conditions on the disqualified member, sponsoring member, and/ or disqualified person, as the case may be. At any time prior to the issuance of its recommendation, the LTSE Appeals Committee may order the Parties to supplement the record with any additional information that the LTSE Appeals Committee deems necessary. Alternatively, the LTSE Appeals Committee may remand the eligibility proceeding. The LTSE Appeals Committee shall prepare a proposed written decision pursuant to subparagraph (b)(2).

(2) Contents of Decision

The decision shall include:

(A) a description of the origin of the eligibility proceeding and the nature of the disqualification;

(B) a description of the prospective business or employment requested to be engaged in; and

(C) a statement in support of the disposition of the request for relief, which, if granted, includes any of the applicable elements under Exchange Act Rule 19h-1(e) and a description of any conditions that are imposed on the disqualified Member, sponsoring Member, or disqualified person, as the case may be.

(3) Issuance of Decision After Expiration of Call for Review Period

The LTSE Appeals Committee shall provide its proposed written decision to the Board. The Board may call the eligibility proceeding for review pursuant to LTSE Rule 9.525. If the Board does not call the eligibility proceeding for review, the proposed written decision of the LTSE Appeals Committee shall become final, and the LTSE Appeals Committee shall serve its written decision on the disqualified Member, sponsoring Member, and/or disqualified person, as the case may be, and LTSE Regulation pursuant to LTSE Rules 9.132 and 9.134. The decision shall constitute final action of LTSE, unless the LTSE Appeals Committee remands the eligibility proceeding. A decision to deny re -entry or continued association shall be effective immediately. A decision to approve shall be effective after the SEC issues an acknowledgment letter or, in cases involving SEC ordered sanctions, an order.

**Rule 9.525. Discretionary Review by the LTSE Board**

(a) Call for Review by Director

A Director may call an eligibility proceeding for review by the Board if the call for review is made within the period prescribed in paragraph (b).

(b) 15 Day Period; Waiver

A Director shall make his or her call for review not later than the next meeting of the Board that is at least 15 days after the date on which the Board receives the proposed written decision of the LTSE Appeals Committee. By a unanimous vote of the Board, the Board may shorten the period to less than 15 days. By an affirmative vote of the majority of the Board then in office, the Board may, during the 15-day period, vote to extend the period to more than 15 days.

(c) Review at Next Meeting

If a Director calls an eligibility proceeding for review within the period prescribed in paragraph (b), the Board shall review the eligibility proceeding not later than the next meeting of the Board. The Board may order the filing of briefs in connection with its review proceedings pursuant to this LTSE Rule 9.525.

(d) Decision of LTSE Board, Including Remand

After review, the Board may affirm, modify, or reverse the proposed written decision of the LTSE Appeals Committee. Alternatively, the Board may remand the eligibility proceeding with instructions. The Board shall prepare a written decision that includes all of the elements described in LTSE Rule 9.524(b)(2).

(e) Issuance of Decision

The Board shall issue and serve its written decision on the disqualified Member, sponsoring Member, and/ or disqualified person, as the case may be, and the Department of Member Regulation pursuant to LTSE Rules 9.132 and 9.134. The decision shall constitute the final action of LTSE, unless the Board remands the proceeding. A decision to deny re-entry or continued association shall be effective immediately. A decision to approve shall be effective after the SEC issues an acknowledgment letter or, in cases involving SEC-ordered sanctions, an order.

**Rule 9.526. Expedited Review**

(a) Direction by Executive Committee

Notwithstanding LTSE Rules 9.524 and 9.525, the Board, upon request of the LTSE Appeals Committee, may conduct an expedited review of a recommended written decision of the LTSE Appeals Committee if the LTSE Board Executive Committee determines that expedited review is necessary for the protection of investors.

(b) Call for Review Period

If a recommended decision is subject to expedited review, a Director may call the eligibility proceeding for review within seven days after receipt of the recommended written decision.

(c) No Call for Review

If no Director calls the proceeding for review within the time prescribed, the decision shall become final, and the LTSE Appeals Committee shall serve the decision on the disqualified Member, sponsoring Member, and/or disqualified person, as the case may be, and LTSE Regulation pursuant to LTSE Rules 9.132 and 9.134. The

decision shall constitute final action of LTSE. The decision shall be effective upon approval by the SEC.

(d) Call for Review

If a Director calls the eligibility proceeding for review within the prescribed time, a review panel shall meet and conduct a review not later than 14 days after the call for review. The review panel shall be composed of the LTSE Board Executive Committee, except that the Director who calls the proceeding for review shall serve on the review panel in lieu of a Member of the Executive Committee who has the same classification (Industry or Public) as such Director. The review panel may affirm, modify, or reverse the recommended written decision of the LTSE Appeals Committee or remand the eligibility proceeding with instructions. The review panel shall prepare, issue, and serve its decision pursuant to LTSE Rule 9.525(d) and (e).

### Rule 9.527. Application to SEC for Review

The right to have any action taken pursuant to this LTSE Rule Series reviewed by the SEC is governed by Section 19 of the Exchange Act. The filing of an application for review shall not stay the effectiveness of final action by LTSE, unless the SEC otherwise orders.

## Rule Series 9.550. Expedited Proceedings

### Rule 9.551. Reserved

### Rule 9.552. Failure to Provide Information or Keep Information Current

(a) Notice of Suspension of Member, Person Associated with a Member or Person Subject to LTSE's Jurisdiction if Corrective Action is Not Taken

If a Member, person associated with a Member or person subject to LTSE's jurisdiction fails to provide any information, report, material, data, or testimony requested or required to be filed pursuant to the LTSE Bylaws or LTSE Rules, or fails to keep its membership application or supporting documents current, LTSE staff may provide written notice to such Member or person specifying the nature of the failure and stating that the failure to take corrective action within 21 days after service of the notice will result in suspension of membership or of association of the person with any Member.

(b) Service of Notice of Suspension

Except as provided below, LTSE staff shall serve the Member or person with such notice in accordance with LTSE Rule 9.134. A copy of a notice under this LTSE Rule that is served on a person associated with a Member also shall be served on such Member. When counsel for the Member or person, or other person authorized to represent others under LTSE Rule 9.141 agrees to accept service of such notice, then LTSE staff may serve notice on counsel or other person authorized to represent others under LTSE Rule 9.141 as specified in LTSE Rule 9.134.

(c) Contents of Notice

A notice issued under this LTSE Rule shall state the specific grounds and include the factual basis for the LTSE action. The notice shall state when the LTSE action will take effect and explain what the respondent must do to avoid such action. The notice shall state that the respondent may file a written request for a hearing with the Office of Hearing Officers pursuant to LTSE Rule 9.559. The notice also shall inform the respondent of the applicable deadline for filing a request for a hearing and shall state that a request for a hearing must set forth with specificity any and all defenses to the LTSE action. In addition, the notice shall explain that, pursuant to LTSE Rules 8.310(a) and 9.559(n), a Hearing Officer or, if applicable, Hearing Panel, may approve, modify or withdraw any and all sanctions or limitations imposed by the notice, and may impose any other fitting sanction.

(d) Effective Date of Suspension

The suspension referenced in a notice issued and served under this LTSE Rule shall become effective 21 days after service of the notice, unless stayed by a request for a hearing pursuant to LTSE Rule 9.559.

(e) Request for Hearing

A Member or person served with a notice under this LTSE Rule may file with the Office of Hearing Officers a written request for a hearing pursuant to LTSE Rule 9.559. A request for a hearing shall be made before the effective date of the notice, as indicated in paragraph (d) of this LTSE Rule. A request for a hearing must set forth with specificity any and all defenses to the LTSE action.

(f) Request for Termination of the Suspension

A Member or person subject to a suspension pursuant to this LTSE Rule may file a written request for termination of the suspension on the ground of full compliance with the notice or decision. Such request shall be filed with LTSE Regulation. The Chief Regulatory Officer, or delegate, may grant relief for good cause shown.

(g) Settlement Procedure

Uncontested offers of settlement shall be permitted under this LTSE Rule and shall conform to the requirements of LTSE Rule 9.270, except that, if an uncontested offer of settlement, made under LTSE Rule 9.270(e) after a hearing on the merits has begun, is accepted by the Hearing Officer, the Hearing Officer shall issue the order of acceptance, which shall constitute final LTSE action. Contested offers of settlement shall not be considered in proceedings initiated under this LTSE Rule.

(h) Defaults

A Member or person who is suspended under this LTSE Rule 9.552 and fails to request termination of the suspension within three (3) months of issuance of the original notice of suspension will automatically be expelled or barred.

**Rule 9.553. Failure to Pay LTSE Dues, Fee and Other Charges**

(a) Notice of Suspension, Cancellation or Bar

If a Member, person associated with a Member or person subject to LTSE's jurisdiction fails to pay any fees, dues, assessment or other charge required to be paid under the LTSE Bylaws or rules, or to submit a required report or information related to such payment, LTSE Regulation may issue a written notice to such Member or person stating that the failure to comply within 21 days of service of the notice will result in a suspension or cancellation of membership or a suspension or bar from associating with any Member.

(b) Service of Notice of Suspension, Cancellation or Bar

Except as provided below, LTSE Regulation shall serve the Member or person with such notice in accordance with LTSE Rule 9.134. A copy of a notice under this LTSE Rule that is served on a person associated with a Member also shall be served on such Member. When counsel for the Member or person, or other person authorized to represent others under LTSE Rule 9.141 agrees to accept service of such notice, then LTSE Regulation may serve notice on counsel or other person authorized to represent others under LTSE Rule 9.141 as specified in LTSE Rule 9.134.

(c) Contents of Notice

A notice issued under this LTSE Rule shall state the specific grounds and include the factual basis for the LTSE action. The notice shall state when the LTSE action will take effect and explain what the respondent must do to avoid such action. The notice shall state that the respondent may file a written request for a hearing with the Office of Hearing Officers pursuant to LTSE Rule 9.559. The notice also shall inform the respondent of the applicable deadline for filing a request for a hearing and shall state that a request for a hearing must set forth with specificity any and all defenses to the

LTSE action. In addition, the notice shall explain that, pursuant to LTSE Rules 8.310(a) and 9.559(n), a Hearing Officer or, if applicable, Hearing Panel, may approve, modify or withdraw any and all sanctions or limitations imposed by the notice, and may impose any other fitting sanction.

(d) Effective Date of Suspension, Cancellation or Bar

The suspension, cancellation or bar referenced in a notice issued and served under this LTSE Rule shall become effective 21 days after service of the notice, unless stayed by a request for a hearing pursuant to LTSE Rule 9.559.

(e) Request for Hearing

A Member or person served with a notice under this LTSE Rule may file with the Office of Hearing Officers a written request for a hearing pursuant to LTSE Rule 9.559. A request for a hearing shall be made before the effective date of the notice, as indicated in paragraph (d) of this LTSE Rule. A request for a hearing must set forth with specificity any and all defenses to the LTSE action.

(f) Failure to Request Hearing

If a Member or person does not timely request a hearing, the suspension, cancellation or bar specified in the notice shall become effective 21 days after service of the notice and the notice shall constitute final LTSE action.

(g) Request for Termination of the Suspension

A Member or person subject to a suspension under this LTSE Rule may file a written request for termination of the suspension on the ground of full compliance with the notice or decision. Such request shall be filed with LTSE Regulation. The Chief Regulatory Officer, or delegate, may grant relief for good cause shown.

**Rule 9.554. Failure to Comply with an Arbitration Award or Related Settlement or an Order of Restitution or Settlement Providing for Restitution**

(a) Notice of Suspension or Cancellation

If a Member, person associated with a Member or person subject to LTSE's jurisdiction fails to comply with an arbitration award or a settlement agreement related to an arbitration or mediation under Article X, Section 10.2 of the LTSE Bylaws or an LTSE order of restitution or LTSE settlement agreement providing for restitution, LTSE staff may provide written notice to such Member or person stating that the failure to comply within 21 days of service of the notice will result in a suspension or cancellation of membership or a suspension from associating with any Member. When a Member or associated person fails to comply with an arbitration

award or a settlement agreement related to an arbitration or mediation under Article X, Section 10.2 of the LTSE Bylaws involving a customer, a claim of inability to pay is no defense.

(b) Service of Notice of Suspension or Cancellation

Except as provided below, LTSE Regulation shall serve the Member or person with such notice in accordance with LTSE Rule 9.134. A copy of a notice under this LTSE Rule that is served on a person associated with a Member also shall be served on such Member. When counsel for the Member or person, or other person authorized to represent others under LTSE Rule 9.141 agrees to accept service of such notice, then LTSE Regulation may serve notice on counsel or other person authorized to represent others under LTSE Rule 9.141 as specified in LTSE Rule 9.134.

(c) Contents of Notice

A notice issued under this LTSE Rule shall state the specific grounds and include the factual basis for the LTSE action. The notice shall state when the LTSE action will take effect and explain what the respondent must do to avoid such action. The notice shall state that the respondent may file a written request for a hearing with the Office of Hearing Officers pursuant to LTSE Rule 9.559. The notice also shall inform the respondent of the applicable deadline for filing a request for a hearing and shall state that a request for a hearing must set forth with specificity any and all defenses to the LTSE action. In addition, the notice shall explain that, pursuant to LTSE Rules 8.310(a) and 9.559(n), a Hearing Officer or, if applicable, Hearing Panel, may approve, modify or withdraw any and all sanctions or limitations imposed by the notice, and may impose any other fitting sanction.

(d) Effective Date of Suspension or Cancellation

The suspension or cancellation referenced in a notice issued and served under this LTSE Rule shall become effective 21 days after service of the notice, unless stayed by a request for a hearing pursuant to LTSE Rule 9.559.

(e) Request for Hearing

A Member or person served with a notice under this LTSE Rule may file with the Office of Hearing Officers a written request for a hearing pursuant to LTSE Rule 9.559. A request for a hearing shall be made before the effective date of the notice, as indicated in paragraph (d) of this LTSE Rule. A request for a hearing must set forth with specificity any and all defenses to the LTSE action.

(f) Failure to Request Hearing

If a Member or person does not timely request a hearing, the suspension or cancellation specified in the notice shall become effective 21 days after the service of the notice and the notice shall constitute final LTSE action.

(g) Request for Termination of the Suspension

A Member or person subject to a suspension under this LTSE Rule may file a written request for termination of the suspension on the ground of full compliance with the notice or decision. Such request shall be filed with LTSE Regulation. The Chief Regulatory Officer, or delegate, may grant relief for good cause shown.

**Rule 9.555. Failure to Meet the Eligibility or Qualification Standards or Prerequisites for Access to Services**

(a) Notice to Member or Person of Suspension, Cancellation, Bar, or Limitation or Prohibition on Access to Services

(1) If a Member or an associated person does not meet the eligibility or qualification standards set forth in the LTSE Bylaws or LTSE Rules, LTSE Regulation may provide written notice to such Member or person stating that the failure to become eligible or qualified will result in a suspension or cancellation of membership or a suspension or bar from associating with any Member.

(2) If a Member, associated person, or other person does not meet the prerequisites for access to services offered by LTSE or a Member thereof or cannot be permitted to continue to have access to services offered by LTSE or a Member thereof with safety to investors, creditors, Members, or LTSE, LTSE Regulation may provide written notice to such Member or person limiting or prohibiting access to services offered by LTSE or a Member thereof.

(b) Service of Notice

Except as provided below, LTSE Regulation shall serve the Member or person with such notice in accordance with LTSE Rule 9.134. A copy of a notice under this LTSE Rule that is served on a person associated with a Member also shall be served on such Member. When counsel for the Member or person, or other person authorized to represent others under LTSE Rule 9.141 agrees to accept service of such notice, then LTSE Regulation may serve notice on counsel or other person authorized to represent others under LTSE Rule 9.141 as specified in LTSE Rule 9.134.

(c) Contents of Notice

A notice issued under this LTSE Rule shall state the specific grounds and include the factual basis for the LTSE action. The notice shall state when the LTSE action will take effect and explain what the respondent must do to avoid such action. The notice shall state that the respondent may file a written request for a hearing with the Office of Hearing Officers pursuant to LTSE Rule 9.559. The notice also shall inform the

respondent of the applicable deadline for filing a request for a hearing and shall state that a request for a hearing must set forth with specificity any and all defenses to the LTSE action. In addition, the notice shall explain that, pursuant to LTSE Rules 8.310(a) and 9.559(n), a Hearing Officer or, if applicable, Hearing Panel, may approve, modify or withdraw any and all sanctions or limitations imposed by the notice, and may impose any other fitting sanction.

(d) Effective Date of Limitation, Prohibition, Suspension, Cancellation or Bar

The limitation, prohibition, suspension, cancellation or bar referenced in a notice issued under this LTSE Rule shall become effective 14 days after service of the notice, except that the effective date for a notice of a limitation or prohibition on access to services offered by LTSE or a Member thereof with respect to services to which the Member or person does not have access shall be upon service of the notice. A request for a hearing, pursuant to LTSE Rule 9.559, shall stay the effectiveness of the notice, except that the effectiveness of a notice of a limitation or prohibition on access to services offered by LTSE or a Member thereof with respect to services to which the Member or person does not have access shall not be stayed by a request for a hearing.

(e) Request for Hearing

A Member or person served with a notice under this LTSE Rule may file with the Office of Hearing Officers a written request for a hearing pursuant to LTSE Rule 9.559. A request for a hearing shall be made within 14 days after service of the notice. A request for a hearing must set forth with specificity any and all defenses to the LTSE action.

(f) Failure to Request Hearing

If a Member or person does not timely request a hearing, the limitation, prohibition, suspension, cancellation or bar specified in the notice shall become effective 14 days after service of the notice, except that the effective date for a notice of a limitation or prohibition on access to services offered by LTSE or a Member thereof with respect to services to which the Member or person does not have access shall be upon service of the notice. The notice shall constitute final LTSE action if the Member or person does not request a hearing within 14 days after service of the notice.

(g) Request for Termination of the Limitation, Prohibition or Suspension

A Member or person subject to a limitation, prohibition or suspension under this LTSE Rule may file a written request for termination of the limitation, prohibition or suspension on the ground of full compliance with the notice or decision. Such request shall be filed with LTSE Regulation. The Chief Regulatory Officer, or delegate, may grant relief for good cause shown.

## Rule 9.556. Failure to Comply with Temporary and Permanent Cease and Desist Orders

(a) Notice of Suspension, Cancellation or Bar

If a Member, person associated with a Member or person subject to LTSE's jurisdiction fails to comply with a temporary or permanent cease and desist order issued under LTSE Rule Series 9.200, 9.300, or 9.800, LTSE staff, after receiving written authorization from LTSE's Chief Regulatory Officer or such other senior officer as the Chief Regulatory Officer may designate, may issue a notice to such Member or person stating that the failure to comply with the temporary or permanent cease and desist order within seven days of service of the notice will result in a suspension or cancellation of Membership or a suspension or bar from associating with any Member.

(b) Service of Notice

LTSE Regulation shall serve the Member or person subject to a notice issued under this LTSE Rule (or upon counsel representing the Member or person, or other person authorized to represent others under LTSE Rule 9.141, when counsel or other person authorized to represent others under LTSE Rule 9.141 agrees to accept service for the Member or person) by facsimile, overnight courier or personal delivery. Papers served on a Member, person or counsel for such Member or person, or other person authorized to represent others under LTSE Rule 9.141 by overnight courier or personal delivery shall conform to paragraphs (a)(1) and (3) and, with respect to a Member or person, (b)(1) and (2) of LTSE Rule 9.134. Papers served on a Member by facsimile shall be sent to the facsimile number listed in the Member's contact questionnaire submitted to LTSE pursuant to Article III, Section 3.4 of the LTSE Bylaws, except that, if LTSE Regulation has actual knowledge that an entity's contact questionnaire facsimile number is out of date, duplicate copies shall be sent to the entity by overnight courier or personal delivery in conformity with paragraphs (a)(1) and (3) and (b)(2) of LTSE Rule 9.134. Papers served on a person by facsimile shall be sent to the person's last known facsimile number and shall also be served by either overnight courier or personal delivery in conformity with paragraphs (a)(1) and (3) and (b)(1) of LTSE Rule 9.134. Papers served on counsel for a Member or person, or other person authorized to represent others under LTSE Rule 9.141 by facsimile shall be sent to the facsimile number that counsel or other person authorized to represent others under LTSE Rule 9.141 provides and shall also be served by either overnight courier or personal delivery in conformity with paragraphs (a)(1) and (3) of LTSE Rule 9.134. A copy of a notice under this LTSE Rule that is served on a person associated with a Member also shall be served on such Member. Service is complete upon sending the notice by facsimile, mailing the

notice by overnight courier or delivering it in person, except that, where duplicate service is required, service is complete upon sending the duplicate service.

(c) Contents of Notice

The notice shall explicitly identify the provision of the permanent or temporary cease and desist order that is alleged to have been violated and shall contain a statement of facts specifying the alleged violation. The notice shall state when the LTSE action will take effect and explain what the respondent must do to avoid such action. The notice shall state that the respondent may file a written request for a hearing with the Office of Hearing Officers pursuant to LTSE Rule 9.559. The notice also shall inform the respondent of the applicable deadline for filing a request for a hearing and shall state that a request for a hearing must set forth with specificity any and all defenses to the LTSE action. In addition, the notice shall explain that, pursuant to LTSE Rules 8.310(a) and 9.559(n), a Hearing Officer or, if applicable, Hearing Panel, may approve, modify or withdraw any and all sanctions or limitations imposed by the notice, and may impose any other fitting sanction.

(d) Effective Date of Suspension, Cancellation or Bar

The suspension, cancellation or bar referenced in a notice issued and served under this LTSE Rule shall become effective seven days after service of the notice, unless stayed by a request for a hearing pursuant to LTSE Rule 9.559.

(e) Request for a Hearing

A Member served with a notice under this LTSE Rule may file with the Office of Hearing Officers a written request for a hearing pursuant to LTSE Rule 9.559. A request for a hearing shall be made before the effective date of the notice, as indicated in paragraph (d) of this LTSE Rule. A request for a hearing must set forth with specificity any and all defenses to the LTSE action.

(f) Failure to Request Hearing

If a Member or person does not timely request a hearing, the suspension, cancellation or bar specified in the notice shall become effective seven days after the service of the notice and the notice shall constitute final LTSE action.

(g) Request for Termination of the Suspension

A Member or person subject to a suspension under this LTSE Rule may file a written request for termination of the suspension on the ground of full compliance with the notice or decision. Such request shall be filed with LTSE Regulation. The Chief Regulatory Officer, or delegate, may grant relief for good cause shown.

## Rule 9.557. Procedures for Regulating Activities Under LTSE Rules 4.110 and 4.120 Regarding a Member Experiencing Financial or Operational Difficulties

(a) Notice from Members Regarding Financial Responsibility Requirements; Notice of Requirements and/ or Restrictions; LTSE Action

A Member which fails or is unable to perform any of its contracts, or is insolvent or is unable to meet the financial responsibility requirements of the Exchange, shall immediately inform LTSE Regulation in writing of such fact. LTSE Regulation may issue a notice directing a Member to comply with the provisions of LTSE Rules 4.110 or 4.120 or restrict its business activities, either by limiting or ceasing to conduct those activities consistent with LTSE Rules 4.110 or 4.120, if LTSE Regulation has reason to believe that a condition specified in LTSE Rules 4.110 or 4.120 exists. A notice served under this LTSE Rule shall constitute LTSE action.

(b) Service of Notice

LTSE Regulation shall serve the Member subject to a notice issued under this LTSE Rule by facsimile, overnight courier, or personal delivery. Papers served on a Member by overnight courier or personal delivery shall conform to paragraphs (a)(1) and (3) and (b)(2) of LTSE Rule 9.134. Papers served on a Member by facsimile shall be sent to the facsimile number listed in the Member's contact questionnaire submitted to LTSE pursuant to Article III, Section 3.4 of the LTSE Bylaws, except that, if LTSE staff has actual knowledge that an entity's contact questionnaire facsimile number is out of date, duplicate copies shall be sent to the entity by overnight courier or personal delivery in conformity with paragraphs (a)(1) and (3) and (b)(2) of LTSE Rule 9.134. Service is complete upon sending the notice by facsimile, mailing the notice by overnight courier or delivering it in person, except that, where duplicate service is required, service is complete upon sending the duplicate service.

(c) Contents of Notice

A notice issued under this LTSE Rule shall:

(1) state the specific grounds and include the factual basis for the LTSE action;

(2) specify the date of the notice and the requirements and/or restrictions being imposed by the notice;

(3) state that the requirements and/ or restrictions imposed by the notice are immediately effective;

(4) specify the conditions for complying with and, where applicable, avoiding or terminating the requirements and/ or restrictions imposed by the notice;

(5) inform the Member that, pursuant to paragraph (f) of this LTSE Rule 9.557, the failure to comply with the requirements and/ or restrictions imposed by an effective notice under this LTSE Rule shall be deemed, without further notice from LTSE staff, to result in automatic and immediate suspension unless LTSE staff issues a letter of withdrawal of all requirements and/ or restrictions imposed by the notice pursuant to paragraph (g)(2) of this LTSE Rule 9.557;

(6) explain that the Member may make a request for a letter of withdrawal of the notice pursuant to paragraph (e) of this LTSE Rule;

(7) state that, in addition to making a request for a letter of withdrawal of the notice, the Member may file a written request for a hearing with the Office of Hearing Officers pursuant to LTSE Rule 9.559;

(8) inform the Member of the applicable deadline for filing a request for a hearing and state that a request for a hearing must set forth with specificity any and all defenses to the LTSE action; and

(9) explain that, pursuant to LTSE Rule 9.559(n), a Hearing Panel may approve or withdraw the requirements and/ or restrictions imposed by the notice, and that if the Hearing Panel approves the requirements and/ or restrictions imposed by the notice and finds that the Member has not complied with all of them, the Hearing Panel shall impose an immediate suspension on the Member.

(d) Effectiveness of the Requirements and/ or Restrictions

The requirements and/or restrictions imposed by a notice issued and served under this LTSE Rule are immediately effective, except that a timely request for a hearing shall stay the effective date for ten business days after service of the notice or until the Office of Hearing Officers issues a written order under LTSE Rule 9.559(o)(4)(A) (whichever period is less), unless LTSE's Chief Regulatory Officer (or such other senior officer as the Chief Regulatory Officer may designate) determines that such a stay cannot be permitted with safety to investors, creditors or other Members. Such a determination by LTSE's Chief Regulatory Officer (or such other senior officer as the Chief Regulatory Officer may designate) cannot be appealed. An extension of the stay period is not permitted. Where a timely request for a hearing stays the action for ten business days after service of the notice or until the Office of Hearing Officers issues a written order under LTSE Rule 9.559(o)(4)(A) (whichever period is less), the notice shall not be deemed to have taken effect during that entire period. Any requirements and/or restrictions imposed by an effective notice shall remain in effect unless LTSE staff shall remove or reduce the requirements and/or restrictions pursuant to a letter of withdrawal of the notice issued as set forth in paragraph (g)(2) of this LTSE Rule 9.557.

(e) Request for a Letter of Withdrawal of the Notice; Request for a Hearing

A Member served with a notice under this LTSE Rule may request from LTSE Regulation a letter of withdrawal of the notice pursuant to paragraph (g)(2) of this LTSE Rule 9.557 and/ or file with the Office of Hearing Officers a written request for a hearing pursuant to LTSE Rule 9.559.

(1) A request for a letter of withdrawal of the notice may be made at any time after service of a notice under this LTSE Rule. The Member making the request must demonstrate to the satisfaction of LTSE Regulation that the requirements and/or restrictions imposed by the notice should be removed or reduced. If such a request is denied by LTSE Regulation, the Member shall not be precluded from making a subsequent request or requests.

(2) A request for a hearing shall be made within two business days after service of a notice under this LTSE Rule. A request for a hearing must set forth with

specificity any and all defenses to the LTSE action. A request for a hearing may seek to contest:

(A) the validity of the requirements and/or restrictions imposed by the notice (as the same may have been reduced by a letter of withdrawal pursuant to paragraph (g)(2) of this LTSE Rule, where applicable); and/ or

(B) LTSE's Regulation's determination not to issue a letter of withdrawal of all requirements and/or restrictions imposed by the notice, if such was requested by the Member.

(f) Enforcement of Notice

A Member that has failed to comply with the requirements and/or restrictions imposed by an effective notice under this LTSE Rule shall be deemed, without further notice from LTSE Regulation, automatically and immediately suspended. Such suspension shall remain in effect unless LTSE Regulation shall issue a letter, pursuant to paragraph (g)(2) of this LTSE Rule 9.557, stating that the suspension is lifted.

(g) Additional Requirements and/or Restrictions or the Removal or Reduction of Requirements and/or Restrictions; Letter of Withdrawal of the Notice

(1) Additional Requirements and/ or Restrictions

If a Member continues to experience financial or operational difficulty specified in LTSE Rules 4.110 or 4.120, notwithstanding an effective notice, LTSE Regulation may impose additional requirements and/or restrictions by serving an additional notice under paragraph (b) of this LTSE Rule 9.557. The additional notice shall inform the Member that it may apply for relief from the additional requirements and/or restrictions by filing a written request for a letter of withdrawal of the notice and/or a written request for a hearing before the Office of Hearing Officers under LTSE Rule 9.559. The procedures delineated in this LTSE Rule shall be applicable to such additional notice.

(2) Removal or Reduction of Requirements and/ or Restrictions and/ or Lifting of Suspension; Letter of Withdrawal

(A) Removal or Reduction of Requirements and/ or Restrictions

If, upon the Member's demonstration to the satisfaction of LTSE Regulation, LTSE Regulation determines that any requirements and/or restrictions imposed by a notice under this LTSE Rule should be removed or reduced, LTSE Regulation shall serve the Member, pursuant to paragraph (b) of this LTSE Rule, a written letter of withdrawal that shall, in the sole discretion of LTSE Regulation, withdraw the notice in whole or in part. A notice that is withdrawn in part shall remain in force, unless LTSE Regulation shall remove the remaining requirements and/ or restrictions.

(B) Lifting of Suspension

If, upon the Member's demonstration to the satisfaction of LTSE Regulation, LTSE Regulation determines that a suspension imposed by a notice under this LTSE Rule should be lifted, LTSE Regulation

shall serve the Member, pursuant to paragraph (b) of this LTSE Rule 9.557, a letter that shall, in the sole discretion of LTSE Regulation, lift the suspension. Where all or some of the requirements and/or restrictions imposed by a notice issued under this LTSE Rule remain in force, the letter shall state that the Member's failure to continue to comply with those requirements and/or restrictions that remain effective shall result in the Member being immediately suspended.

**Rule 9.558. Summary Proceedings for Actions Authorized by Section 6(d)(3) of the Exchange Act**

(a) Notice of Initiation of Summary Proceedings

LTSE's Chief Regulatory Officer or such other senior officer as the Chief Regulatory Officer may designate may provide written authorization to LTSE staff to issue on a case-by-case basis a written notice that summarily:

(1) suspends a Member, person associated with a Member or person subject to LTSE's jurisdiction who has been and is expelled or suspended from any self-regulatory organization or barred or suspended from being associated with a Member of any self-regulatory organization;

(2) suspends a Member who is in such financial or operating difficulty that LTSE staff determines and so notifies the SEC that the Member cannot be permitted to continue to do business as a Member with safety to investors, creditors, other Members, or LTSE; or

(3) limits or prohibits any person with respect to access to services offered by LTSE if paragraphs (a)(1) or (2) of this LTSE Rule 9.558 or the provisions of Section 6(d)(3) of the Exchange Act applies to such person or, in the case of a person who is not a Member, if LTSE's Chief Regulatory Officer or such other senior officer as the Chief Regulatory Officer may designate determines that such person does not meet the qualification requirements or other prerequisites for such access and such person cannot be permitted to continue to have such access with safety to investors, creditors, Members, or LTSE, and so notifies the SEC.

(b) Service of Notice

The Member or person subject to a notice issued under this LTSE Rule shall be served by facsimile, overnight courier or personal delivery. Papers served on a Member or person by overnight courier or personal delivery shall conform to paragraphs (a)(1) and (3) and (b)(1) and (2) of LTSE Rule 9.134. Papers served on a Member by facsimile shall be sent to the facsimile number listed in the Member's contact questionnaire submitted to LTSE pursuant to Article III, Section 3.4 of the LTSE Bylaws, except that, if LTSE staff has actual knowledge that an entity's contact questionnaire facsimile number is out of date, duplicate copies shall be sent to the entity by overnight courier or personal delivery in conformity with paragraphs (a)(1) and (3) and (b)(2) of LTSE Rule 9.134. Papers served on a person by facsimile shall be sent to the person's last known facsimile number and shall also be served by either overnight courier or personal delivery in conformity with paragraphs (a)(1) and (3) and (b)(1) of LTSE Rule 9.134. A copy of a notice under this LTSE Rule that is

served on a person associated with a Member also shall be served on such Member. Service is complete upon sending the notice by facsimile, mailing the notice by overnight courier or delivering it in person, except that, where duplicate service is required, service is complete upon sending the duplicate service.

(c) Contents of Notice

A notice issued under this LTSE Rule shall state the specific grounds and include the factual basis for the LTSE action. The notice shall state when the LTSE action will take effect and explain what the respondent must do to avoid such action. The notice shall state that the respondent may file a written request for a hearing with the Office of Hearing Officers pursuant to LTSE Rule 9.559. The notice also shall inform the respondent of the applicable deadline for filing a request for a hearing and shall state that a request for a hearing must set forth with specificity any and all defenses to the LTSE action. In addition, the notice shall explain that, pursuant to LTSE Rules 8.310(a) and 9.559 (n), a Hearing Officer or, if applicable, Hearing Panel, may approve, modify or withdraw any and all sanctions or limitations imposed by the notice, and may impose any other fitting sanction.

(d) Effective Date of Limitation, Prohibition or Suspension

The limitation, prohibition or suspension referenced in a notice issued and served under this LTSE Rule is immediately effective. The limitation, prohibition or suspension specified in the notice shall remain in effect unless, after a timely written request for a hearing an d written request for a stay, the Chief Hearing Officer or Hearing Officer assigned to the matter finds good cause exists to stay the limitation, prohibition or suspension.

(e) Request for a Hearing and Stay

A Member or person subject to a notice issued under this LTSE Rule may file with the Office of Hearing Officers a written request for a hearing pursuant to LTSE Rule 9.559. A request for a hearing shall be made within seven days after service of the notice issued under this LTSE Rule. A request for a hearing must set forth with specificity any and all defenses to the LTSE action. A Member or person subject to a notice issued under this LTSE Rule may, concurrent with or after filing a request for a hearing, file with the Office of Hearing Officers a written request for a stay of the limitation, prohibition or suspension specified in the notice. A request for a stay must set forth with specificity any and all relevant facts and arguments supporting the request for a stay.

(f) Failure to Request Hearing

If a Member or person subject to a notice issued under this LTSE Rule does not timely request a hearing within the time period specified in paragraph (e) of this LTSE Rule 9.558, the notice shall constitute final LTSE action.

(g) Request for Termination of the Limitation, Prohibition or Suspension

A Member or person subject to a limitation, prohibition or suspension under this LTSE Rule may file a written request for termination of the limitation, prohibition or suspension on the ground of full compliance with the notice or decision. Such request shall be filed with the LTSE Chief Regulatory Officer who may grant relief for good cause shown.

**Rule 9.559. Hearing Procedures for Expedited Proceedings Under the Rule 9550 Series**

(a) Applicability

The hearing procedures under this LTSE Rule shall apply to a Member, person associated with a Member, person subject to LTSE's jurisdiction or other person who is served with a notice issued under LTSE Rule 9.550 and who timely requests a hearing. For purposes of this LTSE Rule, such Members or persons shall be referred to as respondents.

(b) Computation of Time

LTSE Rule 9.138 shall govern the computation of time in proceedings brought under LTSE Rule 9.550, except that intermediate Saturdays, Sundays and Federal holidays shall be included in the computation in proceedings brought under LTSE Rules 9.556 through 9.558, unless otherwise specified.

(c) Stays

(1) Unless the Chief Hearing Officer or the Hearing Officer assigned to the matter orders otherwise for good cause shown, a timely request for a hearing shall stay the effectiveness of a notice issued under LTSE Rules 9.551 through 9.556, except that the effectiveness of a notice of a limitation or prohibition on access to services offered by LTSE or a Member thereof under LTSE Rule 9.555 with respect to services to which the Member or person does not have access shall not be stayed by a request for a hearing.

(2) A timely request for a hearing shall stay the effectiveness of a notice issued under LTSE Rule 9.557 for ten business days after service of the notice or until the Office of Hearing Officers issues a written order under LTSE Rule 9.559(o)(4)(A) (whichever period is less), unless LTSE's Chief Executive Officer (or such other senior officer as the Chief Executive Officer may designate) determines that a notice under LTSE Rule 9.557 shall not be stayed. Where a notice under LTSE Rule 9.557 is stayed by a request for a hearing, such stay shall remain in effect only for ten business days after service of the notice or until the Office of Hearing Officers issues a written order under LTSE Rule 9.559(o)(4)(A) (whichever period is less) and shall not be extended.

(3) A timely request for a hearing shall not stay the effectiveness of a notice issued under LTSE Rule 9.558, unless the Chief Hearing Officer or the Hearing Officer assigned to the matter orders otherwise for good cause shown.

(d) Appointment and Authority of Hearing Officer and/or Hearing Panel

(1) For proceedings initiated under LTSE Rules 9.553 and 9.554, the Chief Hearing Officer shall appoint a Hearing Officer to preside over and act as the sole adjudicator for the matter.

For proceedings initiated under LTSE Rules 9.551, 9.552, 9.555, 9.556, 9.557, and 9.558, the Chief Hearing Officer shall appoint a Hearing Panel composed of a Hearing Officer and two Panelists. The Hearing Officer shall serve as the chair of the Hearing Panel. For proceedings initiated under

LTSE Rules 9.551, 9.552, 9.555, 9.556, and 9.558, the Chief Hearing Officer shall select as Panelists persons who meet the qualifications delineated in LTSE Rules 9.231 and 9.232. For proceedings initiated under LTSE Rule 9.557, the Chief Hearing Officer shall select as Panelists current or former members of the FINRA Financial Responsibility Committee.

(2) LTSE Rules 9.231(e), 9.233, and 9.234 shall govern disqualification, recusal or withdrawal of a Hearing Officer or, if applicable, Hearing Panelist.

(3) A Hearing Officer appointed pursuant to this provision shall have authority to do all things necessary and appropriate to discharge his or her duties as set forth under LTSE Rules 9.235 and 9.280.

(4) Hearings under Exchange the Rule 9.550 Series shall be held by telephone conference, unless the Hearing Officer orders otherwise for good cause shown.

(5) For good cause shown, or with the consent of all of the parties to a proceeding, the Hearing Officer or, if applicable, the Hearing Panel may extend or shorten any time limits prescribed by this LTSE Rule other than those relating to LTSE Rule 9.557.

(e) Consolidation or Severance of Proceedings

LTSE Rule 9.214 shall govern the consolidation or severance of proceedings, except that, where one of the notices that are the subject of consolidation under this LTSE Rule requires that a hearing be held before a Hearing Panel, the hearing of the consolidated matters shall be held before a Hearing Panel. Where two consolidated matters contain different timelines under this LTSE Rule, the Chief Hearing Officer or Hearing Officer assigned to the matter has discretion to determine which timeline is appropriate under the facts and circumstances of the case. Where one of the consolidated matters includes an action brought under a Rule that does not permit a stay of the effectiveness of the notice or where LTSE's Chief Executive Officer (or such other senior officer as the Chief Executive Officer may designate), in the case of LTSE Rule 9.557, or Hearing Officer, in the case of LTSE Rule 9.558(d), determines that a request for a hearing shall not stay the effectiveness of the notice, the limitation, prohibition, condition, requirement, restriction, or suspension specified in the notice shall not be stayed pending resolution of the case. Where one of the consolidated matters includes an action brought under LTSE Rule 9.557 that is stayed for up to ten business days, the requirement and/or restriction specified in the notice shall not be further stayed.

(f) Time of Hearing

(1) A hearing shall be held within five business days after a respondent subject to a notice issued under LTSE Rule 9.557 files a written request for a hearing with the Office of Hearing Officers.

(2) A hearing shall be held within 14 days after a respondent subject to a notice issued under LTSE Rules 9.556 and 9.558 files a written request for a hearing with the Office of Hearing Officers.

(3) A hearing shall be held within 30 days after a respondent subject to a notice issued under LTSE Rules 9.551 through 9.555 files a written request for a hearing with the Office of Hearing Officers.

(4) The timelines established by paragraphs (f)(1) through (f)(3) confer no substantive rights on the parties.

(g) Notice of Hearing

The Hearing Officer shall issue a notice stating the date, time, and place of the hearing as follows:

(1) At least two business days prior to the hearing in the case of an action brought pursuant to LTSE Rule 9.557;

(2) At least seven days prior to the hearing in the case of an action brought pursuant to LTSE Rules 9.556 and 9.558; and

(3) At least 21 days prior to the hearing in the case of an action brought pursuant to LTSE Rules 9.551 through 9.555.

(h) Transmission of Documents

(1) Not less than two business days before the hearing in an action brought under LTSE Rule 9.557, not less than seven days before the hearing in an action brought under LTSE Rules 9.556 and 9.558, and not less than 14 days before the hearing in an action brought under LTSE Rules 9.551 through 9.555, LTSE staff shall provide to the respondent who requested the hearing, by facsimile or overnight courier, all documents that were considered in issuing the notice unless a document meets the criteria of LTSE Rules 9.251(b)(1)(A), (B), (C), or (b)(2). A document that meets such criteria shall not constitute part of the record, but shall be retained by LTSE until the date upon which LTSE serves a final decision or, if applicable, upon the conclusion of any review by the SEC or the federal courts.

(2) Not less than two business days before the hearing in an action brought under LTSE Rule 9.557, not less than three days before the hearing in an action brought under LTSE Rules 9.556 and 9.558, and not less than seven days before the hearing in an action brought under LTSE Rules 9.551 through 9.555, the parties shall exchange proposed exhibit and witness lists. The exhibit and witness lists shall be served by facsimile or by overnight courier.

(i) Evidence

The formal rules of evidence as applied in judicial proceedings shall not apply to a hearing under this LTSE Rule Series. LTSE Rules 9.262 and 9.263 shall govern testimony and the admissibility of evidence.

(j) Additional Information

The Hearing Officer or, if applicable, the Hearing Panel may direct the Parties to submit additional information.

(k) Record of Hearing

LTSE Rule 9.265 shall govern the requirements for the record of the hearing.

(l) Record of Proceeding

LTSE Rule 9.267 shall govern the record of the proceeding.

(m) Failure to Appear at a Pre-Hearing Conference or Hearing or to Comply with a Hearing Officer Order Requiring the Production of Information

Failure of any respondent to appear before the Hearing Officer or, if applicable, the Hearing Panel at any status conference, pre-hearing conference or hearing, or to comply with any order of the Hearing Officer or, if applicable, Hearing Panel requiring production of information to support any defense to the notice that respondent has raised, shall be considered an abandonment of the respondent's defense and waiver of any opportunity for a hearing provided by the LTSE Rule 9.550 Series. In such cases, the notice issued under Exchange the Rule 9.550 Series shall be deemed to be final LTSE action. The Hearing Officer or, if applicable, the Hearing Panel may permit the hearing to go forward as to those parties who appear and otherwise comply with this LTSE Rule.

(n) Sanctions, Costs and Remands

(1) In any action brought under the LTSE Rule 9.550 Series, other than an action brought under LTSE Rule 9.557, the Hearing Officer or, if applicable, the Hearing Panel may approve, modify or withdraw any and all sanctions, requirements, restrictions or limitations imposed by the notice and, pursuant to LTSE Rule 8.310(a), may also impose any other fitting sanction.

(2) In an action brought under LTSE Rule 9.557, the Hearing Panel shall approve or withdraw the requirements and/or restrictions imposed by the notice. If the Hearing Panel approves the requirements and/or restrictions and finds that the respondent has not complied with all of them, the Hearing Panel shall impose an immediate suspension on the respondent that shall remain in effect unless LTSE staff issues a letter of withdrawal of all requirements and/or restrictions pursuant to LTSE Rule 9.557(g)(2).

(3) The Hearing Officer or, if applicable, the Hearing Panel may impose costs pursuant to LTSE Rule 8.360 regarding all actions brought under the LTSE Rule 9.550 Series.

(4) In any action brought under the LTSE Rule 9.550 Series, other than an action brought under LTSE Rule 9.557, the Hearing Officer or, if applicable, the Hearing Panel may remand the matter to the department or office that issued the notice for further consideration of specified matters.

(o) Timing of Decision

(1) Proceedings initiated under LTSE Rules 9.552 and 9.554

Within 60 days of the date of the close of the hearing, the Hearing Officer shall prepare a proposed written decision and provide it to the LTSE Appeals Committee.

(2) Proceedings initiated under LTSE Rules 9.556 and 9.558

Within 21 days of the date of the close of the hearing, the Hearing Officer shall prepare a proposed written decision that reflects the views of the Hearing Panel, as determined by majority vote, and provide it to the LTSE Appeals Committee.

(3) Proceedings initiated under LTSE Rules 9.551, 9.552, and 9.555

Within 60 days of the date of the close of the hearing, the Hearing Officer shall prepare a proposed written decision that reflects the views of the Hearing Panel, as determined by majority vote, and provide it to the LTSE Appeals Committee.

(4) Proceedings initiated under LTSE Rule 9.557

(A) Written Order

Within two business days of the date of the close of the hearing, the Office of Hearing Officers shall issue a written order that reflects the Hearing Panel's summary determinations, as decided by majority vote, and shall serve the Hearing Panel's written order on the Parties. The Hearing Panel's written order under LTSE Rule 9.557 is effective when issued. The Hearing Panel's written order will be followed by a written decision explaining the reasons for the Hearing Panel's summary determinations, as required by paragraphs (o)(4)(B) and (p) of this LTSE Rule 9.559.

(B) Written Decision

Within seven days of the issuance of the Hearing Panel's written order, the Office of Hearing Officers shall issue a written decision that complies with the requirements of paragraph (p) of this LTSE Rule 9.559 and shall serve the Hearing Panel's written decision on the Parties.

(5) If not timely called for review by the LTSE Appeals Committee pursuant to paragraph (q) of this LTSE Rule 9.559, the Hearing Officer's or, if applicable, the Hearing Panel's written decision shall constitute final LTSE action. For decisions issued under LTSE Rules 9.551 through 9.556 and 9.558, the Office of Hearing Officers shall promptly serve the decision of the Hearing Officer or, if applicable, the Hearing Panel on the Parties and provide a copy to each LTSE Member with which the respondent is associated.

(6) The timelines established by paragraphs (o)(1) through (5) confer no substantive rights on the parties.

(p) Contents of Decision

The decision, which for purposes of LTSE Rule 9.557 means the written decision issued under paragraph (o)(4)(B) of this LTSE Rule, shall include:

(1) a statement describing the investigative or other origin of the notice issued under the LTSE Rule Series 9.550;

(2) the specific statutory or rule provision alleged to have been violated or providing the authority for the LTSE action;

(3) a statement setting forth the findings of fact with respect to any act or practice the respondent was alleged to have committed or omitted or any condition specified in the notice;

(4) the conclusions of the Hearing Officer or, if applicable, Hearing Panel regarding the alleged violation or condition specified in the notice;

(5) a statement of the Hearing Officer or, if applicable, Hearing Panel in support of the disposition of the principal issues raised in the proceeding; and

(6) a statement describing any sanction, requirement, restriction or limitation imposed, the reasons therefore, and the date upon which such sanction, requirement, restriction or limitation shall become effective.

(q) Call for Review by the LTSE Appeals Committee

(1) For proceedings initiated under the LTSE Rule Series 9.550 (other than LTSE Rule 9.557), the LTSE Appeals Committee may call for review a proposed decision prepared by a Hearing Officer or, if applicable, Hearing Panel within 21 days after receipt of the decision from the Office of Hearing Officers. For proceedings initiated under LTSE Rule 9.557, the LTSE Appeals Committee may call for review a written decision issued under paragraph (o)(4)(B) of this LTSE Rule by a Hearing Panel within 14 days after receipt of the written decision from the Office of Hearing Officers. LTSE Rule 9.313(a) is incorporated herein by reference.

(2) If the LTSE Appeals Committee calls the proceeding for review within the prescribed time, it shall meet and conduct a review not later than 40 days after the call for review. The LTSE Appeals Committee may elect to hold a hearing or decide the matter on the basis of the record made before the Hearing Officer or, if applicable, the Hearing Panel. Not later than 60 days after the call for review, the LTSE Appeals Committee shall make its recommendation to the LTSE Board. Not later than 60 days after the receipt of the LTSE Appeals Committee's recommendation, the LTSE Board shall serve a final written decision on the parties via overnight courier or facsimile. The LTSE Appeals Committee may affirm, modify or reverse the decision of the Hearing Officer or, if applicable, the Hearing Panel. The LTSE Board also may impose any other fitting sanction, pursuant to LTSE Rule 8.310(a), and may impose costs, pursuant to LTSE Rule 8.360. In addition, the LTSE Board may remand the matter to the Office of Hearing Officers for further consideration of specified matters.

(3) For good cause shown, or with the consent of all of the parties to a proceeding, the LTSE Appeals Committee or the LTSE Board may extend or shorten any time limits prescribed by this LTSE Rule other than those relating to LTSE Rule 9.557.

(4) The LTSE Board's written decision shall constitute final LTSE action.

(5) The LTSE Board shall promptly serve the decision on the Parties and provide a copy of the decision to each LTSE Member with which the respondent is associated.

(6) The timelines established by paragraphs (q)(1) through (5) confer no substantive rights on the parties.

(r) Application to SEC for Review

The right to have any action pursuant to this LTSE Rule 9.559 reviewed by the SEC is governed by Section 19 of the Exchange Act. The filing of an application for review by the SEC shall not stay the effectiveness of final LTSE action, unless the SEC otherwise orders.

Rule Series 9.600. Procedures For Exemptions

**Rule 9.610. Application**

a) Where to File. A Member seeking exemptive relief as specifically permitted under any LTSE Rule referencing the LTSE Rule Series 9.600 shall file a written application with the appropriate FINRA department or staff and provide a copy of the application to LTSE Regulation.

b) Content. An application filed pursuant to this LTSE Rule 9.610 shall contain the Member's name and address, the name of a person associated with the Member who will serve as the primary contact for the application, the Rule from which the Member is seeking an exemption, and a detailed statement of the grounds for granting the exemption. If the Member does not want the application or the decision on the application to be publicly available in whole or in part, the Member also shall include in its application a detailed statement, including supporting facts, showing good cause for treating the application or decision as confidential in whole or in part.

c) Applicant. A Member that files an application under this LTSE Rule is referred to as "Applicant" hereinafter in the LTSE Rule Series 9.600.

**Rule 9.620. Decision**

(a) After considering an application, the Chief Regulatory Officer shall issue a written decision setting forth its findings and conclusions. The decision shall be served on the Applicant pursuant to LTSE Rules 9.132 and 9.134. After the decision is served on the Applicant, the application and decision shall be publicly available unless LTSE Regulation staff determines that the Applicant has shown good cause for treating the application or decision as confidential in whole or in part.

**Rule 9.630. Appeal**

(a) Notice. An Applicant may file a written notice of appeal within 15 calendar days after service of a decision issued under LTSE Rule 9.620. The notice of appeal shall be filed with the Chief Regulatory Officer. The notice of appeal shall contain a brief statement of the findings and conclusions as to which exception is taken. Appeals of decisions issued by LTSE Regulation staff pursuant to LTSE Rule 9.620 shall be decided by the LTSE Appeals Committee. If the Applicant does not want the decision on the appeal to be publicly available in whole or in part, the Applicant also shall include in its notice of appeal a detailed statement, including supporting facts, showing good cause for treating the decision as confidential in whole or in part. The notice of appeal shall be signed by the Applicant.

(b) Expedited Review. Where the failure to promptly review a decision to deny a request for exemption would unduly or unfairly harm the applicant, the LTSE Appeals Committee, shall provide expedited review.

(c) Withdrawal of Appeal. An Applicant may withdraw its notice of appeal at any time by filing a written notice of withdrawal of appeal with the LTSE Appeals Committee.

(d) Oral Argument.

(1) Subject to paragraph (2) below, following the filing of a notice of appeal, the LTSE Appeals Committee may order oral argument. The LTSE Appeals Committee may consider any new evidence if the Applicant can show good cause for not including it in its application.

(2) With respect to exemptive relief requested under LTSE Rule 2.160(b), the LTSE Appeals Committee may order oral argument and consider any new evidence if the Applicant can show good cause for not including it in its application.

(e) Decision.

(1) Subject to paragraph (2) below, after considering all matters on appeal, the LTSE Appeals Committee shall affirm modify, or reverse the decision issued under LTSE Rule 9.620. The LTSE Appeals Committee shall issue a written decision setting forth its findings and conclusions and serve the decision on the Applicant. The decision shall be served pursuant to LTSE Rules 9.132 and 9.134. The decision shall be effective upon service and shall constitute final action of Exchange.

(2) With respect to exemptive relief requested under LTSE Rule 2.160(b), after considering all matters on appeal, the LTSE Appeals Committee shall affirm,

modify, or reverse the decision issued under LTSE Rule 9.620 and shall issue a written decision setting forth its findings and conclusions and serve the decision on the Applicant. The decision shall be served pursuant to LTSE Rules 9.132 and 9.134. The decision shall be effective upon service and shall constitute final action of the Exchange.

## Rule Series 9.700. Reserved

## Rule Series 9.800. Temporary Cease and Desist Orders

### Rule 9.810. Initiation of Proceeding

a) Department of Enforcement or Department of Market Regulation

With the prior written authorization of LTSE's Chief Regulatory Officer or such other senior officers as the Chief Regulatory Officer may designate, the Department of Enforcement or the Department of Market Regulation may initiate a temporary cease and desist proceeding with respect to alleged violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder; Exchange Act Rules 15g-1 through 15g-9; LTSE Rule 3.110 (if the alleged violation is unauthorized trading, or misuse or conversion of customer assets, or based on violations of Section 17(a) of the Securities Act); or LTSE Rule 3.130. The Department of Enforcement or the Department of Market Regulation shall initiate the proceeding by serving a notice on a Member or associated person (hereinafter "Respondent") and filing a copy thereof with the Office of Hearing Officers. The Department of Enforcement or the Department of Market Regulation shall serve the notice by personal service, overnight commercial courier, or facsimile. If service is made by facsimile, the Department of Enforcement or the Department of Market Regulation shall send an additional copy of the notice by overnight commercial courier. The notice shall be effective upon service.

b) Contents of Notice

The notice shall set forth the rule or statutory provision that the Respondent is alleged to have violated and that the Department of Enforcement or the Department of Market Regulation is seeking to have the Respondent ordered to cease violating. The notice also shall state whether the Department of Enforcement or the Department of Market Regulation is requesting the Respondent to be required to take action or to refrain from taking action. The notice shall be accompanied by:

(1) a declaration of facts, signed by a person with knowledge of the facts contained therein, that specifies the acts or omissions that constitute the alleged violation; and

(2) a proposed order that contains the required elements of a temporary cease and desist order (except the date and hour of the order's issuance), which are set forth in LTSE Rule 9.840(b).

c) Filing of Underlying Complaint

If the Department of Enforcement or the Department of Market Regulation has not issued a complaint under LTSE Rule 9.211 against the Respondent relating to the

subject matter of the temporary cease and desist proceeding and alleging violations of the rule or statutory provision specified in the notice described in paragraph (b), the Department of Enforcement or the Department of Market Regulation shall serve and file such a complaint with the notice initiating the temporary cease and desist proceeding.

### Rule 9.820. Appointment of Hearing Officer and Hearing Panel

(a) As soon as practicable after the Department of Enforcement or the Department of Market Regulation files a copy of the notice initiating a temporary cease and desist proceeding with the Office of Hearing Officers, the Chief Hearing Officer shall assign a Hearing Officer to preside over the temporary cease and desist proceeding. The Chief Hearing Officer shall appoint two Panelists to serve on a Hearing Panel with the Hearing Officer.

(b) If at any time a Hearing Officer or Hearing Panelist determines that he or she has a conflict of interest or bias or circumstances otherwise exist where his or her fairness might reasonably be questioned, or if a Party files a motion to disqualify a Hearing Officer or Hearing Panelist, the recusal and disqualification proceeding shall be conducted in accordance with LTSE Rules 9.233 and 9.234, except that:

(1) a motion seeking disqualification of a Hearing Officer or Hearing Panelist must be filed no later than 5 days after the later of the events described in paragraph (b) of LTSE Rules 9.233 and 9.234; and

(2) the Chief Hearing Officer shall appoint a replacement Panelist as specified in paragraph (a) of this LTSE Rule.

**Rule 9.830. Hearing**

(a) When Held

The hearing shall be held not later than 15 days after service of the notice and filing initiating the temporary cease and desist proceeding, unless otherwise extended by the Hearing Officer with the consent of the Parties for good cause shown. If a Hearing Officer or Hearing Panelist is recused or disqualified, the hearing shall be held not later than five days after a replacement Hearing Officer or Hearing Panelist is appointed.

(b) Service of Notice of Hearing

The Office of Hearing Officers shall serve a notice of date, time, and place of the hearing on the Department of Enforcement or the Department of Market Regulation and the Respondent not later than seven days before the hearing, unless otherwise ordered by the Hearing Officer. Service shall be made by personal service, overnight commercial courier, or facsimile. If service is made by facsimile, the Office of Hearing Officers shall send an additional copy of the notice by overnight commercial courier. The notice shall be effective upon service.

(c) Authority of Hearing Officer

The Hearing Officer shall have authority to do all things necessary and appropriate to discharge his or her duties as set forth under LTSE Rule 9.235.

(d) Witnesses

A person who is subject to the jurisdiction of LTSE shall testify under oath or affirmation. The oath or affirmation shall be administered by a court reporter or a notary public.

(e) Additional Information

At any time during its consideration, the Hearing Panel may direct a Party to submit additional information. Any additional information submitted shall be provided to all Parties at least one day before the Hearing Panel renders its decision.

(f) Transcript

The hearing shall be recorded by a court reporter and a written transcript thereof shall be prepared. A transcript of the hearing shall be available to the Parties for purchase from the court reporter at prescribed rates. A witness may purchase a copy of the transcript of his or her own testimony from the court reporter at prescribed rates. Proposed corrections to the transcript may be submitted by affidavit to the Hearing Panel within a reasonable time determined by the Hearing Panel.

Upon notice to all the Parties to the proceeding, the Hearing Panel may order corrections to the transcript as requested or sua sponte.

(g) Record and Evidence Not Admitted

The record shall consist of the notice initiating the proceeding, the declaration, and the proposed order described in LTSE Rule 9.810(b); the transcript of the hearing; all evidence considered by the Hearing Panel; and any other document or item accepted into the record by the Hearing Officer or the Hearing Panel. The Office of Hearing Officers shall be the custodian of the record. Proffered evidence that is not accepted into the record by the Hearing Panel shall be retained by the custodian of the record until the date when LTSE's decision becomes final or, if applicable, upon the conclusion of any review by the SEC or the federal courts.

(h) Failure to Appear at Hearing

If a Respondent fails to appear at a hearing for which it has notice, the allegations in the notice and accompanying declaration may be deemed admitted, and the Hearing Panel may issue a temporary cease and desist order without further proceedings. If the Department of Enforcement or Department of Market Regulation fails to appear at a hearing for which it has notice, the Hearing Panel may order that the temporary cease and desist proceeding be dismissed.

**Rule 9.840. Issuance of Temporary Cease and Desist Order by Hearing Panel**

(a) Basis for Issuance

The Hearing Panel shall issue a written decision stating whether a temporary cease and desist order shall be imposed. The Hearing Panel shall issue the decision not later than ten days after receipt of the hearing transcript, unless otherwise extended by the Hearing Officer with the consent of the Parties for good cause shown. A temporary cease and desist order shall be imposed if the Hearing Panel finds:

(1) by a preponderance of the evidence that the alleged violation specified in the notice has occurred; and

(2) that the violative conduct or continuation thereof is likely to result in significant dissipation or conversion of assets or other significant harm to investors prior to the completion of the underlying disciplinary proceeding under LTSE Rule Series 9.200 and 9.300.

(b) Content, Scope, and Form of Order

A temporary cease and desist order shall:

(1) be limited to ordering a Respondent to cease and desist from violating a specific rule or statutory provision, and, where applicable, to ordering a Respondent to cease and desist from dissipating or converting assets or causing other harm to investors;

(2) set forth the alleged violation and the significant dissipation or conversion of assets or other significant harm to investors that is likely to result without the issuance of an order;

(3) describe in reasonable detail the act or acts the Respondent is to take or refrain from taking; and

(4) include the date and hour of its issuance.

(c) Duration of Order

A temporary cease and desist order shall remain effective and enforceable until the issuance of a decision under LTSE Rule 9.268 or 9.269.

(d) Service

The Office of Hearing Officers shall serve the Hearing Panel's decision and any temporary cease and desist order by personal service, overnight commercial courier, or facsimile. If service is made by facsimile, the Office of Hearing Officers shall send an additional copy of the Hearing Panel's decision and any temporary cease and desist order by overnight commercial courier. The temporary cease and desist order shall be effective upon service.

**Rule 9.850. Review by Hearing Panel**

At any time after the Office of Hearing Officers serves the Respondent with a temporary cease and desist order, a Party may apply to the Hearing Panel to have the order modified,

set aside, limited, or suspended. The application shall set forth with specificity the facts that support the request. The Hearing Panel shall respond to the request in writing within ten days after receipt of the request, unless otherwise extended by the Hearing Officer with the consent of the Parties for good cause shown. The Hearing Panel's response shall be served on the Respondent via personal service, overnight commercial courier, or facsimile. If service is made by facsimile, the Office of Hearing Officers shall send an additional copy of the temporary cease and desist order by overnight commercial courier. The filing of an application under this LTSE Rule shall not stay the effectiveness of the temporary cease and desist order.

**Rule 9.860. Violation of Temporary Cease and Desist Orders**

A Respondent who violates a temporary cease and desist order imposed under this LTSE Rule Series may have its association or membership suspended or canceled under LTSE Rule 9.556. LTSE's Chief Regulatory Officer must authorize the initiation of any such proceeding in writing.

**Rule 9.870. Application to SEC for Review**

Temporary cease and desist orders issued pursuant to this LTSE Rule Series constitute final and immediately effective disciplinary sanctions imposed by LTSE. The right to have any action under this LTSE Rule Series reviewed by the SEC is governed by Section 19 of the Exchange Act. The filing of an application for review shall not stay the effectiveness of the temporary cease and desist order, unless the SEC otherwise orders.

# CHAPTER 10. TRADING PRACTICE RULES

## Rule Series 10.100. Prohibited Trading Practices

### Rule 10.110. Market Manipulation

(a) No Member shall execute or cause to be executed or participate in an account for which there are executed purchases of any security at successively higher prices, or sales of any security at successively lower prices, or otherwise engage in activity, for the purpose of creating or inducing a false, misleading, or artificial appearance of activity in such security on the Exchange, or for the purpose of unduly or improperly influencing the market price for such security, or for the purpose of establishing a price which does not reflect the true state of the market in such security.

(b) All orders must be entered for the purpose of executing bona fide transactions, including, without limitation:

(1) No Member shall enter or cause to be entered, an order with the intent, at the time of order entry, to cancel the order before execution, or to modify the order to avoid execution.

(2) No Member shall enter or cause to be entered an executable or non-executable order or orders with the intent to mislead other market participants.

(3) No Member shall enter or cause to be entered an executable or non-executable order with the intent to overload, delay, or disrupt the performance of the systems of the Exchange, its Members, other exchanges, National Market System Plans, or market participants.

(4) No Member shall enter or cause to be entered executable or non-executable orders with intent to disrupt the orderly conduct of trading or the fair execution of transactions on the Exchange or elsewhere in the National Market System.

(5) These provisions shall apply at all times the Exchange System is available to Members, without exception.

Additionally, all non-executable orders must be entered in good faith for legitimate purposes.

### Rule 10.120. Fictitious Transactions

(a) No Member, for the purpose of creating or inducing a false or misleading appearance of activity in a security traded on the Exchange or creating or inducing a false or misleading appearance with respect to the market in such security shall:

(1) execute any transaction in such security which involves no change in the beneficial ownership thereof, or

(2) enter any order or orders for the purchase of such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the sale of such security, has been or will be entered by or for the same or different parties, or

(3) enter any order or orders for the sale of any such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the purchase of such security, has been or will be entered by or for the same or different parties.

(b) Transactions in a security resulting from the unintentional interaction of orders originating from the same Member that involve no change in the beneficial ownership of the security, ("self-trades") generally are bona fide transactions for purposes of this LTSE Rule 10.120; however, Members must have policies and procedures in place that are reasonably designed to review their trading activity for, and prevent, a pattern or practice of self-trades resulting from orders originating from a single algorithm or trading desk, or related algorithms or trading desks. Transactions resulting from orders that originate from unrelated algorithms or separate and distinct trading strategies within the same firm would generally be considered bona fide self-trades. Algorithms or trading strategies within the most discrete unit of an effective system of internal controls at a Member are presumed to be related. This subsection (b) does not change Members' existing obligations under LTSE Rules 3.110 and 5.110.

### Rule 10.130. Excessive Sales by a Member

(a) No Member shall execute purchases or sales in any security traded on the Exchange for any account in which such Member is directly or indirectly interested, which purchases or sales are excessive in view of the Member's financial resources, or in view of the market for such security.

### Rule 10.140. Manipulative Transactions

(a) No Member shall participate or have any interest, directly or indirectly, in the profits of a manipulative operation or knowingly manage or finance a manipulative operation.

(b) Any pool, syndicate, or joint account organized or used intentionally for the purpose of unfairly influencing the market price of a security shall be deemed to be a manipulative operation.

(c) The solicitation of subscriptions to or the acceptance of discretionary orders from any such pool, syndicate, or joint account shall be deemed to be managing a manipulative operation.

(d) The carrying on margin of a position in such security, or the advancing of credit through loans to any such pool, syndicate, or joint account, shall be deemed to be financing a manipulative operation.

(e) No Member shall offer that a transaction or transactions to buy or sell a designated security will influence the closing transaction in that security.

### Rule 10.150. Dissemination of False Information

(a) No Member shall make any statement or circulate and disseminate any information concerning any security traded on the Exchange which such Member knows or has reasonable grounds for believing is false or misleading, or would improperly influence the market price of such security.

### Rule 10.160. Prohibition Against Trading Ahead of Customer Orders

(a) Except as provided herein, a Member that accepts and holds an order in an equity security from its own customer or a customer of another broker-dealer without immediately executing the order is prohibited from trading that security on the same side of the market for its own account at a price that would satisfy the customer's order, unless it immediately thereafter executes the customer order up to the size and at the same or better price at which it traded for its own account.

(b) A Member must have a written methodology in place governing the execution and priority of all pending orders that is consistent with the requirements of this LTSE Rule 10.160. A Member also must ensure that this methodology is consistently applied.

(c) Large Orders and Institutional Account Exceptions

With respect to orders for customer accounts that meet the definition of an "institutional account," or for orders of 10,000 shares or more (unless such orders are less than $100,000 in value), a Member is permitted to trade a security on the same side of the market for its own account at a price that would satisfy such customer order, provided that the Member has provided clear and comprehensive written disclosure to such customer at account opening and annually thereafter that:

(1) discloses that the Member may trade proprietarily at prices that would satisfy the customer order; and

(2) provides the customer with a meaningful opportunity to opt in to the LTSE Rule 10.160 protections with respect to all or any portion of its order.

If the customer does not opt in to the LTSE Rule 10.160 protections with respect to all or any portion of its order, the Member may reasonably conclude that such customer has consented to the Member trading a security on the same side of the market for its own account at a price that would satisfy the customer order. In lieu of providing written disclosure to customers at account opening and annually thereafter, a Member may provide clear and comprehensive oral disclosure to and obtain consent from the customer on an order-by-order basis, provided that the Member documents who provided such consent and such consent evidences the customer's understanding of the terms and conditions of the order.

For purposes of this LTSE Rule 10.160, "institutional account" shall mean the account of:

(A) a bank savings and loan association, insurance company or registered investment company;

(B) an investment adviser registered either with the SEC under Section 203 of the Investment Advisers Act or with a state securities commission (or any agency or office performing like functions); or

(C) any other person (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least $50 million.

(d) No-Knowledge Exception

(1) With respect to NMS stocks (as defined in Rule 600 under Regulation NMS), if a Member implements and utilizes an effective system of internal controls, such as appropriate information barriers, that operate to prevent one trading unit from obtaining knowledge of customer orders held by a separate trading unit, those other trading units trading in a proprietary capacity may continue to trade at prices that would satisfy the customer orders held by the separate trading unit. A Member that structures its order handling practices in NMS stocks to permit its proprietary and/or market-making desk to trade at prices that would satisfy customer orders held by a separate trading unit must disclose in writing to its customers, at account opening and annually thereafter, a description of the manner in which customer orders are handled by the Member, and the circumstances under which the Member may trade proprietarily at its proprietary and/or market-making desk at prices that would satisfy the customer order.

(2) If a Member implements and utilizes appropriate information barriers in reliance on this exception, the Member must uniquely identify such information barriers in place at the department within the Member where the order was received or originated. Appropriate information barriers must, at minimum, comply with the requirements set forth in LTSE Rule 5.150.

(3) Members must maintain records that indicate which orders rely on the No-Knowledge Exception, and submit these records to the Exchange upon request.

(e) Riskless Principal Exception

The obligations under this LTSE Rule 10.160 shall not apply to a Member's proprietary trade if such proprietary trade is for the purposes of facilitating the execution, on a riskless principal basis, of an order from a customer (whether its own customer or the customer of another broker-dealer) (the "facilitated order"), provided that the Member:

(1) submits a report, contemporaneously with the execution of the facilitated order, identifying the trade as riskless principal to the Exchange (or another self-regulatory organization if not required under LTSE Rules); and

(2) has written policies and procedures to ensure that riskless principal transactions for which the Member is relying upon this exception comply with applicable LTSE Rules. At a minimum, these policies and procedures must require that the customer order was received prior to the offsetting principal transaction, and that the offsetting principal transaction is at the same price as the customer order exclusive of any markup or markdown, commission equivalent or other fee and is allocated to a riskless principal or customer account in a consistent manner and within 60 seconds of execution.

A Member must have supervisory systems in place that produce records that enable the Member and the Exchange to reconstruct accurately, readily, and in a time-sequenced manner all facilitated orders for which the Member relies on this exception.

(f) ISO Exception

A Member shall be exempt from the obligation to execute a customer order in a manner consistent with this LTSE Rule 10.160 with regard to trading for its own account that is the result of an inter-market sweep order ("ISO") routed in compliance with Rule 600(b)(30)(ii) of Regulation NMS where the customer order is received after the Member routed the ISO. Where a Member routes an ISO to facilitate a customer order and that customer has consented to not receiving the better prices obtained by the ISO, the Member also shall be exempt with respect to any trading for its own account that is the result of the ISO with respect to the consenting customer's order.

(g) Odd Lot and Bona Fide Error Transaction Exceptions

The obligations under this LTSE Rule 10.160 shall not apply to a Member's proprietary trade that is (1) to offset a customer order that is in an amount less than a normal unit of trading; or (2) to correct a bona fide error. Members are required to demonstrate and document the basis upon which a transaction meets the bona fide error exception. For purposes of this LTSE Rule 10.160, a bona fide error is:

(1) 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;

(2) the unauthorized or unintended purchase, sale, or allocation of securities, or the failure to follow specific client instructions;

(3) the incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals, or securities positions reflected in an account; or

(4) 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.

(h) Minimum Price Improvement Standards

The minimum amount of price improvement necessary for a Member to execute an order on a proprietary basis when holding an unexecuted limit order in that same security, and not be required to execute the held limit order is as follows:

(1) For customer limit orders priced greater than or equal to $1.00, the minimum amount of price improvement required is $0.01 for NMS stocks;

(2) For customer limit orders priced greater than or equal to $0.01 and less than $1.00, the minimum amount of price improvement required is the lesser of $0.01 or one-half (1/2) of the current inside spread;

(3) For customer limit orders priced less than $0.01 but greater than or equal to $0.001, the minimum amount of price improvement required is the lesser of $0.001 or one-half (1/2) of the current inside spread;

(4) For customer limit orders priced less than $0.001 but greater than or equal to $0.0001, the minimum amount of price improvement required is the lesser of $0.0001 or one-half (1/2) of the current inside spread;

(5) For customer limit orders priced less than $0.0001 but greater than or equal to $0.00001, the minimum amount of price improvement required is the lesser of $0.00001 or one-half (1/2) of the current inside spread;

(6) For customer limit orders priced less than $0.00001, the minimum amount of price improvement required is the lesser of $0.000001 or one-half (1/2) of the current inside spread; and

(7) For customer limit orders priced outside the best inside market, the minimum amount of price improvement required must either meet the requirements set forth above or the Member must trade at a price at or inside the best inside market for the security.

In addition, if the minimum price improvement standards above would trigger the protection of a pending customer limit order, any better-priced customer limit order(s) must also be protected under this LTSE Rule 10.160, even if those better-priced limit orders would not be directly triggered under the minimum price improvement standards above.

(i) Order Handling Procedures

A Member must make every effort to execute a marketable customer order that it receives fully and promptly. A Member that is holding a customer order that is marketable and has not been immediately executed must make every effort to cross

such order with any other order received by the Member on the other side of the market up to the size of such order at a price that is no less than the best bid and no greater than the best offer at the time the subsequent order is received by the Member that is consistent with the terms of the orders. In the event that a Member is holding multiple orders on both sides of the market that have not been executed, the Member must make every effort to cross or otherwise execute such orders in a manner that is reasonable and consistent with the objectives of this LTSE Rule 10.160, and with the terms of the orders. A Member can satisfy the crossing requirement by contemporaneously buying from the seller and selling to the buyer at the same price.

(j) Trading Outside Normal Market Hours

Members generally may limit the life of a customer order to the period of normal market hours of 9:30 a.m. to 4:00 p.m. Eastern Time. However, if the customer and Member agree to the processing of the customer's order outside normal market hours, the protections of this LTSE Rule shall apply to that customer's order at all times the customer order is executable by the Member.

**Rule 10.170. Joint Activity**

(a) No Member, directly or indirectly, shall hold any interest or participation in any joint account for buying or selling in a security traded on the Exchange, unless such joint account is promptly reported to the Exchange. The report should contain the following information for each account:

(1) the name of the account, with names of all participants and their respective interests in profits and losses;

(2) a statement regarding the purpose of the account;

(3) the name of the Member carrying and clearing the account; and

(4) a copy of any written agreement or instrument relating to the account.

**Rule 10.180. Influencing the Consolidated Tape**

(a) No Member shall attempt to execute a transaction or transactions to buy or sell a security for the purpose of influencing any report appearing on the Consolidated Tape.

**Rule 10.190. Trade Shredding**

No Member or associated person of a Member may engage in "trade shredding". Trade shredding is conduct that has the intent or effect of splitting any order into multiple smaller orders for execution or any execution into multiple smaller executions for the primary purpose of maximizing a monetary or in-kind amount to be received by the Member or associated person of a Member as a result of the execution of such orders or the transaction

reporting of such executions. For purposes of this LTSE Rule 10.190, “monetary or in-kind amount” shall be defined to include, but not be limited to, any credits, commissions, gratuities, payments for or rebates of fees, or any other payments of value to the Member or associated person of a Member.

## Rule Series 10.200. Trading Obligations

### Rule 10.210. Options

(a) No Member shall initiate the purchase or sale on the Exchange for its own account, or for any account in which it is directly or indirectly interested, of any stock of any issuer in which it holds or has granted any put, call, straddle or option; provided, however, that this prohibition shall not be applicable in respect of any option issued by The Options Clearing Corporation.

(b) No Member acting as an odd-lot dealer shall become interested, directly or indirectly, in a pool dealing or trading in the stock of any issuer in which it is an odd-lot dealer, nor shall it acquire or grant directly or indirectly, any option to buy or sell, receive, or deliver shares of stock of any issuer in which such Member is an odd-lot dealer, unless such option is issued by The Options Clearing Corporation.

### Rule 10.220. Best Execution and Interpositioning

(a) Best Execution

(1) In any transaction for or with a customer or a customer of another broker-dealer, a Member and persons associated with a Member shall use reasonable diligence to ascertain the best market for the subject security and buy or sell in such market so that the resultant price to the customer is as favorable as possible under prevailing market conditions. Among the factors that will be considered in determining whether a Member has used "reasonable diligence" are:

(A) the character of the market for the security (e.g., price, volatility, relative liquidity, and pressure on available communications);

(B) the size and type of transaction;

(C) the number of markets checked;

(D) accessibility of the quotation; and

(E) the terms and conditions of the order which result in the transaction, as communicated to the Member and persons associated with the Member.

(2) In any transaction for or with a customer or a customer of another broker-dealer, no Member or person associated with a Member shall interject a third party between the Member and the best market for the subject security in a manner inconsistent with paragraph (a)(1) of this LTSE Rule 10.220.

(b) When a Member cannot execute directly with a market but must employ a broker's broker or some other means in order to ensure an execution advantageous to the customer, the burden of showing the acceptable circumstances for doing so is on the Member.

(c) Failure to maintain or adequately staff a department assigned to execute customers' orders cannot be considered justification for executing away from the best available market, nor can channeling orders through a third party as described above as reciprocation for service or business operate to relieve a Member of its obligations under this LTSE Rule 10.220.

(d) A Member through which an order is channeled and that knowingly is a party to an arrangement whereby the initiating Member has not fulfilled its obligations under this LTSE Rule 10.220, will also be deemed to have violated this LTSE Rule 10.220.

(e) The obligations described in paragraphs (a) through (d) above exist not only where the Member acts as agent for the account of its customer but also where transactions are executed as principal.

(f) Execution of Marketable Customer Orders

A Member must make every effort to execute a marketable customer order that it receives fully and promptly.

(g) Definition of “Market”

For purposes of LTSE Rule 10.220, the term “market” or “markets” is to be construed broadly, and it encompasses a variety of different venues, including, but not limited to, trading centers that are trading a particular security. This expansive interpretation is meant to both inform broker-dealers as to the breadth of the scope of venues that must be considered in the furtherance of their best execution obligations and to promote fair competition among broker-dealers, exchange markets, and markets other than exchange markets, as well as any other venue that may emerge, by not mandating that certain trading venues have less relevance than others in the course of determining a firm's best execution obligations.

(h) Best Execution and Executing Brokers

A Member’s duty to provide best execution in any transaction “for or with a customer of another broker-dealer” does not apply in instances when another broker-dealer is simply executing a customer order against the Member's quote. The duty to provide best execution to customer orders received from other broker-dealers arises only when an order is routed from the broker-dealer to the Member for the purpose of order handling and execution. This clarification is intended to draw a distinction between those situations in which the Member is acting solely as the buyer or seller in connection with orders presented by a broker-dealer against the Member's quote, as opposed to those circumstances in which the Member is accepting order flow from another broker-dealer for the purpose of facilitating the handling and execution of such orders.

(i) Use of a Broker’s Broker

Paragraph (b) of this LTSE Rule 10.220 provides that when a Member cannot execute directly with a market but must employ a broker's broker or some other means in order to ensure an execution advantageous to the customer, the burden of

showing the acceptable circumstances for doing so is on the Member. Examples of acceptable circumstances are where a customer's order is "crossed" with another firm that has a corresponding order on the other side, or where the identity of the firm, if known, would likely cause undue price movements adversely affecting the cost or proceeds to the customer.

(j) Orders Involving Securities with Limited Quotations or Pricing Information

Although the best execution requirements in this LTSE Rule 10.220 apply to orders in all securities, markets for securities differ dramatically. One of the areas in which a Member must be especially diligent in ensuring that it has met its best execution obligations is with respect to customer orders involving securities for which there is limited pricing information or quotations available. Each Member must have written policies and procedures in place that address how the Member will determine the best inter-dealer market for such a security in the absence of pricing information or multiple quotations and must document its compliance with those policies and procedures. For example, a Member should analyze pricing information based on other data, such as previous trades in the security, to determine whether the resultant price to the customer is as favorable as possible under prevailing market conditions. In these instances, a Member should generally seek out other sources of pricing information or potential liquidity, which may include obtaining quotations from other sources (e.g., other firms that the Member previously has traded within the security).

(k) Customer Instructions Regarding Order Handling

If a Member receives an unsolicited instruction from a customer to route that customer's order to a particular market for execution, the Member is not required to make a best execution determination beyond the customer's specific instruction. Members are, however, still required to process that customer's order promptly and in accordance with the terms of the order and its instructions. Where a customer has directed that an order be routed to another specific broker-dealer that is also a FINRA Member, the receiving broker-dealer to which the order was directed would be required to meet the requirements of FINRA Rule 5310 with respect to its handling of the order.

(l) Regular and Rigorous Review of Execution Quality

No Member can transfer to another person its obligation to provide best execution to its customers' orders. A Member that routes customer orders to other broker-dealers for execution on an automated, non-discretionary basis, as well as a Member that internalizes customer order flow, must have procedures in place to ensure the Member periodically conducts regular and rigorous reviews of the quality of the executions of its customers' orders if it does not conduct an order-by-order review. The review must be conducted on a security-by-security, type-of-order basis (e.g., limit order, market order, and market on open order). At a minimum, a Member must conduct such reviews on a quarterly basis; however, Members should consider, based on the firm's business, whether more frequent reviews are needed.

(m) In conducting its regular and rigorous review, a Member must determine whether any material differences in execution quality exist among the markets trading the security and, if so, modify the Member's routing arrangements, or justify why it is not modifying its routing arrangements. To assure that order flow is directed to markets

providing the most beneficial terms for their customers' orders, the Member must compare, among other things, the quality of the executions the Member is obtaining via current order routing and execution arrangements (including the internalization of order flow) to the quality of the executions that the Member could obtain from competing markets. In reviewing and comparing the execution quality of its current order routing and execution arrangements to the execution quality of other markets, a Member should consider the following factors:

(1) price improvement opportunities (i.e., the difference between the execution price and the best quotes prevailing at the time the order is received by the market);

(2) differences in price disimprovement (i.e., situations in which a customer receives a worse price at execution than the best quotes prevailing at the time the order is received by the market);

(3) the likelihood of execution of limit orders;

(4) the speed of execution;

(5) the size of execution;

(6) transaction costs;

(7) customer needs and expectations; and

(8) the existence of internalization or payment for order flow arrangements.

(n) A Member that routes its order flow to another Member that has agreed to handle that order flow as agent for the customer (e.g., a clearing firm or other executing broker-dealer) can rely on that Member's regular and rigorous review as long as the statistical results and rationale of the review are fully disclosed to the Member, and the Member periodically reviews how the review is conducted, as well as the results of the review.

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*** * * * * *Supplementary Material* * * * ***

***.01 Best Execution and Information Leakage***

*In FINRA Regulatory Notice 15-46, FINRA provides guidance, among other things, on best execution obligations in equity markets. FINRA notes that, in conducting a review of execution quality in any security, a firm should consider a variety of relevant factors. For a firm that routinely routes a customer order to multiple trading centers, one such factor that is highlighted is information leakage and the impact of information leakage on execution quality. In particular, FINRA notes that "[f]irms should consider the risk of information leakage by routing orders to a particular venue in light of the fill rates achieved at that venue and carefully assess whether the risks outweigh the potential for an execution."*

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**Rule 10.230. Publication of Transactions and Changes**

(a) The Exchange shall cause to be disseminated for publication on the Consolidated Tape all last sale price reports of transactions executed through the facilities of the Exchange pursuant to the requirements of an effective transaction reporting plan approved by the Commission.

(b) To facilitate the dissemination of such last sale price reports, each Member shall cause to be reported to the Exchange, as promptly as possible after execution, all information concerning each transaction required by the effective transaction reporting plan.

(c) An official of the Exchange shall approve any corrections to reports transmitted over the consolidated tape. Any such corrections shall be made within one day after detection of the error.

**Rule 10.240. Trading Ahead of Research Reports**

(a) No Member shall establish, increase, decrease or liquidate an inventory position in a security or a derivative of such security based on non-public advance knowledge of the content or timing of a research report in that security.

(b) Members must establish, maintain, and enforce policies and procedures reasonably designed to restrict or limit the information flow between research department personnel, or other persons with knowledge of the content or timing of a research report, and trading department personnel, so as to prevent trading department personnel from utilizing non-public advance knowledge of the issuance or content of a research report for the benefit of the Member or any other person.

**Rule 10.250. Obligation to Honor System Trades**

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

**Rule 10.260. Front Running of Block Transactions**

(a) Members and persons associated with a Member shall comply with FINRA Rule 5270 as if such rule were part of the Exchange’s Rules.

(b) Front Running of Non-Block Transactions. Although the prohibitions in FINRA Rule 5270 are limited to imminent block transactions, the front running of other types of orders that place the financial interests of the Member or persons associated with a Member ahead of those of its customer, or the misuse of knowledge of an imminent customer order, may violate other LTSE Rules, including LTSE Rules 3.110 and

10.160 or provisions of the federal securities laws.

**Rule 10.270. Disruptive Quoting and Trading Activity Prohibited**

No Member shall engage in or facilitate disruptive quoting and trading activity on the Exchange, as described in Supplementary Material. 01 and .02 of this LTSE Rule 10.270, including acting in concert with other persons to effect such activity.

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* * * * * ***Supplementary Material*** * * * *

***.01 For purposes of this LTSE Rule 10.270, disruptive quoting and trading activity shall include a frequent pattern in which the following facts are present:***

*(a) Disruptive Quoting and Trading Activity Type 1:*

*(1) a party enters multiple limit orders on one side of the market at various price levels (the "Displayed Orders"); and*

*(2) following the entry of the Displayed Orders, the level of supply and demand for the security changes; and*

*(3) the party enters one or more orders on the opposite side of the market of the Displayed Orders (the "Contra-Side Orders") that are subsequently executed; and*

*(4) following the execution of the Contra-Side Orders, the party cancels the Displayed Orders.*

*(b) Disruptive Quoting and Trading Activity Type 2:*

*(1) a party narrows the spread for a security by placing an order inside the NBBO; and*

*(2) the party then submits an order on the opposite side of the market that executes against another market participant that joined the new inside market established by the order described in paragraph (b)(1).*

***.02 Applicability.***

*For purposes of this LTSE Rule 10.270, disruptive quoting and trading activity shall include a frequent pattern in which the facts listed above are present. Unless otherwise indicated, the order of the events indicating the pattern does not modify the applicability of the Rule. Further, disruptive quoting and trading activity includes a pattern or practice in which all of the quoting and trading activity is conducted on the Exchange, as well as a pattern or practice in which some portion of the quoting or trading activity is conducted on the Exchange, and the other portions of the quoting or trading activity is conducted on one or more other exchanges.*

# CHAPTER 11. TRADING RULES

Rule Series 11.100 General Trading Rules

### Rule 11.110. Hours of Trading and Trading Days

(a) Orders may be executed on the Exchange during the Regular Market Session and during the Pre- and Post-Market Sessions. Certain order types and functionality are available only during the Regular Market Session as described in LTSE Rule 11.190.

(b) The Exchange will be open for the transaction of business on business days. The Exchange will not be open for business on the following federal holidays: New Year's Day, Dr. Martin Luther King Jr. Day, Presidents Day, Good Friday, Memorial Day, Juneteenth National Independence Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas. When any holiday observed by the Exchange falls on a Saturday, the Exchange will not be open for business on the preceding Friday. When any holiday observed by the Exchange falls on a Sunday, the Exchange will not be open for business on the following Monday, unless otherwise indicated by the Exchange.

(c) The Chief Executive Officer of the Exchange, or his or her designee, who must be a senior officer of the Exchange, shall have the power to halt or suspend trading in any and all securities traded on the Exchange, to close some or all Exchange facilities, and to determine the duration of any such halt, suspension, or closing, when he or she deems such action necessary for the maintenance of fair and orderly markets, the protection of investors, and/or otherwise in the public interest, including special circumstances such as: (1) actual or threatened physical danger, severe climatic conditions, civil unrest, terrorism, acts of war, or loss or interruption of facilities utilized by the Exchange; (2) a request by a governmental agency or official; or (3) a period of mourning or recognition for a person or event. No such action shall continue longer than a period of two (2) days, or as soon thereafter as a quorum of Directors can be assembled, unless the Board approves the continuation of such suspension.

*(Amended by SR-LTSE-2021-07 eff. November 18, 2021)*

### Rule 11.120. Securities Eligible for Trading

The Exchange shall designate securities for trading. Any classes of securities listed or admitted to unlisted trading privileges on the Exchange shall be eligible to become designated for trading on the Exchange in accordance with the Rules of Chapter 14. All securities designated for trading are eligible for odd-lot, round-lot, and mixed-lot executions, unless otherwise indicated by the Exchange, or limited pursuant to the LTSE Rules.

**Rule 11.130. Access**

(a) General. The System shall be available for entry and execution of orders by Users with authorized access. To obtain authorized access to the System, each User must enter into a User Agreement with the Exchange in such form as the Exchange may provide ("User Agreement").

(b) Sponsored Participants. A Sponsored Participant may obtain authorized access to the System only if such access is authorized in advance by one or more Sponsoring Members as follows:

(1) Sponsored Participants must enter into and maintain customer agreements with one or more Sponsoring Members establishing proper relationship(s) and account(s) through which the Sponsored Participant may trade on the System. Such customer agreement(s) must incorporate the Sponsorship Provisions set forth in paragraph (2) below.

(2) For a Sponsored Participant to obtain and maintain authorized access to the System, a Sponsored Participant and its Sponsoring Member must agree in writing to the following Sponsorship Provisions:

(A) Sponsored Participant and its Sponsoring Member must have entered into and maintain a User Agreement with the Exchange.

(B) Sponsoring Member acknowledges and agrees that:

(i) All orders entered by the Sponsored Participants and any person acting on behalf of or in the name of such Sponsored Participant, and any executions occurring as a result of such orders, are binding in all respects on the Sponsoring Member.

(ii) Sponsoring Member is responsible for any and all actions taken by such Sponsored Participant, and any person acting on behalf of or in the name of such Sponsored Participant.

(iii) Sponsoring Member shall comply with the Exchange's Certificate of Incorporation, Bylaws, Rules, and procedures, and Sponsored Participant shall comply with the same, as if Sponsored Participant were a Member.

(iv) Sponsored Participant shall maintain, keep current, and provide to the Sponsoring Member, and to the Exchange upon request, a list of Authorized Traders who may obtain access to the System on behalf of the Sponsored Participant. Sponsored Participant shall be subject to the obligations of LTSE Rule 11.140 with respect to such Authorized Traders. Sponsored Participant shall familiarize its Authorized Traders with all of the Sponsored Participant's obligations under this LTSE Rule 11.130 and will assure that they receive appropriate training prior to any use or access to the System.

(v) Sponsored Participant may not permit anyone other than Authorized Traders to use or obtain access to the System.

(vi) Sponsored Participant shall take reasonable security precautions to prevent unauthorized use or access to the System, including unauthorized entry of information into the System, or the information and data made available therein. Sponsored Participant understands and agrees that Sponsored Participant is responsible for any and all orders, trades, and other messages and instructions entered, transmitted or received under identifiers, passwords, and security codes of Authorized Traders, and for the trading and other consequences thereof. Sponsored Participant acknowledges its responsibility to establish adequate procedures and controls that permit it to effectively monitor its employees', agents', and customers' use and access to the System for compliance with the terms of the User Agreement and the LTSE Rules.

(vii) Sponsored Participant shall pay when due all amounts, if any, payable to Sponsoring Member, the Exchange or any other third parties that arise from the Sponsored Participant's access to and use of the System. Such amounts include, but are not limited to applicable exchange and regulatory fees.

(C) The Sponsoring Member must provide the Exchange with a written statement in form and substance acceptable to the Exchange identifying each Sponsored Participant by name and market participant identifier ("MPID"), and acknowledging its responsibility for the orders, executions, and actions of such Sponsored Participant.

(c) Data Recipients. The System shall be available for receipt of the Exchange's data products specified in LTSE Rule 11.330 (collectively, "Exchange data products") by data recipients with authorized access ("Data Recipients"). To obtain authorized access to the Exchange data products, each Data Recipient must enter into a Data Agreement with the Exchange in such form as the Exchange may provide ("Data Agreement").

(d) Service Bureaus. The System shall be available for entry and execution of orders by Members with authorized access via a service bureau with authorized access ("Service Bureau"). To obtain authorized access to the System, each Service Bureau must enter into a Service Bureau Agreement with the Exchange in such form as the Exchange may provide ("Service Bureau Agreement").

(e) Extranet Providers. The System shall be available for entry and execution of orders by Members with authorized access via connectivity to the Exchange provided by an extranet provider with authorized access ("Extranet Provider"). To obtain authorized access to the System, each Extranet Provider must enter into a Connectivity Services Agreement with the Exchange in such form as the Exchange may provide ("Connectivity Services Agreement" including the "Extranet Addendum") and support a minimum data exchange rate, as may be determined by the Exchange from time-to-time and disseminated in LTSE information circulars.

**Rule 11.140. Authorized Traders**

(a) A Member shall maintain a list of ATs who may obtain access to the System on behalf of the Member or the Member's Sponsored Participants. The Member shall update the list of ATs as necessary. Members must provide the list of ATs to the Exchange upon request.

(b) A Member must have reasonable procedures to ensure that all ATs comply with all LTSE Rules and all other procedures related to the System.

(c) A Member must suspend or withdraw a person's status as an AT if the Exchange has determined that the person has caused the Member to fail to comply with the Rules of the Exchange and the Exchange has directed the Member to suspend or withdraw the person's status as an AT.

(d) A Member must have reasonable procedures to ensure that the ATs maintain the physical security of the equipment for accessing the facilities of the Exchange to prevent the improper use or access to the systems, including unauthorized entry of information into the systems.

(e) To be eligible for registration as an AT of a Member, a person must successfully complete the General Securities Representative Examination (Series 7) or the Securities Trader Qualification Examination (Series 57), or an equivalent foreign examination module approved by the Exchange as defined in Rule 2.160(h) and (i), and any other training and/or certification programs as may be required by the Exchange.

**Rule 11.150. Registration as a Market Maker**

(a) Quotations and quotation sizes may be entered into LTSE only by a Member registered as an LTSE Market Maker or other entity approved by LTSE to function in a market-making capacity.

(b) An LTSE Market Maker may become registered in an issue by entering a registration request via an LTSE approved electronic interface with LTSE's systems or by

contacting LTSE Market Operations. Registration shall become effective on the day the registration request is entered.

(c) An LTSE Market Maker's registration in an issue shall be terminated by LTSE 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 11.151. Market Maker Obligations**

A Member 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 LTSE Rule.

(a) Quotation Requirements and Obligations

(1) Two-Sided Quote Obligation. For each security in which a Member is registered as a Market Maker, the Member 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 the Exchange's quotation at all times. Interest eligible to be considered as part of a Market Maker's Two-Sided Obligation shall have a 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 a Round Lot as defined in Rule 11.180. After an execution against its Two-Sided Obligation, a Market Maker must ensure that additional trading interest exists in the Exchange to satisfy its Two-Sided Obligation either by immediately entering new interest to comply with this obligation to maintain continuous two-sided quotations or identify to the Exchange current resting interest that satisfies the Two-Sided 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 LTSE Rule during the Regular Market Session; 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.

(3) 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 lower than the then current National Best Bid, or if no National Best Bid, not more than the Designated Percentage lower than 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 lower than the National Best Bid

(or if no National Best Bid, the last reported sale), or if the bid is executed or canceled, the Market Maker shall enter new bid interest at a price not more than the Designated Percentage lower than 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.

(4) 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 higher than the then current National Best Offer, or if no National Best Offer, not more than the Designated Percentage higher than 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 higher than the National Best Offer (or if no National Best Offer, the last reported sale), or if the offer is executed or canceled, the Market Maker shall enter new offer interest at a price not more than the Designated Percentage higher than 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.

(5) 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.

(6) For purposes of this LTSE Rule, the "Designated Percentage" shall be eight (8) percentage points for securities that are included in the S&P 500® or Russell 1000® Index; 28% for securities with a price equal to or greater than $1 per share that are not included in the S&P 500® or Russell 1000® Index; and 30% for securities with a price less than $1 per share that are not included in the S&P 500® Index or Russell 1000® Index; except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, the Designated Percentage shall be 20% for securities that are included in the S&P 500® or Russell 1000® Index, 28% for securities with a price equal to or greater than $1 per share that are not included in the S&P 500® or Russell 1000® Index, and 30% for securities with a price less than $1 per share that are not included in the S&P 500® Index or Russell 1000® Index. The Designated Percentage for rights and warrants shall be 30%.

(7) For purposes of this LTSE Rule, the "Defined Limit" shall be 9.5% for securities that are included in the S&P 500® or Russell 1000® Index; 29.5% for with a price equal to or greater than $1 per share that are not included in the S&P 500® or Russell 1000® Index; and 31.5% for securities with a price less than $1 per share that are not included in the S&P 500® Index or Russell 1000® Index; except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, the Defined Limit shall be 21.5% for securities that are included in the S&P 500® or Russell 1000® Index; 29.5% for securities with a price equal to or greater than $1 per share that are not included in the S&P 500® or Russell 1000® Index; and 31.5% for securities with a price less than $1 per share that are not included in the S&P 500® Index or Russell 1000® Index.

(8) Reserved.

(9) Reserved.

(10) Nothing in this LTSE 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 LTSE Rule.

(11) 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.

(12) The individual Market Participant Identifier ("MPID") assigned to a Member to meet its Two-Sided Obligation pursuant to subparagraph (a)(1) of this LTSE Rule shall be referred to as the Member's "Primary MPID". Market Makers may request the use of additional MPIDs that shall be referred to as "Supplemental MPIDs." A Market Maker 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.

(13) Market Makers that are permitted the use of Supplemental MPIDs pursuant to subparagraph (12) above of this LTSE Rule are subject to the same rules applicable to the Members' first quotation, with one exception: the continuous two-sided quote requirement and excused withdrawal procedures described in LTSE Rule 11.152 do not apply to Market Makers' Supplemental MPIDs. Supplemental MPIDs may be identified to the Exchange as interest to satisfy a Market Maker's two-sided obligation, in which case in order to be satisfactory, the Supplemental MPID's interest must be no more than the Designated Percentage from the NBBO as described and defined in this LTSE Rule 11.151(a).

(b) Firm Quotations

(1) All quotations and orders to buy and sell entered into the System by LTSE Market Makers are firm and automatically executable for their size in the System by all Users. A particular LTSE Market Maker's quotations may be canceled rather than executed if designated with an Anti-Internalization Group Identifier ("AGID") modifier which is the same as that of an active opposite side order and originating from the same group type as the Market Maker's order to buy or sell, as set forth in LTSE Rule 11.190(e). Notwithstanding the foregoing, Market Makers may not use AGID modifiers to evade the firm quotation obligation.

(c) Impaired Ability to Enter or Update Quotations.

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

(2) In the event that an LTSE Market Maker's ability to enter or update quotations is impaired and the market maker elects to remain in LTSE, the LTSE Market Maker shall execute an offer to buy or sell received from another Member at its quotations as disseminated through the Exchange.

(d) Reserved.

(e) Locked and Crossed Markets.

(1) Locked and Crossed Markets within the System: Any quotes or orders that are entered into the System that would lock or cross another order in the System will be executed by the System.

(2) Inter-market Locked and Crossed Markets.

(A) Definitions. For purposes of this LTSE 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, the Regular Market Session, 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 have the definition provided in LTSE Rule 11.180.

(iii) The term “Locking Quotation” shall have the definition provided in LTSE Rule 11.180.

(B) Prohibition. Except for quotations that fall within the provisions of paragraph (C) of this LTSE Rule, LTSE Members 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) 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.

*(Amended by SR-LTSE-2019-02 eff. September 27, 2019; amended by SR-LTSE-2024-03 eff. August 20, 2024; amended by SR-LTSE-2025-25 eff. December 12, 2025)*

**Rule 11.152. Withdrawal of Quotations**

(a) Except as provided in paragraph (b) of this LTSE Rule, a market maker that wishes to withdraw quotations in a security shall contact LTSE Regulation to obtain excused withdrawal status prior to withdrawing its quotations. Withdrawals of quotations shall be granted by LTSE Regulation only upon satisfying one of the conditions specified in this LTSE Rule.

(b) An LTSE Market Maker that wishes to obtain excused withdrawal status based on a market maker's systemic equipment problems, such as defects in an LTSE Market Maker's software or hardware systems or connectivity problems associated with the

circuits connecting Exchange systems with the LTSE Market Maker's systems, shall contact LTSE Market Operations. LTSE Market Operations may grant excused withdrawal status based on systemic equipment problems for up to five (5) business days, unless extended by LTSE Market Operations.

(c) For LTSE-Primary-Listed Securities, excused withdrawal status based on circumstances beyond the LTSE Market Maker's control, other than systemic equipment problems, may be granted for up to five (5) business days, unless extended by LTSE Regulation. Excused withdrawal status based on demonstrated legal or regulatory requirements, supported by appropriate documentation and accompanied by a representation that the condition necessitating the withdrawal of quotations is not permanent in nature, may, upon notification, be granted for not more than sixty (60) days (unless such request is required to be made pursuant to paragraph (e) below). Excused withdrawal status based on religious holidays may be granted only if written notice is received by LTSE one business day in advance and is approved by LTSE. Excused withdrawal status based on vacation may be granted only if:

(A) The written request for withdrawal is received by LTSE one business day in advance, and is approved by LTSE

(B) The request includes a list of securities for which withdrawal is requested; and

(C) The request is made by an LTSE Market Maker that meets the definition of a “Small Firm Member” pursuant to Definition Y of the FINRA Restated Certification of Incorporation, even if the LTSE Market Maker is not a FINRA member.

The withdrawal of quotations because of pending news, a sudden influx of orders or price changes, or to effect transactions with competitors shall not constitute acceptable reasons for granting excused withdrawal status.

For securities listed on exchanges other than LTSE, an LTSE Market Maker that wishes to withdraw quotations shall contact LTSE Regulation to obtain excused withdrawal status prior to withdrawing its quotations. Excused withdrawal status based on illness, vacations or physical circumstances beyond the Market Maker's control may be granted for up to five (5) business days, unless extended by LTSE Regulation. 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 constitute acceptable reasons for granting excused withdrawal status.

(d) Excused withdrawal status may be granted to an LTSE 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 the Exchange, thereby terminating its registration as an LTSE Market Maker. Provided however, that if LTSE finds that the LTSE Market Maker's failure to maintain a clearing arrangement is voluntary, the withdrawal of quotations will be considered voluntary and unexcused pursuant to LTSE Rule 11.153 and the Rule 11 Series governing the Exchange. LTSE Market Makers that fail to maintain a clearing

relationship will have their Exchange 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 an LTSE Market Maker that is a distribution participant or an affiliated purchaser in order to comply with SEC Rule 101 or 104 of Regulation M under the Act on the following conditions:

(1) A member 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 that is a distribution participant or an affiliated purchaser in such a distribution that does not have a manager shall provide written notice to LTSE Regulation 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 LTSE Market Maker that is a distribution participant or an affiliated purchaser to withdraw the LTSE 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 LTSE Market Maker that it has been identified as a distribution participant or an affiliated purchaser to LTSE Regulation 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 LTSE Regulation as required by subparagraph (e)(2), below.

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

(3) If an LTSE Market Maker that is a distribution participant withdraws its quotations in an LTSE-Primary-Listed Security in order to comply with any provision of SEC Rules 101 or 104 of Regulation M and promptly notifies LTSE Regulation of its action, the withdrawal shall be deemed an excused withdrawal. Nothing in this subparagraph shall prohibit LTSE from taking such action as is necessary under the circumstances against a Member and its associated persons for failure to contact LTSE Regulation to obtain an excused withdrawal as required by subparagraphs (a) and (e) of this Rule.

(4) Reserved.

(5) A member 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 LTSE Regulation 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 LTSE Appeals Committee shall have jurisdiction over proceedings brought by LTSE Market Makers seeking review of the denial of an excused withdrawal pursuant to this LTSE Rule, or the conditions imposed on their re-entry.

(g) An LTSE Market Maker that wishes to reinstate its quotations in a security after an excused withdrawal pursuant to LTSE Rule 11.152 shall contact LTSE to notify LTSE of its intention to be reinstated. Upon confirmation by LTSE that the market maker is reinstated, the market maker will have no longer than ten minutes to meet its market making obligations under LTSE Rule 11.152.

*(Amended by SR-LTSE-2019-04 eff. December 5, 2019)*

**Rule 11.153. Voluntary Termination of Registration**

(a) An LTSE Market Maker may voluntarily terminate its registration in a security by withdrawing its two-sided quotation from the Exchange. An LTSE Market Maker that voluntarily terminates its registration in a security may not re-register as a market maker in that security for twenty (20) business days in the case of LTSE-Primary-Listed Securities or for one (1) business day in the case of other securities. Withdrawal from participation as an LTSE Market Maker in the Exchange shall constitute termination of registration as a market maker in that security for purposes of this LTSE Rule; provided, however, that an LTSE 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 Exchange and thereby terminates its registration as an LTSE Market Maker may register as an LTSE Market Maker at any time after a clearing arrangement has been reestablished unless LTSE finds that the LTSE 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, an LTSE Market Maker that accidentally withdraws as an LTSE Market Maker may be reinstated if:

(1) The LTSE Market Maker notified Regulation 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 LTSE Market Maker was not attempting to avoid its market making obligations; and

(3) The LTSE 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;

(4) 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

(5) 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 LTSE will consider in granting a reinstatement under paragraph (b) of this LTSE Rule include, but are not limited to:

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

(2) The similarity between the symbol of the stock that the LTSE Market Maker intended to withdraw from and the symbol of the stock that the LTSE 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 Member's position in the security at the time of the withdrawal to market risk; and

(5) The timeliness with which the LTSE Market Maker notified Regulation of the error.

(d) For purposes of paragraph (a) of this LTSE 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 the Exchange if the LTSE Market Maker's two-sided quotation in the subject security is withdrawn by LTSE'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 LTSE Market Maker enters a new two-sided quotation prior to the close of the Regular Market Session on the same day when LTSE's systems withdrew such a quotation;

(2) The LTSE 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 LTSE 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, LTSE Regulation authorizes the market maker to enter a new two-sided quotation, provided that LTSE Regulation 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 LTSE Market Maker was not attempting to avoid its market making obligations by failing to re-enter such a quotation earlier.

(e) The LTSE Appeals Committee shall have jurisdiction over proceedings brought by LTSE Market Makers seeking review of their denial of a reinstatement pursuant to paragraphs (b) or (d) of this LTSE Rule.

*(Amended by SR-LTSE-2019-04 eff. December 5, 2019)*

**Rule 11.154. Suspension and Termination of Quotations**

LTSE may, pursuant to the procedures set forth in Chapter 9, suspend, condition, limit, prohibit or terminate the authority of an LTSE Market Maker or Member to enter quotations in one or more authorized securities for violations of applicable requirements or prohibitions.

**Rule 11.160. Notification Requirements for Offering Participants**

(a) General.

This LTSE Rule 11.160 sets forth the notice requirements applicable to all Members participating in offerings of listed securities for purposes of monitoring compliance with the provisions of SEC Regulation M. In addition to the requirements under this LTSE Rule 11.160, Members also must comply with all applicable rules governing the withdrawal of quotations in accordance with SEC Regulation M.

(b) Definitions.

For purposes of this Rule, the following terms shall have the meanings as set forth in Rules 100 and 101 of SEC Regulation M: "actively traded", "affiliated purchaser", "covered security", "distribution", "distribution participant", "offering price", "penalty bid", "restricted period", "selling security holder", "stabilizing" and "syndicate covering transaction".

(c) Notice Relating to Distributions of Listed Securities Subject to a Restricted Period Under SEC Regulation M

(1) A Member acting as a manager (or in a similar capacity) of a distribution of any listed security that is a covered security subject to a restricted period under Rule 101 of SEC Regulation M shall provide written notice to the Exchange, in such form as specified by the Exchange, of the following:

(A) the Member's determination as to whether a one-day or five-day restricted period applies under Rule 101 of SEC Regulation M and the basis for such determination, including the contemplated date and time of the commencement of the restricted period, the listed security name and symbol, and identification of the distribution participants and affiliated purchasers, no later than the business day prior to the first complete trading session of the applicable restricted period, unless later notification is necessary under specific circumstances;

(B) the pricing of the distribution, including the listed security name and symbol, the type of security, the number of shares offered, the offering price, the last sale before the distribution, the pricing basis, the SEC effective date and time, the trade date, the restricted period, and identification of the distribution participants and affiliated purchasers, no later than the close of business the next business day following the

pricing of the distribution, unless later notification is necessary under specific circumstances;

(C) the cancellation or postponement of any distribution for which prior notification of commencement of the restricted period has been submitted under paragraph (c)(1)(A) above, immediately upon the cancellation or postponement of such distribution; and

(D) If no Member is acting as a manager (or in a similar capacity) of such distribution, then each Member that is a distribution participant or affiliated purchaser shall provide the notice required under this paragraph (c)(1), unless another Member has assumed responsibility in writing for compliance therewith.

(2) Any Member that is an issuer or selling security holder in a distribution of any listed security that is a covered security subject to a restricted period under Rule 102 of SEC Regulation M shall comply with the notice requirements of paragraph (c)(1), unless another Member has assumed responsibility in writing for compliance therewith.

(d) Notice Relating to Distributions of "Actively Traded" Securities Under SEC Regulation M

A Member acting as a manager (or in a similar capacity) of a distribution of any listed security that is considered an "actively traded" security under Rule 101 of SEC Regulation M shall provide written notice to the Exchange, in such form as specified by the Exchange, of the following:

(1) the Member's determination that no restricted period applies under Rule 101 of SEC Regulation M and the basis for such determination; and

(2) the pricing of the distribution, including the listed security name and symbol, the type of security, the number of shares offered, the offering price, the last sale before the distribution, the pricing basis, the SEC effective date and time, the trade date, and identification of the distribution participants and affiliated purchasers.

Such notice shall be provided no later than the close of business the next business day following the pricing of the distribution, unless later notification is necessary under specific circumstances.

If no Member is acting as a manager (or in a similar capacity) of such distribution, then each Member that is a distribution participant or an affiliated purchaser shall provide the notice required under this paragraph (d), unless another Member has assumed responsibility in writing for compliance therewith.

(e) Notice of Stabilizing Bids, Penalty Bids and Syndicate Covering Transactions in Listed Securities

A Member placing or transmitting a stabilizing bid, imposing a penalty bid, or engaging in a syndicate covering transaction in connection with an offering of a listed security pursuant to Rule 104 of SEC Regulation M shall, unless another Member has assumed responsibility in writing for compliance with this paragraph (e), provide written notice to the Exchange, in such form as specified by the Exchange, of the following:

(1) The Member's intention to conduct such activity, prior to placing or transmitting the stabilizing bid, imposing the penalty bid or engaging in the first syndicate covering transaction, including identification of the listed security and its symbol and the date such activity will occur; and

(2) confirmation that the Member has placed or transmitted a stabilizing bid, imposed a penalty bid or engaged in a syndicate covering transaction, within one business day of completion of such activity, including identification of the listed security and its symbol, the total number of shares and the date(s) of such activity.

**Rule 11.170. Reserved**

**Rule 11.180. Definitions**

For purposes of this Chapter, the following definitions shall apply:

(a) Cancel Back. An instruction the User may attach to an order instructing the System to immediately cancel the order when, if displayed by the System on the LTSE Book at the time of entry would create a violation of Rule 610(d) of Regulation NMS or Rule 201 of Regulation SHO, or the order cannot otherwise be executed or posted by the System to the LTSE Book at its limit price.

(b) Crossing Quotation. The display of a bid (offer) for an NMS stock at a price that is higher (lower) than the price of an offer (bid) for such NMS stock previously disseminated pursuant to an effective national market system plan in violation of Rule 610(d) of Regulation NMS.

(c) Display Options.

(1) Displayed. An instruction the User may attach to an order stating that the order is to be displayed by the System on the LTSE Book.

(2) Non-Displayed. An instruction the User may attach to an order stating that the order is not to be displayed by the System on the LTSE Book.

(d) Locking Price. The price at which an order to buy (sell), that if displayed by the System on the LTSE Book, would be a Locking Quotation.

(e) Locking Quotation. The display of a bid for an NMS stock 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 at a price that equals the price of a bid for such NMS stock previously disseminated pursuant

to an effective national market system plan in violation of Rule 610(d) of Regulation NMS.

(f) Minimum Execution Quantity. An instruction a User may attach to an order with a Non-Displayed instruction or a Time-in-Force of Immediate-or-Cancel instruction requiring the System to execute the order only to the extent that a minimum quantity can be satisfied. An order with the Minimum Execution Quantity instruction will only execute upon entry against a single order resting on the LTSE Book. If, upon entry, there are no orders that satisfy the minimum quantity condition resting on the LTSE Book, the order will either be posted to the LTSE Book at its limit price or canceled in accordance with the terms of the order. However, an order with a Minimum Execution Quantity will be canceled where, if posted, it would cross the displayed price of an order on the LTSE Book. An order to buy (sell) with a Minimum Execution Quantity instruction that is ranked in the LTSE Book will not be eligible to trade: (i) at a price equal to or above (below) any sell (buy) orders that are Displayed and that have a ranked price equal to or below (above) the price of such order with a Minimum Execution Quantity instruction; or (ii) at a price above (below) any sell (buy) order that is Non-Displayed and has a ranked price below (above) the price of such order with a Minimum Execution Quantity instruction. However, an order with a Minimum Execution Quantity instruction that crosses an order on the LTSE Book may execute at a price less aggressive than its ranked price against an incoming order so long as such execution is consistent with the above restrictions. An order with a Minimum Execution Quantity instruction may be partially executed so long as the execution size of the individual order is equal to or exceeds the quantity provided in the instruction. Any shares remaining after a partial execution will continue to be executed at a size that is equal to or exceeds the quantity provided in the instruction. If posted to the LTSE Book, the order may only execute against individual incoming orders with a size that satisfies the minimum quantity condition. An order with the Minimum Execution Quantity instruction cedes execution priority when it would lock or cross an order against which it would otherwise execute if it were not for the minimum execution size restriction. If a resting Non-Displayed sell (buy) order did not meet the minimum quantity condition of a same-priced resting order to buy (sell) with a Minimum Execution Quantity instruction, a subsequently arriving sell (buy) order that meets the minimum quantity condition will trade ahead of such resting Non-Displayed sell (buy) order at that price. Where the number of shares remaining after a partial execution are less than the quantity provided in the instruction, the Minimum Execution Quantity shall be equal to the number of shares remaining.

(g) Minimum Price Variation ("MPV"). Bids, offers, or orders in securities traded on the Exchange shall not be made in an increment smaller than: (i) $0.01 if those bids, offers, or orders are priced equal to or greater than $1.00 per share; or (ii) $0.0001 if those bids, offers, or orders are priced less than $1.00 per share; or (iii) any other increment established by the Commission for any security which has been granted an exemption from the minimum price increments requirements of SEC Rule 612(a) or 612(b) of Regulation NMS.

(h) Pegged Order. An order that automatically re-prices in response to changes in the NBBO, as further described in LTSE Rule 11.190(c). A User entering a Pegged Order can specify that the order's price will peg to the NBB or NBO or a certain amount away from the NBB or NBO (offset) or the midpoint of the NBBO, as described below.

(1) Primary Peg. An order with instructions to peg to the NBB, for a buy order, or the NBO, for a sell order. A User may, but is not required to, select an offset equal to or greater than $0.01 above or below the NBB or NBO that the order is pegged to ("Primary Offset Amount"). A User submitting a Pegged Order with a Primary Peg instruction may, but is not required to, include a limit price on such order.

(2) Midpoint Peg. A Pegged Order with an instruction to peg to the midpoint of the NBBO. A User submitting a Pegged Order with a Midpoint Peg instruction may, but is not required to, include a limit price on such order. A Pegged Order with a Midpoint Peg instruction and a limit price that is more aggressive than the midpoint of the NBBO will execute at the midpoint of the NBBO or better subject to its limit price. A Pegged Order with a Midpoint Peg instruction may execute at its limit price or better when its limit price is less aggressive than the midpoint of the NBBO. A Pegged Order with a Midpoint Peg instruction will be ranked at the midpoint of the NBBO where its limit price is equal to or more aggressive than the midpoint of the NBBO. In such case, pursuant to LTSE Rule 11.220, all Pegged Orders with a Midpoint Peg instruction that are ranked at the midpoint of the NBBO will retain their priority as compared to each other based upon the time such orders were initially received by the System. A Pegged Order with a Midpoint Peg instruction will be ranked at its limit price where its limit price is less aggressive than the midpoint of the NBBO.

(i) Permitted Price. The price at which a sell order will be displayed at one Minimum Price Variation above the NBB.

(j) Re-Pricing.

(1) Re-Pricing Instructions to Comply with Rule 610(d) of Regulation NMS

(A) Display-Price Sliding.

(i) An order instruction requiring that where an order would be a Locking Quotation or Crossing Quotation of an external market if displayed by the System on the LTSE Book at the time of entry, will be ranked at the Locking Price in the LTSE Book and displayed by the System at one Minimum Price Variation lower (higher) than the Locking Price for orders to buy (sell). A User may elect to have the System only apply the Display-Price Sliding instruction to the extent a display-eligible order at the time of entry would be a Locking Quotation. For Users that select this portion of the Display-Price Sliding instruction, any order will be canceled if, upon entry, such order would be a Crossing Quotation of an external market.

(ii) An order subject to the Display-Price Sliding instruction will retain its original limit price irrespective of the prices at which such order is ranked and displayed. In the event the NBBO changes such that an order subject to the Display-Price Sliding instruction would not be a Locking Quotation or Crossing Quotation, the order will receive a new timestamp, and will be displayed at the most aggressive permissible price. All orders that are re-ranked and re-

displayed pursuant to the Display-Price Sliding instruction will retain their priority as compared to other orders subject to the Display-Price Sliding instruction based upon the time such orders were initially received by the Exchange. Following the initial ranking and display of an order subject to the Display-Price Sliding instruction, an order will only be re-ranked and re-displayed to the extent it achieves a more aggressive price, provided, however, that the Exchange will re-rank an order at the same price as the displayed price in the event such order's displayed price would be a Locking Quotation or Crossing Quotation, which event will not result in a change in priority for the order at its displayed price, and when an away Trading Center publishes a Protected Quotation that locks or crosses the displayed price of a resting Limit Order of Odd Lot size with a multiple price sliding instruction (as described in sub-paragraph (iii) below) and the Exchange does not have a Protected Quotation displayed at such price, the resting Limit Order will be ranked at the Locking Price in the LTSE Book and displayed by the System at one Minimum Price Variation lower (higher) than the Locking Price for orders to buy (sell).

(iii) The ranked and displayed prices of an order subject to the Display-Price Sliding instruction may be adjusted once or multiple times depending upon the instructions of a User and changes to the prevailing NBBO. A User that submits an order with a Display-Price Sliding instruction must select either single or multiple price sliding. The Exchange's single price sliding process will only adjust the ranked and displayed prices of an order upon entry and then the displayed price one time following a change to the prevailing NBBO, provided however, that if such an order's displayed price becomes a Locking Quotation or Crossing Quotation then the Exchange will adjust the ranked price of such order and it will not be further re-ranked or redisplayed at any other price. Orders subject to the Exchange's multiple price sliding process will be further re-ranked and re-displayed as permissible based on changes to the prevailing NBBO.

(iv) Any display-eligible order with a Post Only instruction that would be a Locking Quotation or Crossing Quotation of the Exchange upon entry will be executed or canceled. In the event the NBBO changes such that an order with a Post Only instruction subject to Display-Price Sliding instruction would be ranked at a price at which it could remove displayed liquidity from the LTSE Book, the order will be executed or canceled.

(v) An order with a Post Only instruction will be permitted to post and be displayed opposite the ranked price of orders subject to Display-Price Sliding instruction. In the event an order subject to the Display-Price Sliding instruction is ranked on the LTSE Book with a price equal to an opposite side order displayed by the

Exchange, it will be subject to processing as set forth in LTSE Rule 11.230(a)(4).

(2) Re-Pricing Instructions to Comply with Rule 201 of Regulation SHO.

(A) An order to sell with a Short Sale instruction that, at the time of entry, could not be executed or displayed in compliance with Rule 201 of Regulation SHO will be re-priced by the System at the Permitted Price. A User that submits an order with a short sale re-pricing instruction must select either single or multiple price sliding. The Exchange's single price sliding process will only re-price an order upon entry. To reflect declines in the NBB, the Exchange's multiple price sliding process will continue to re-price and re-display a short sale order at the Permitted Price down to the order's limit price. In the event the NBB changes such that the price of an order of Odd Lot size or with a Non-Displayed instruction subject to Rule 201 of Regulation SHO would be a Locking Quotation or Crossing Quotation, the order will be canceled.

(B) When a Short Sale Circuit Breaker is in effect, the System may execute a sell order with a Displayed and Short Sale instruction at the price of the NBB if, at the time of initial display of the sell order with a Short Sale instruction, the order was at a price above the then current NBB.

(C) Orders with a Short Exempt instruction will not be subject to repricing under this section.

(D) If an order is subject to a Display-Price Sliding instruction and also contains a Short Sale instruction when a Short Sale Circuit Breaker is in effect, the re-pricing instructions to comply with Rule 201 of Regulation SHO under this Rule will apply.

(k) Reserve Quantity. The portion of an order that includes a Non-Displayed instruction in which a portion of that order is also displayed on the LTSE Book. Both the portion of the order with a Displayed instruction and the Reserve Quantity are available for execution against incoming orders.

(1) Replenishment Amounts. If the portion of the order with a Displayed instruction is reduced to less than a Round Lot, the System will, in accordance with the User's instruction, replenish the displayed quantity from the Reserve Quantity using one of the below replenishment instructions. Under either instruction below, any order with a Reserve Quantity will be handled as a new order by the System and a new order identification number will be created each time a displayed quantity is replenished. The Exchange will obfuscate the unique order identification number on its data feeds for replenishment of an order with Reserve Quantity. If the remainder of an order is less than the replenishment amount, the Exchange will replenish and display the entire remainder of the order. A User must instruct the Exchange as to the quantity of the order to be initially displayed by the System ("Max Floor") when entering an order with a Reserve Quantity, which is also used to determine the replenishment amount, as set forth below.

(A) Random Replenishment. An instruction a User may attach to the Reserve Quantity of an order where replenishment quantities for the order are randomly determined by the System in Round Lot increments only within a replenishment range established by the User. In particular, the User entering an order into the System subject to the Random Replenishment instruction must select a replenishment value and Max Floor. The actual quantity that will be initially displayed will be the Max Floor. The displayed replenishment quantities will then be determined by the System by randomly selecting a number of shares within a replenishment range that is between: (i) the Max Floor minus the replenishment value; and (ii) the Max Floor plus the replenishment value. A User entering an order into the System subject to the Random Replenishment instruction must either select immediate replenishment or to have the time interval of such replenishment randomly set by the Exchange. If a User has selected a random time interval, the System will randomly replenish the User's displayed replenishment quantity at different time intervals ranging up to one (1) millisecond following each execution that triggers replenishment. The non-displayed portion of an order subject to Random Replenishment will remain fully executable prior to the replenishment of a User's displayed quantity.

(B) Fixed Replenishment. For an order for which the Random Replenishment instruction has not been selected, the System will replenish the displayed quantity of the order to the Max Floor designated by the User.

(l) Posting Instructions.

(1) Reserved.

(2) Post Only. An instruction that may be attached to an order that is to be ranked and executed on the Exchange pursuant to LTSE Rule 11.220 and LTSE Rule 11.230(a)(4) or canceled, as appropriate, except that the order will not remove liquidity from the LTSE Book, except as described below. An order with a Post Only instruction and a Display-Price Sliding instruction will remove contra-side liquidity from the LTSE Book if the order is an order to buy or sell a security priced below $1.00 or if the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the LTSE Book and subsequently provided liquidity, including the applicable fees charged or rebates provided. To determine at the time of a potential execution whether the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the LTSE Book and subsequently provided liquidity, the Exchange will use the highest possible rebate paid and highest possible fee charged for such executions on the Exchange.

(m) Short Sale. An instruction on an order which shall have the same meaning as defined in Rule 200(a) of Regulation SHO.

(n) Short Exempt. An instruction on an order with a Short Sale instruction that satisfies the requirements set forth in Rule 201 of Regulation SHO.

(o) Time-in-Force ("TIF").

(1) Immediate-or-Cancel ("IOC"). An instruction the User may attach to an order stating the order is to be executed in whole or in part as soon as such order is received. The portion not executed immediately on the Exchange is treated as canceled and is not posted to the LTSE Book.

(2) Day. An instruction the User may attach to an order stating that an order to buy or sell is designated for execution starting with the Pre-Market Session and, if not executed, expires at the end of Regular Trading Hours. Any Day Order entered into the System before the opening for business on the Exchange as determined pursuant to LTSE Rule 11.110, or after the closing of Regular Trading Hours, will be rejected.

(3) Fill-or-Kill ("FOK"). An instruction the User may attach to an order stating that the order is to be executed in its entirety as soon as it is received and, if not so executed, is canceled.

(4) Good-'til Time ("GTT"). An instruction the User may attach to an order specifying the time of day at which the order expires, which is designated for execution starting with the Pre-Market Session. Any unexecuted portion of an order with a TIF instruction of GTT will be canceled at the expiration of the User's specified time, which can be no later than the close of the Post-Market Session.

(5) Regular Hours Only ("RHO"). An instruction a User may attach to an order stating that an order to buy or sell is designated for execution only during Regular Trading Hours and, if not executed, expires at the end of Regular Trading Hours. Any order with a TIF instruction of RHO entered into the System before the opening or after the closing of Regular Trading Hours will be rejected.

(p) Trading Center. Other securities exchanges, facilities of securities exchanges, automated trading systems, electronic communications networks or other brokers or dealers.

(q) Units of Trading.

(1) Round Lot. For any NMS stock, the "Round Lot" shall be the size assigned by the primary listing market pursuant to Rule 600 of Regulation NMS under the Exchange Act. Orders that are a Round Lot are eligible to be Protected Quotations.

(2) Odd Lot. Any amount less than a Round Lot. Orders of Odd Lot size are only eligible to be Protected Quotations if aggregated to form a Round Lot.

(3) Mixed Lot. Any amount greater than a Round Lot that is not an integer multiple of a Round Lot shall constitute a Mixed Lot. Odd Lot portions of orders of Mixed Lot size are only eligible to be Protected Quotations if aggregated to form a Round Lot.

*(Amended by SR-LTSE-2024-03 eff. August 20, 2024; amended by SR-LTSE-2025-25 eff. December 12, 2025)*

**Rule 11.190. Order Types and Modifiers**

Users may enter into the System the types of orders listed in this LTSE Rule 11.190, subject to the limitations set forth in this LTSE Rule 11.190 or elsewhere in the LTSE Rules. Any order that is submitted to the System for execution will be an "LTSE Only" Order. By default, orders are limited to a maximum of 1,000,000 shares or $30,000,000.00.

(a) Limit Order. An order to buy or sell a stated amount of a security at a specified price ("limit price") or better. A "marketable" Limit Order is a Limit Order to buy (sell) at or above (below) the lowest (highest) Protected Offer (Bid) for the security.

(1) Time-in-Force. A Limit Order must have one of the following TIF instructions: Day, IOC, RHO, FOK, or GTT.

(2) Size. A Limit Order may be an Odd Lot, Round Lot or Mixed Lot. A User may include a Minimum Execution Quantity instruction for a Limit Order with a Non-Displayed instruction or TIF of IOC.

(3) Display. A Limit Order may include a Displayed instruction or a Non-Displayed instruction.

(4) Reserve. A Limit Order with a Displayed instruction may include a Reserve Quantity, which will not be displayed by the System. A Limit Order with both a Displayed instruction and Reserve Quantity must include a replenishment instruction and a replenishment amount.

(5) Intermarket Sweep Order ("ISO"). The System will accept ISOs (as such term is defined in Regulation NMS). To be eligible for treatment as an ISO, the order must be: (i) a Limit Order; (ii) marked "ISO"; and (iii) the User entering the order must simultaneously route one or more additional Limit Orders marked "ISO," if necessary, to away Trading Centers to execute against the full displayed size of any Protected Quotation for the security with a price that is superior to the limit price of the ISO entered in the System. Such orders, if they meet the requirements of the foregoing sentence, may be executed at one or multiple price levels in the System without regard to Protected Quotations at away Trading Centers consistent with Regulation NMS (i.e., may trade through such quotations).

The Exchange relies on the marking of an order as an ISO when handling such order, and thus, it is the entering Member's responsibility, not the Exchange's responsibility, to comply with the requirements of Regulation NMS relating to ISOs. Incoming ISOs must have a TIF instruction of Day, GTT, or IOC. Incoming ISOs cannot include a TIF instruction of FOK or RHO. Any unfilled portion of an incoming ISO with a GTT or Day instruction will be posted by the System to the LTSE Book at the entered limit price. An incoming ISO with a Post Only and TIF instruction of GTT or Day will be canceled without execution if, when entered, it is immediately marketable against an order with a Display instruction resting in the LTSE Book unless

such order removes liquidity pursuant to LTSE Rule 11.180(l)(2). A User entering an incoming ISO with a TIF instruction of Day represents that such User has simultaneously routed one or more additional Limit Orders marked "ISO," if necessary, to away Trading Centers to execute against the full displayed size of any Protected Quotation for the security with a price that is superior or equal to the limit price of the ISO entered in the System. Incoming ISOs may be an Odd Lot, Round Lot, or Mixed Lot. A User may include a Minimum Execution Quantity instruction for an incoming ISO with an IOC instruction.

(6) Session. A Limit Order can be eligible for execution during the Pre-Market Session, Regular Market Session, and the Post-Market Session.

(7) Posting. A Limit Order may include a Post Only instruction.

(8) Locked or Crossed Market. To the extent an incoming Limit Order with a Non-Displayed instruction would be a Crossing Quotation if displayed at its limit price, such order will execute against interest in the LTSE Book at prices up to and including the Locking Price and will then be canceled by the System. A resting Limit Order with a Non-Displayed instruction that would be a Crossing Quotation if displayed at the price at which it is ranked will be canceled by the System. When an away Trading Center publishes a Protected Quotation that locks or crosses the displayed price of a resting Limit Order of Odd Lot size with a Displayed instruction and the Exchange does not have a Protected Quotation displayed at such price, such order will be canceled by the System unless such order contains a multiple price sliding instruction, in which case such order will be re-priced pursuant to LTSE Rule 11.180(j)(1)(A).

The following functionality described in paragraphs (9) – (10) below is available for Limit Orders that are posted to the LTSE Book.

(9) Re-Pricing Instructions to Comply with Rule 610 of Regulation NMS. A Limit Order may include a Display-Price Sliding instruction or a Cancel Back instruction. A Limit Order to buy (sell) with a limit price that would be a Crossing Quotation at the time of entry into the System will not execute at a price that is higher (lower) than the Locking Price. An incoming ISO that includes a Post Only and TIF instruction of GTT, or Day may be displayed at prices equal to or more aggressive than the Locking Price. However, the System will immediately Cancel Back an ISO that includes a Post Only and TIF instruction of GTT, or Day if the System is displaying orders on the LTSE Book at the Locking Price at the time of the ISO's entry in the System unless such order removes liquidity pursuant to LTSE Rule 11.180(l).

(10) Re-Pricing Instructions to Comply with Rule 201 of Regulation SHO. A Limit Order that includes a Short Sale instruction that is not marked Short Exempt, and that cannot be executed in the System or displayed by the System on the LTSE Book at its limit price because a Short Sale Circuit Breaker is in effect, will be subject to the Re-Pricing Instruction to comply with Rule 201 of Regulation SHO if the order includes a Display-Price Sliding instruction or will be subject to the Cancel Back instruction. The System will immediately Cancel Back an incoming ISO combined with a TIF instruction of GTT or Day and a Short Sale instruction that does not include a Short Exempt instruction

and that cannot be executed or displayed at its limit price at the time of entry into the System because of the existence of a Short Sale Circuit Breaker.

(b) Market Order. An order to buy or sell a stated amount of a security that is to be executed at the NBBO or better when the order reaches the Exchange.

(1) Time-In-Force. A Market Order must have one of the following TIF instructions: Day, IOC, RHO, or FOK. A Market Order that includes a TIF instruction of FOK will be canceled if not executed in full immediately after entry into the System.

(2) Size. Market Orders may be an Odd Lot, Round Lot, or Mixed Lot. A User may attach a Minimum Execution Quantity instruction to a Market Order with a TIF instruction of IOC.

(3) Display. A Market Order is not eligible to be displayed on the LTSE Book and will be canceled if not executed by the System.

(4) Session. A Market Order is only eligible for execution by the System during the Regular Market Session.

(5) Reserved.

(6) Execution. A Market Order shall not trade through a Protected Quotation. A Market Order with a Book Only instruction will be canceled if, when reaching the Exchange, it cannot be executed by the System in accordance with LTSE Rule 11.190(b). Any portion of a Market Order that would execute at a price more than $0.50 or 5 percent worse than the NBBO at the time the order initially reaches the Exchange, whichever is greater, will be canceled.

(7) No Available NBBO. A Market Order received by the System when the NBBO is not available will be rejected or canceled back to the entering User.

(c) Pegged Order. A User may indicate to peg an order to a reference price, including an instruction of Primary Peg (the NBB for buy orders and NBO for sell orders) or an instruction of Midpoint Peg (the midpoint of the NBBO). The System's calculation of the NBBO does not take into account any Pegged Orders that are resting on the LTSE Book. A new timestamp is created for a Pegged Order each time it is automatically re-priced.

(1) Time-in-Force. A Pegged Order may contain the following TIF instructions: Day, FOK, IOC, RHO or GTT. Any unexecuted portion of a Pegged Order with a TIF instruction of Day or GTT that is resting on the LTSE Book will receive a new timestamp each time it is re-priced in response to changes in the midpoint of the NBBO.

(2) Size. Pegged Orders may be entered as an Odd Lot, Round Lot or Mixed Lot. A User may include a Minimum Execution Quantity instruction.

(3) Display. Pegged Orders are not eligible to include a Displayed instruction.

(4) Session. Pegged Orders may be executed during the Pre-Market Session, the Regular Market Session, and the Post-Market Session.

(5) Posting. A Pegged Order may include Post Only instruction.

(6) Locked or Crossed Market. To the extent an incoming Pegged Order would be a Crossing Quotation if displayed at the price at which it would be ranked in the LTSE Book, such order will execute against interest in the LTSE Book at prices up to and including the Locking Price and will then be canceled by the System. A Pegged Order resting on the LTSE Book is not eligible for execution when a Locking or Crossing Quotation exists. In such cases, a Pegged Order would rest on the LTSE Book and would not be eligible for execution in the System until a Locking Quotation or Crossing Quotation no longer exists.

(7) No Available NBBO. A Pegged Order received by the System when the NBBO is not available will be rejected or canceled back to the entering User. A Pegged Order resting on the LTSE Book will be canceled back to the User when the NBB or NBO that the order is pegged to is no longer available.

*(Amended by SR-LTSE-2024-03 eff. August 20, 2024)*

## Rule Series 11.200. Order Guidelines

**Rule 11.210. Reserved.**

**Rule 11.220. Priority of Orders**

(a) Ranking. Orders of Users shall be ranked and maintained in the LTSE Book based on the following priority:

(1) Price. The highest-priced order to buy (lowest-priced order to sell) shall have priority over all other orders to buy (sell) in all cases.

(2) Time. Subject to the execution process described in LTSE Rule 11.230(a), the following priority rules shall apply:

(A) Where orders to buy (sell) are entered into the System at the same price, the order clearly established as the first entered into the System at such particular price shall have precedence at that price, up to the number of shares of stock specified in the order. Except as provided in paragraphs (B) and (C) below, the System shall rank equally priced trading interest within the System in time priority in the following order:

(i) The portion of a Limit Order with a Displayed instruction;

(ii) Limit Orders with a Non-Displayed instruction;

(iii) Orders with a Primary Peg instruction;

(iv) Orders with a Midpoint Peg instruction; and

(v) Reserve Quantity of Limit Orders.

(B) At the Midpoint of the NBBO. Where orders to buy (sell) are priced at the midpoint of the NBBO, the order clearly established as the first priced at the midpoint of the NBBO within each sub-paragraph below shall have precedence at the mid-point of the NBBO, up to the number of shares of stock specified in the order. The System shall rank trading interest priced at the midpoint of the NBBO within the System in time priority in the following order:

(i) Limit Orders to which the Display-Price Sliding instruction has been applied;

(ii) Limit Orders with a Non-Displayed instruction;

(iii) Orders with a Primary Peg instruction;

(iv) Orders with a Midpoint Peg instruction; and

(v) Reserve Quantity of Limit Orders.

(C) Where buy (sell) orders are using instructions that cause them to be re-ranked by the System upon clearance of a Locking Quotation, the System shall re-rank and display such orders at the Locking Price in time priority in the following order:

(i) Limit Orders to which the ISO instruction has been applied that also contain a TIF instruction of Day when such orders establish a new NBBO at the Locked Price; and

(ii) Limit Orders to which the Display-Price Sliding instruction has been applied.

(D) For purposes of paragraphs (A) and (B) above, orders re-ranked subject to the Re-Pricing instruction to comply with Rule 201 of Regulation SHO under LTSE Rule 11.180(j)(2), maintain the same priority as Limit Orders at that price.

(3) STP Modifiers. Pursuant to LTSE Rule 11.230(d), users may direct that orders entered into the System not execute against orders entered under the same Unique Identifier. In such a case, the System will not permit such orders to execute against one another, regardless of priority ranking.

(4) Cancel/Replace. In the event an order has been canceled or replaced in accordance with LTSE Rule 11.230(f) below, such order only retains time priority if such modification involves a decrease in the size of the order, a change to Max Floor of an order with a Reserve Quantity, the sell long indicator, or Short Sale instruction. Any other modification to an order, including an increase in the size of the order and/or price change, will result in such order losing time priority as compared to other orders in the LTSE Book and the timestamp for such order being revised to reflect the time of the modification.

(5) In the event that an order is executed against an incoming order in accordance with LTSE Rule 11.230 for less than its full size, the unexecuted size of the order shall retain its original time priority and be ranked in accordance with paragraphs (1) and (2) above.

(6) Replenishment from Reserve Quantity. The displayed quantity of a Limit Order shall have time priority as of the time of display. A new timestamp is created for the displayed portion and Reserve Quantity of the order each time it is replenished from the Reserve Quantity.

(b) Dissemination.

(1) The best-ranked order(s) to buy and the best-ranked order(s) to sell that are displayable in the LTSE Book and the aggregate displayed size of such orders associated with such prices shall be collected and made available to quotation vendors for dissemination pursuant to the requirements of Rule 602 of Regulation NMS.

(2) Pursuant to Rule 602 of Regulation NMS, the Exchange will transmit for display to the appropriate securities information processor for each security:

(A) 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;

(B) the aggregate size of all displayed buy interest in the System greater than or equal to the price in (A), rounded down to the nearest Round Lot;

(C) 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

(D) the aggregate size of all displayed sell interest in the System less than or equal to the price in (C), rounded down to the nearest Round Lot.

*(Amended by SR-LTSE-2019-02 eff. September 27, 2019; amended by SR-LTSE-2020-08 eff. March 27, 2020; amended by SR-LTSE-2024-03 eff. August 20, 2024; amended by SR-LTSE-2025-25 eff. December 12, 2025)*

**Rule 11.230. Order Execution**

Subject to the restrictions under these Exchange Rules or the Act, and the rules and regulations thereunder, orders shall be matched for execution in accordance with this LTSE Rule 11.230.

(a) Execution Against the LTSE Order Book. For purposes of this LTSE Rule 11.230, any order falling within the parameters of this paragraph shall be referred to as "executable." An order will be canceled back to the User if, based on market conditions, User instructions, applicable LTSE Rules, and/or the Act and the rules and regulations thereunder, such order is not executable and cannot be posted to the Order Book.

(1) Compliance with Rule 201 of Regulation SHO. For any execution of a short sale order to occur on the Exchange when a short sale price test restriction is in effect, the execution price must be higher than (i.e., above) the NBB, unless the sell order was initially displayed by the System at a price above the then current NBB or is marked "short exempt" pursuant to Regulation SHO. Short sale orders are subject to the short sale price sliding process pursuant to LTSE Rule 11.190(a)(10), as well as any other applicable price sliding process.

(2) Compliance with Regulation NMS and Trade-Through Protection.

(A) Regular Market Session. For any execution to occur during the Regular Market Session, the price must be equal to or better than the Protected NBBO, unless the order is marked ISO, or unless the execution falls within another exception set forth in Rule 611(b) of Regulation NMS.

(B) Pre-Market Session and Post-Market Session. For any execution to occur during the Pre-Market Session or Post-Market Session, the price must be equal to or better than the highest Protected Bid or lowest Protected Offer in the LTSE Book or disseminated by the responsible single plan processor, unless the order is marked ISO, or a Protected Bid is crossing a Protected Offer. Notwithstanding the foregoing, in the event that a Protected Bid is crossing a Protected Offer, whether during or outside of Regular Trading Hours, unless the order is marked ISO, the Exchange will not execute any portion of a bid at a price more than the greater of 5 cents or 0.5 percent higher than the lowest Protected Offer or any portion of an offer that would execute at a price more than the greater of 5 cents or 0.5 percent lower than the highest Protected Bid. Upon instruction from a User, the Exchange will cancel any incoming order from such User in the event a Protected Bid is crossing a Protected Offer.

(3) Compliance with the requirements of the LULD Plan. Except as provided in Section VI of the LULD Plan, for any executions to occur during Regular Trading Hours, such executions must occur at a price that is greater than or equal to the Lower Price Band and less than or equal to the Upper Price Band, when such Price Bands are disseminated. The Exchange's procedures for handling, executing, re-pricing and displaying orders in connection with the LULD Plan are further described in LTSE Rule 11.281(b)(1)(A)(i).

(4) Execution against the LTSE Book. An incoming active order will first attempt to be matched for execution against orders in the LTSE Book, as described below.

(A) Buy Orders. An incoming order to buy will be automatically executed to the extent that it is priced at an amount that equals or exceeds the resting price of any order to sell in the Order Book and is executable, as defined above. Such order to buy shall be executed at the price(s) of the lowest priced order(s) to sell having priority in the Order Book.

(B) Sell Orders. An incoming order to sell will be automatically executed to the extent that it is priced at an amount that equals or is less than

the resting price of any other order to buy in the Order Book and is executable, as defined above. Such order to sell shall be executed at the price(s) of the highest priced order(s) to buy having priority in the Order Book.

(C) Consistent with LTSE Rules 11.180 and 11.190, based on User instructions, certain orders are permitted to post and rest on the LTSE Book at prices that lock contra-side liquidity, provided, however, that the System will never display a locked market. Subject to subparagraph (D) below, if an incoming order, pursuant to LTSE Rule (A) or (B) above, is on the same side of the market as an order displayed on the LTSE Book and upon entry would execute against contra-side interest at the same price as such displayed order, such incoming order will be canceled or posted to the LTSE Book and ranked in accordance with LTSE Rule 11.220.

(D) For bids or offers equal to or greater than $1.00 per share, in the event that an incoming order described in subparagraphs (A) or (B) above is a Market Order or is a Limit Order priced more aggressively than an order displayed on the LTSE Book, the Exchange will execute the incoming order at, in the case of an incoming sell order, one-half minimum price variation less than the price of the displayed order, and, in the case of an incoming buy order, at one-half minimum price variation more than the price of the displayed order. For bids or offers under $1.00 per share, this sub-paragraph is inapplicable.

(5) Short Sales. All orders to sell short shall include a Short Sale instruction, and if applicable, a Short Exempt instruction when entered into the System. If an order includes a Short Exempt instruction, the Exchange shall execute, display and/or route an order without regard to any short sale price test restriction in effect under Regulation SHO. The Exchange relies on the inclusion of a Short Exempt instruction when handling such order, and thus, it is the entering Member's responsibility, not the Exchange's responsibility to comply with the requirements of Regulation SHO relating to including a Short Exempt instruction on an order.

(b) Display of Automated Quotations. The System will be operated as an "automated trading center" within the meaning of Regulation NMS, and in furtherance thereof, will display "automated quotations" within the meaning of Regulation NMS at all times except in the event that a systems malfunction renders the System incapable of displaying automated quotations, in which case the System will be disabled and will be unable to accept any orders. The Exchange shall promptly communicate to Users the unavailability of the System. All orders will be designated by the System as non-attributable and displayed (price and size) on the LTSE Book Feed on an anonymous basis by the System.

(c) Reserved.

(d) Self-Help. The Exchange shall take advantage of the self-help provisions of Regulation NMS. Pursuant to the self-help provisions, the System may execute a transaction that would constitute a trade-through of a Protected Quotation displayed on an away trading center if such away trading center is experiencing a failure, material delay, or malfunction of its systems or equipment. If an away trading center

publishing a Protected Quotation repeatedly fails to respond within one second to orders sent by the System to access such away trading center's Protected Quotation, the System may disregard those Protected Quotations when displaying, canceling or executing orders on the Exchange. When invoking self-help, the Exchange will:

(1) Notify the non-responding away trading center immediately after (or at the same time as) electing self-help; and

(2) Assess whether the cause of the problem lies with the System and, if so, taking immediate steps to resolve the problem instead of invoking self-help.

(e) Self Trade Protection ("STP") Modifiers. Any incoming order designated with an STP modifier will be prevented from executing against a resting opposite side order also designated with an STP modifier and originating from the same market participant identifier ("MPID"), Exchange Member identifier or STP Group identifier (any such identifier, a "Unique Identifier"). The STP modifier on the incoming order controls the interaction between two orders marked with STP modifiers.

(1) STP Cancel Newest ("CN"). An incoming order marked with the "CN" modifier will not execute against opposite side resting interest marked with any STP modifier originating from the same Unique Identifier. The incoming order marked with the CN modifier will be canceled back to the originating User(s). The resting order marked with an STP modifier will remain on the LTSE Order Book.

(2) STP Cancel Oldest ("CO"). An incoming order marked with the "CO" modifier will not execute against opposite side resting interest marked with any STP modifier originating from the same Unique Identifier. The resting order marked with the STP modifier will be canceled back to the originating User(s). The incoming order marked with the CO modifier will remain on the LTSE Order Book.

(3) STP Decrement and Cancel ("DC"). An incoming order marked with the "DC" modifier will not execute against opposite side resting interest marked with any STP modifier originating from the same Unique Identifier. If both orders are equivalent in size, both orders will be canceled back to the originating User(s). If the orders are not equivalent in size, the smaller order will be canceled back to the originating User(s) and the larger order will be decremented by the size of the smaller order, with the obalance remaining on the book.

(4) STP Cancel Both ("CB"). An incoming order marked with the "CB" modifier will not execute against opposite side resting interest marked with any STP modifier originating from the same Unique Identifier. The entire size of both orders will be canceled back to the originating User(s).

(5) STP Cancel Smallest ("CS"). An incoming order marked with the CS modifier will not execute against opposite side resting interest marked with any STP modifier originating from the same Unique Identifier. If both orders are equivalent in size, both orders will be canceled back to the originating User(s). If the orders are not equivalent in size, the smaller of the two orders will be canceled back to the originating User and the larger order will remain on the LTSE Order Book.

(f) Cancel/Replace Messages. A User may cancel or replace an existing order entered by the User, subject to the following limitations.

(1) Orders may only be canceled or replaced if the order has a TIF instruction other than IOC and FOK and if the order has not yet been executed in its entirety.

(2) Reserved.

(3) Other than changing a Limit Order to a Market Order, only the price, the sell long indicator, Short Sale instruction, Max Floor of an order with a Reserve Quantity, and size of the order may be changed by a Replace Message. If a User desires to change any other terms of an existing order the existing order must be canceled and a new order must be entered.

(4) Notwithstanding anything to the contrary in these Exchange Rules, no cancellation or replacement of an order will be effective until such message has been received and processed by the System.

*(Amended by SR-LTSE-2019-02 eff. September 27, 2019; amended by SR-LTSE-2019-03 eff. October 18, 2019; amended by SR-LTSE-2024-03 eff. August 20, 2024)*

**Rule 11.231. Reserved.**

**Rule 11.240. Trade Reporting**

(a) Executions occurring as a result of orders matched against the LTSE Order Book shall be reported by the Exchange to an appropriate consolidated transaction reporting system to the extent required by the Act and the rules and regulations thereunder. The Exchange shall promptly notify Users of all executions of their orders as soon as such executions take place.

(b) The Exchange shall identify all trades executed pursuant to an exception 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 ISO exception of Rule 611(b)(5) 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 ISO exception.

(c) Dissemination of Last Sale Information. Executions occurring as a result of orders matched against the Order Book, pursuant to LTSE Rule 11.230, shall be collected and made available to last sale vendors for dissemination. The Exchange will maintain connectivity and access, pursuant to the SIPs for dissemination of last sale (i.e., execution) information.

*(Amended by SR-LTSE-2019-02 eff. September 27, 2019; amended by SR-LTSE-2024-03 eff. August 20, 2024)*

**Rule 11.250. Clearance and Settlement; Anonymity**

(a) Each User must either (1) be a member of a registered clearing agency that uses a continuous net settlement ("CNS") system, or (2) clear transactions executed on the Exchange through another User that is a member of such a registered clearing agency. The Exchange will maintain connectivity and access to the Universal Trade Capture ("UTC") of the National Securities Clearing Corporation ("NSCC"), a subsidiary of the Depository Trust & Clearing Corporation ("DTCC"), for transmission of executed transactions. If a User clears transactions through another User that is a member of a registered clearing agency (the "clearing member"), the clearing member shall affirm to the Exchange in writing, through letter of authorization, letter of guarantee, or other agreement acceptable to the Exchange, its agreement to assume responsibility for clearing and settling any and all trades executed by the User designating it as its clearing firm. The rules of any such clearing agency shall govern with respect to the clearance and settlement of any transactions executed by the Member on the Exchange.

(1) Solely at the discretion of the Exchange, a User may clear transactions executed on the Exchange through a non-Member that is a member of a foreign clearing agency with which a registered clearing agency has an agreement of mutual recognition, and is permitted to clear transactions of the Member in the registered clearing agency's CNS system.

(b) Each transaction executed within the System is executed on a locked-in basis and shall be automatically processed for clearance and settlement.

(c) The transaction reports produced by the System will indicate the details of transactions executed in the System but shall not reveal contra party identities. Except as set forth in paragraph (d) below, transactions executed in the System will also be cleared and settled anonymously.

(d) Except as required by any registered clearing agency, the Exchange will reveal the identity of a User or User's clearing firm in the following circumstances:

(1) For regulatory purposes or to comply with an order of a court or arbitrator; or

(2) When a registered clearing agency ceases to be the User's clearing firm, and determines not to guarantee the settlement of the User's trades.

**Rule 11.260. Limitation of Liability**

(a) NEITHER THE EXCHANGE, NOR ANY OF ITS AGENTS, EMPLOYEES, CONTRACTORS, OFFICERS, DIRECTORS, SHAREHOLDERS, COMMITTEE MEMBERS OR AFFILIATES ("EXCHANGE-RELATED PERSONS"), WILL BE LIABLE TO ANY USER, OR SUCCESSORS, REPRESENTATIVES, OR CUSTOMERS THEREOF, OR ANY PERSONS ASSOCIATED THEREWITH, FOR ANY LOSS, DAMAGES, CLAIMS, OR EXPENSES:

(1) GROWING OUT OF THE USE OR ENJOYMENT OF ANY FACILITY OF THE EXCHANGE, INCLUDING, WITHOUT LIMITATION, THE SYSTEM; OR

(2) ARISING FROM OR OCCASIONED BY ANY INACCURACY, ERROR OR DELAY IN, OR OMISSION OF OR FROM THE COLLECTION, CALCULATION, COMPILATION, MAINTENANCE, REPORTING, OR DISSEMINATION OF ANY INFORMATION DERIVED FROM THE SYSTEM OR ANY OTHER FACILITY OF THE EXCHANGE, RESULTING EITHER

FROM ANY ACT OR OMISSION BY THE EXCHANGE OR ANY EXCHANGE-RELATED PERSON, OR FROM ANY ACT, CONDITION, OR CAUSE BEYOND THE REASONABLE CONTROL OF THE EXCHANGE OR ANY EXCHANGE-RELATED PERSON, INCLUDING, BUT NOT LIMITED TO, FLOOD, EXTRAORDINARY WEATHER CONDITIONS, EARTHQUAKE OR OTHER ACTS OF GOD, FIRE, WAR, TERRORISM, INSURRECTION, RIOT, LABOR DISPUTE, ACCIDENT, ACTION OF GOVERNMENT, COMMUNICATIONS OR POWER FAILURE, OR EQUIPMENT OR SOFTWARE MALFUNCTION.

(b) EACH MEMBER EXPRESSLY AGREES, IN CONSIDERATION OF THE ISSUANCE OF ITS MEMBERSHIP IN THE EXCHANGE, TO RELEASE AND DISCHARGE THE EXCHANGE AND ALL EXCHANGE-RELATED PERSONS OF AND FROM ALL CLAIMS AND DAMAGES ARISING FROM THEIR ACCEPTANCE AND USE OF THE FACILITIES OF THE EXCHANGE (INCLUDING, WITHOUT LIMITATION, THE SYSTEM).

(c) NEITHER THE EXCHANGE NOR ANY EXCHANGE-RELATED PERSON MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR CONDITIONS TO USERS AS TO RESULTS THAT ANY PERSON OR PARTY MAY OBTAIN FROM THE SYSTEM FOR TRADING OR FOR ANY OTHER PURPOSE, AND ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, TITLE, AND NON-INFRINGEMENT WITH RESPECT TO THE SYSTEM ARE HEREBY DISCLAIMED.

(d) NOTWITHSTANDING PARAGRAPH (a) ABOVE, AND SUBJECT TO THE EXPRESS LIMITS SET FORTH BELOW, THE EXCHANGE MAY COMPENSATE USERS FOR LOSSES DIRECTLY RESULTING FROM THE SYSTEMS' ACTUAL FAILURE TO CORRECTLY PROCESS AN ORDER, MESSAGE, OR OTHER DATA, PROVIDED THE EXCHANGE HAS ACKNOWLEDGED RECEIPT OF THE ORDER, MESSAGE OR DATA.

(1) AS TO ANY ONE OR MORE CLAIMS MADE BY A SINGLE USER UNDER THIS LTSE RULE 11.260 ON A SINGLE TRADING DAY, THE EXCHANGE SHALL NOT BE LIABLE IN EXCESS OF THE LARGER OF $100,000, OR THE AMOUNT OF ANY RECOVERY OBTAINED BY THE EXCHANGE UNDER ANY APPLICABLE INSURANCE MAINTAINED BY THE EXCHANGE.

(2) AS TO THE AGGREGATE OF ALL CLAIMS MADE BY ALL USERS UNDER THIS LTSE RULE ON A SINGLE TRADING DAY, THE EXCHANGE SHALL NOT BE LIABLE IN EXCESS OF THE LARGER OF $250,000 OR THE AMOUNT OF ANY RECOVERY OBTAINED BY THE EXCHANGE UNDER ANY APPLICABLE INSURANCE MAINTAINED BY THE EXCHANGE.

(3) AS TO THE AGGREGATE OF ALL CLAIMS MADE BY ALL USERS UNDER THIS LTSE RULE 11.260 DURING A SINGLE CALENDAR MONTH, THE EXCHANGE SHALL NOT BE LIABLE IN EXCESS OF THE LARGER OF $500,000, OR THE AMOUNT OF ANY RECOVERY OBTAINED BY THE EXCHANGE UNDER ANY APPLICABLE INSURANCE MAINTAINED BY THE EXCHANGE.

(e) IN THE EVENT THAT ALL OF THE CLAIMS MADE UNDER THIS LTSE RULE 11.260 CANNOT BE FULLY SATISFIED BECAUSE IN THE AGGREGATE THEY

EXCEED THE APPLICABLE MAXIMUM LIMITATIONS PROVIDED IN THIS LTSE RULE 11.260, THEN THE MAXIMUM PERMITTED AMOUNT WILL BE PROPORTIONALLY ALLOCATED AMONG ALL SUCH CLAIMS ARISING ON A SINGLE TRADING DAY OR DURING A SINGLE CALENDAR MONTH, AS APPLICABLE, BASED ON THE PROPORTION THAT EACH SUCH CLAIM BEARS TO THE SUM OF ALL SUCH CLAIMS.

(f) ALL CLAIMS FOR COMPENSATION PURSUANT TO THIS LTSE RULE 11.260 SHALL BE IN WRITING AND MUST BE SUBMITTED NO LATER THAN 4:00 P.M. EASTERN TIME ON THE SECOND BUSINESS DAY FOLLOWING THE DAY ON WHICH THE USE OF THE EXCHANGE GAVE RISE TO SUCH CLAIMS, OR NO LATER THAN 1:00 P.M. EASTERN TIME IN THE EVENT OF AN EARLY MARKET CLOSE ON THE SECOND BUSINESS DAY FOLLOWING THE DAY ON WHICH THE USE OF THE EXCHANGE GAVE RISE TO SUCH CLAIMS.

(g) ONCE IN RECEIPT OF A CLAIM, THE EXCHANGE WILL VERIFY THAT: (i) A VALID ORDER WAS ACCEPTED INTO THE EXCHANGE'S SYSTEMS; AND (II) AN EXCHANGE SYSTEM FAILURE OR A NEGLIGENT ACT OR OMISSION OF AN EXCHANGE EMPLOYEE OCCURRED DURING THE EXECUTION OR HANDLING OF THAT ORDER.

**Rule 11.270 Clearly Erroneous Executions**

(a) Definition. For the purposes of this LTSE Rule 11.270, the terms of a transaction executed on the Exchange 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.

(b) Request and Timing of Review. A Member that receives an execution on an order that was submitted erroneously to the Exchange for its own or customer account may request that the Exchange review the transaction under this LTSE Rule 11.270. An Officer of the Exchange or such other employee designee of the Exchange ("Official") 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 request for review shall be made in writing via e-mail or other electronic means specified from time to time by the Exchange in a circular distributed to Users.

(1) Requests for Review. Requests for review must be received by the Exchange within thirty (30) minutes of execution time and 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 (c) of this LTSE Rule 11.270, the counterparty to the trade, if any, shall be notified by the Exchange as soon as practicable, but generally within thirty (30) minutes. An Official may request additional supporting written information to aid in the resolution of the matter. If requested, each party to the transaction shall provide any supporting written information as may be reasonably

requested by the Official to aid resolution of the matter within thirty (30) minutes of the Official's request. Either party to the disputed trade may request the supporting written information provided by the other party on the matter.

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

(c) Clearly erroneous review.

(1) Review of transactions occurring during Regular Market Session. If the execution time of the transaction(s) under review is during the Regular Market Session, the transaction will not be reviewable as clearly erroneous unless the transaction:

(A) is in an NMS Stock that is not subject to the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act (the "Limit Up-Limit Down Plan" or "LULD Plan"). In such case, the Numerical Guidelines set forth in paragraph (c)(2) of this Rule will be applicable to such NMS Stock;

(B) was executed at a time when Price Bands under the LULD Plan were not available, or is the result of an Exchange technology or systems issue that results in the transaction occurring outside of the applicable LULD Price Bands pursuant to paragraph (g), or is executed after the primary listing market for the security declares a regulatory trading halt, suspension, or pause pursuant to paragraph (i). A transaction subject to review pursuant to this paragraph shall be found to be clearly erroneous if the price of the transaction to buy (sell) that is the subject of the complaint is greater than (less than) the Reference Price, described in paragraph (d) below, by an amount that equals or exceeds the applicable Percentage Parameter defined in Appendix A to the LULD Plan ("Percentage Parameters"); or

(C) involved, in the case of (1) a corporate action or new issue or (2) a security that enters a Trading Pause pursuant to the LULD Plan and resumes trading without an auction, a Reference Price that is determined to be erroneous by an Officer of the Exchange because it clearly deviated from the theoretical value of the security. In such circumstances, the Exchange may use a different Reference Price pursuant to paragraph (d)(2) of this Rule. A transaction subject to review pursuant to this paragraph shall be found to be clearly erroneous if the price of the transaction to buy (sell) that is the subject of the complaint is greater than (less than) the new Reference Price, described in paragraph (d)(2) below, by an amount that equals or exceeds the Numerical Guidelines or Percentage Parameters, as applicable depending on whether the security is subject to the LULD Plan.

(2) Review of transactions occurring during the Pre-Market Session, Post-Market Session or eligible for review pursuant to paragraph (c)(1)(A).

(A) Subject to the additional factors described in paragraph (c)(2)(C) below, a transaction executed during the Pre-Market or Post-Market Session, or eligible for review pursuant to paragraph (c)(1)(A), shall be found to be clearly erroneous 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.

| **Reference Price, Circumstance or Product** | **Regular Market Hours Numerical Guidelines for transactions eligible for review pursuant to paragraph (c)(1)(A) (Subject transaction % difference from the Reference Price)** | **Pre-Market and Post-Market Session Numerical Guidelines (Subject transaction % 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 minutes or less | 10% | 10% |
| 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 (c)(2)(B) below | 30%, subject to the terms of paragraph (c)(2)(B) below |
| Leveraged ETF/ETN securities | N/A | Regular Trading Hours Numerical Guidelines multiplied by the leverage multiplier (i.e. 2x) |

(B) Multi-Stock Events Involving Twenty or More Securities. Multi-Stock Events involving twenty or more securities may be reviewable as clearly erroneous if they occur during Pre-Market or Post-Market Session or are eligible for review pursuant to paragraph (c)(1)(A).

During Multi-Stock Events, the number of affected transactions may be such that immediate finality is 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.

(C) Additional Factors. Except in the context of a Multi-Stock Event involving five (5) or more securities, an Official may also consider additional factors to determine whether an execution is clearly erroneous, provided the execution occurred during the Pre-Market or Post-Market Session or are eligible for review pursuant to paragraph (c)(1)(A). Such additional factors include but are 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 initial public offering, whether the security was subject to a stock-split, reorganization, or other corporate action, overall market conditions, Pre-Market Session or Post-Market 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.

(D) Outlier Transactions. In the case of an Outlier Transaction during the Pre-Market or Post-Market Session or are eligible for review pursuant to paragraph (c)(1)(A), an Official may, in his or her sole discretion, and on a case-by-case basis, consider requests received pursuant to paragraph (b) of this LTSE Rule 11.270 after thirty (30) minutes, but not longer than sixty (60) minutes after the transaction in question, depending on the facts and circumstances surrounding such request.

(i) An “Outlier Transaction” means a transaction where the execution price of the security is greater than three times the current Numerical Guidelines set forth in paragraph (c)(2) of this LTSE Rule 11.270.

(ii) If the execution price of the security in question is not within the Outlier Transaction parameters set forth in paragraph (c)(2)(D)(i) of this LTSE Rule 11.270 but breaches the 52-

week high or 52-week low, the Exchange may consider Additional Factors as outlined in paragraph (c)(3), in determining if the transaction qualifies for further review or if the Exchange shall decline to act.

(d) Reference Price. The Reference Price referred to in paragraphs (c)(1) and (c)(2) above will be equal to the consolidated last sale immediately prior to the execution(s) under review except for:

(1) in the case of Multi-Stock Events involving twenty or more securities, as described in paragraph (c)(2)(B) above;

(2) in the case of an erroneous Reference Price, as described in paragraph (c)(1)(C) above. In the case of (c)(1)(C)(1), the Exchange would consider a number of factors to determine a new Reference Price that is based on the theoretical value of the security, including but not limited to, the offering price of the new issue, the ratio of the stock split applied to the prior day's closing price, the theoretical price derived from the numerical terms of the corporate action transaction such as the exchange ratio and spin-off terms, and for an OTC up-listing, the price of the security as provided in the prior day's FINRA Trade Dissemination Service final closing report. In the case of (c)(1)(C)(2), the Reference Price will be the last effective Price Band that was in a limit state before the Trading Pause; or

(3) 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, provided that such circumstances occurred during the Pre-Market or Post-Market Session, or are eligible for review pursuant to paragraph (c)(1)(A).

(e) Review Procedures

(1) Determination by Official. Unless both parties to the disputed transaction agree to withdraw the initial request for review, the transaction under dispute shall be reviewed, and a determination shall be rendered by the Official. If the Official determines that the transaction is not clearly erroneous, the Official shall decline to take any action in connection with the completed trade. In the event that the 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 thirty (30) minutes of receipt of the complaint, but in no case later than the start of the Regular Market Session on the following day. The parties shall be promptly notified of the determination.

(2) Appeals. If a Member affected by a determination made under this LTSE Rule 11.270 so requests within the time permitted below, the Clearly Erroneous Execution Panel ("CEE Panel") will review decisions made by the Official under this LTSE Rule, including whether a clearly erroneous execution occurred and whether the correct determination was made; provided, however, that the CEE Panel will not review decisions made by an Officer under paragraph (g) of this Rule regarding transactions that occurred

outside of the applicable Price Bands disseminated pursuant to the LULD Plan, and further provided that with respect to rulings made by the Exchange in conjunction with one or more away trading 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.

(A) The CEE Panel will be comprised of the CRO, or a designee of the CRO, and representatives from two (2) Members.

(B) The Exchange shall designate at least ten (10) representatives of Members to be called upon to serve on the CEE Panel as needed. In no case shall a CEE Panel include a person affiliated with a party to the trade in question. To the extent reasonably possible, the Exchange shall call upon the designated representatives to participate on a CEE Panel on an equally frequent basis.

(C) A request for review on appeal must be made in writing via e-mail or other electronic means specified from time to time by the Exchange in a circular distributed to Members within thirty (30) minutes after the party making the appeal is given notification of the initial determination being appealed. The CEE 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 p.m. Eastern Time and the close of trading in the Post-Market 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.

(D) The CEE Panel may overturn or modify an action taken by the Official under this LTSE Rule 11.270. All determinations by the CEE Panel shall constitute final action by the Exchange on the matter at issue.

(E) If the CEE Panel votes to uphold the decision made pursuant to paragraph (e)(1) above, the Exchange will assess a $500.00 fee against the Member(s) who initiated the request for appeal. In addition, in instances where the Exchange, on behalf of a Member, requests a determination by an away trading center that a transaction is clearly erroneous, the Exchange will pass any resulting charges through to the relevant Member.

(F) Any determination by an Officer or by the CEE Panel shall be rendered without prejudice as to the rights of the parties to the transaction to submit their dispute to arbitration

(f) Officer Acting on Own Motion. An Officer of the Exchange or senior level employee designee, acting on his or her own motion, may review potentially erroneous transactions occurring during the Pre-Market or Post-Market Session Sessions, or that are eligible for review pursuant to paragraph (c)(1), and declare trades null and void or shall decline to take any action in connection with the completed trade(s). In such events, the Officer of the Exchange or such other senior level employee designee will rely on the provisions of paragraphs (c)(1) and (c)(2) of this LTSE Rule 11.270. Absent extraordinary circumstances, any such action of the Officer of the Exchange or other senior level employee designee 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 Officer of the Exchange or other senior level employee designee must be taken by no later than the start of Regular Market 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 (e)(2) above.

(g) Transactions Occurring Outside of LULD Plan Price Bands. If, as a result of an Exchange technology or systems issue, any transaction occurs outside of the applicable Price Bands disseminated pursuant to the LULD Plan, an Officer of the Exchange or senior level employee designee, 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 Officer of the Exchange or other senior level employee designee 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 Officer of the Exchange or other senior level employee designee must be taken by no later than the start of Regular Market 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 (e)(b) 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 paragraph (c)(1)(B) above.

(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 away trading centers, the Exchange will promptly coordinate with such away trading 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 Percentage Parameters or Numerical Guidelines set forth in this LTSE Rule 11.270. 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 (e)(2) 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, an away trading 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 Regular Market Hours 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 Percentage Parameters or Numerical Guidelines set forth in this LTSE Rule 11.270. 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 (e)(2) above.

*(Amended by SR-LTSE-2022-05 eff. September 19, 2022)*

**Rule 11.271. Reserved.**

**Rule 11.280. Market-Wide Circuit Breakers**

(a) The Exchange shall halt trading in all stocks and shall not reopen for the time periods specified in this LTSE Rule 11.280 if there is a Level 1, 2, or 3 Market Decline, as outlined below.

(1) For purposes of this LTSE Rule 11.280, a Market Decline means a decline in price of the S&P 500® Index between 9:30 a.m. and 4:00 p.m. Eastern Time 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 Eastern Time.

(2) A “Level 1 Market Decline” means a Market Decline of 7%.

(3) A “Level 2 Market Decline” means a Market Decline of 13%

(4) A “Level 3 Market Decline” means a Market Decline of 20%

(b) Halts in Trading.

(1) If a Level 1 Market Decline or a Level 2 Market Decline occurs after 9:30 a.m. Eastern Time and up to and including 3:25 p.m. Eastern Time, or in the case of an early scheduled close, 12:25 p.m. Eastern Time, 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. Eastern Time, or in the case of an early scheduled close, 12:25 p.m. Eastern Time.

(2) 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) If a primary listing market halts trading in all stocks, the Exchange will halt trading in all 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 LTSE Rule 11.280 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 LTSE Rule or policy.

(e) All times referenced in this LTSE Rule 11.280 are Eastern Time.

(f) Market-Wide Circuit Breaker ("MWCB") Testing

(1) The Exchange will participate in all industry-wide tests of the MWCB mechanism. Members designated pursuant to Rule 2.250 to participate in mandatory testing of backup systems are required to participate in at least one industry-wide MWCB test each year and to verify their participation in that test by attesting that they are able to or have attempted to:

(A) receive and process MWCB halt messages from the securities information processors ("SIPs");

(B) receive and process resume messages from the SIPs following a MWCB halt;

(C) receive and process market data from the SIPs relevant to MWCB halts; and

(D) send orders following a Level 1 or Level 2 MWCB halt in a manner consistent with their usual trading behavior.

(2) To the extent that a Member participating in a MWCB test is unable to receive and process any of the messages identified in paragraph (f)(1)(A)-(D) of this Rule, its attestation should notify the Exchange which messages it was unable to process and, if known, why.

(3) Members not designated pursuant to standards established in Rule 2.250 are permitted to participate in any MWCB test.

(g) In the event that a halt is triggered under this Rule following a Level 1, Level 2, or Level 3 Market Decline, the Exchange, together with other SROs and industry representatives (the "MWCB Working Group"), will review such event. The MWCB Working Group will prepare a report that documents its analysis and recommendations and will provide that report to the Commission within 6 months of the event.

(h) In the event that there is (1) a Market Decline of more than 5%, or (2) an SRO implements a rule that changes its reopening process following a MWCB Halt, the

Exchange, together with the MWCB Working Group, will review such event and consider whether any modifications should be made to this Rule. If the MWCB Working Group recommends that a modification should be made to this Rule, the MWCB Working Group will prepare a report that documents its analysis and recommendations and provide that report to the Commission.

*(Amended by SR-LTSE-2019-02 eff. September 27, 2019; amended by SR-LTSE-2019-03 eff. October 18, 2019; amended by SR-LTSE-2020-07 eff. March 18, 2020; amended by SR-LTSE-2020-18 eff. October 5, 2020; amended by SR-LTSE-2021-06 eff. October 15, 2021; amended by SR-LTSE-2022-01 eff. March 4, 2022; amended by SR-LTSE-2022-03 eff. April 12, 2022)*

**Rule 11.281. Limit Up-Limit Down Plan and Trading Halts on the Exchange**

(a) Definitions

(1) The term “UTP Exchange Traded Product” is defined in LTSE Rule 14.350(b).

(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) “Extraordinary Market Activity” means a disruption or malfunction of any electronic quotation, communication, reporting, or execution system operated by, or linked to, the Processor or a Trading Center or a member of such Trading Center that has a severe and continuing negative impact on quoting, order, or trading activity or on the availability of market information necessary to maintain a fair and orderly market. For purposes of this definition, a severe and continuing negative impact on quoting, order, or trading activity includes (i) a series of quotes, orders, or transactions at prices substantially unrelated to the current market for the security or securities; (ii) duplicative or erroneous quoting, order, trade reporting, or other related message traffic between one or more Trading Centers or their members; or (iii) the unavailability of quoting, order, transaction information, or regulatory messages for a sustained period.

(3) “Operating Committee” has the same meaning as in the Nasdaq UTP Plan.

(4) “Operational Halt” has the same meaning as in the Nasdaq UTP Plan.

(5) “Post-Market Session” is defined in LTSE Rule 1.160(ee).

(6) “Pre-Market Session” is defined in LTSE Rule 1.160(dd).

(7) “Primary Listing Market” has the same meaning as in the Nasdaq UTP Plan.

(8) "Processor" or "SIP" have the same meaning as the term "Processor" in the Nasdaq UTP Plan or in the Consolidated Tape Association Plan, as is applicable.

(9) "Regulatory Halt" has the same meaning as in the Nasdaq UTP Plan.

(10) "Regular Trading Hours" has the same meaning as in the Nasdaq UTP Plan.

(11) "SIP Halt" has the same meaning as in the Nasdaq UTP Plan.

(12) "SIP Halt Resume Time" has the same meaning as in the Nasdaq UTP Plan.

(13) "SIP Plan" means the national market system plan governing the SIP.

(b) Regulatory Halts

(1) Authority to Implement a Regulatory Halt

(A) The Exchange shall implement a Regulatory Halt in the following circumstances, as applicable:

(i) Implementing a Trading Pause Declared by a Primary Listing Market Pursuant to the Limit Up-Limit Down Mechanism.

(a) Definitions for purposes of the Limit Up-Limit Down Mechanism.

(1) "LULD Plan" means the National Market System Plan to Address Extraordinary Market Volatility.

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

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

(c) Member Compliance. Members shall comply with the applicable provisions of the LULD Plan.

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

(e) Re-pricing and Cancellation of Interest. Depending on a User's instructions, the System shall re-price or cancel buy (sell) interest that is priced or could be executed above (below) the Upper (Lower) Price Band. When re-pricing resting orders because such orders are above (below) the Upper (Lower) Price Band, the Exchange will provide new timestamps to such orders. When re-priced to less-aggressive price levels such orders will have priority behind resting interest that was originally less aggressively priced but that was not re-priced, as such orders will retain their original timestamps.

(1) Market Orders and Orders with TIF of IOC or FOK. The System will only execute Market Orders or orders with a TIF of IOC or FOK at or within the Price Bands. Market Orders will be handled in accordance with LTSE Rule 11.190.

(2) Limit-priced Interest.

(A) Displayed Limit-priced Interest. Displayed limit-priced interest will be canceled on entry or when resting if a User has entered instructions not to use the re-pricing process or a User has included a Reserve Quantity and such interest to buy (sell) is priced above (below) the Upper (Lower) Price Band. If re-pricing is permitted based on a User's instructions, displayable incoming limit-priced interest to buy (sell) that is priced above (below) the Upper (Lower) Price Band shall be re-priced to the Upper (Lower) Price Band. The System shall re-price resting, displayed limit-priced interest to buy (sell) to the Upper (Lower) Price Band if Price Bands move such that the price of resting, displayed limit-priced interest to buy (sell) would be above (below) the Upper (Lower) Price Band. If the Price Bands move again and the original limit price of displayed and re-priced interest is at or within the Price Bands and a User has opted into the Exchange's multiple price sliding process, as described in LTSE Rule 11.180(j), the System shall reprice such displayed limit interest to the most aggressive permissible price up to the order's limit price. All other displayed limit interest repriced pursuant to this paragraph (e) will remain at its new price unless the Price Bands move such that the

price of resting limit-priced interest to buy (sell) would again be above (below) the Upper (Lower) Price Band.

(B) Non-displayed Limit-priced Interest. Incoming limit-priced interest that is non-displayable will be canceled by the System if such interest to buy (sell) is priced above (below) the Upper (Lower) Price Band. Resting, non-displayed limit priced interest will be canceled if such interest to buy (sell) is priced above (below) the Upper (Lower) Price Band (i.e., aggressively priced through the applicable Price band) or if such interest is priced below (above) the Lower (Upper) Price Band (i.e., non-aggressively priced outside of the applicable Price Band).

(3) Pegged Interest. Pegged Orders to buy (sell) shall peg to the specified pegging price or the Upper (Lower) Price Band, whichever is lower (higher).

(4) Reserved.

(5) Sell Short Orders. During a short sale price test restriction pursuant to Rule 201 of Regulation SHO, orders with a Short Sale instruction priced below the Lower Price Band shall be repriced to the higher of the Lower Price Band or the Permitted Price, as defined in LTSE Rule 11.280(i).

(6) Auction Orders. Auction Eligible Orders on the Auction Book are not price slid or canceled due to LULD price bands.

(ii) The Exchange shall implement a trading halt due to extraordinary market volatility/Market-Wide Circuit Breakers, as set forth in LTSE Rule 11.280.

(iii) The Exchange shall implement a trading halt when the Primary Listing Market declares a SIP Halt or a trading halt based on Extraordinary Market Activity, as defined in the Nasdaq UTP Plan.

(iv) The Exchange will halt trading for any security traded on the Exchange when the Primary Listing Market declares a Regulatory Halt for any such security. The following shall apply when implementing Regulatory Halts initiated by the Primary Listing Market:

(a) Start Time. The start time of a Regulatory Halt is when the Primary Listing Market declares the halt, regardless of whether an issue with communications impacts the dissemination of the notice.

2. Resumption of Trading After a Regulatory Halt

A. Resumption of Trading After a Regulatory Halt Other Than a SIP Halt

(i) The Exchange may resume trading after the Exchange receives notification from the Primary Listing Market that the Regulatory Halt has been terminated.

B. Resumption of Trading After a SIP Halt

(i) For securities subject to a SIP Halt initiated by another exchange that is the Primary Listing Market, during Regular Trading Hours, the Exchange may resume trading after trading has resumed on the Primary Listing Market or notice has been received from the Primary Listing Market that trading may resume. During Regular Trading Hours, if the Primary Listing Market does not open a security within the amount of time specified by the rules of the Primary Listing Market after the SIP Halt Resume Time, the Exchange may resume trading in that security. Outside Regular Trading Hours, the Exchange may resume trading immediately after the SIP Halt Resume Time.

3. On the occurrence of any Regulatory Halt pursuant to this Rule all outstanding orders in the System will be canceled. While a security is subject to a Regulatory Halt the Exchange will not accept orders. At the end of the Regulatory Halt the Exchange shall re-open the security and again begin accepting orders.

(c) UTP Exchange Traded Products

(1) The Exchange may halt trading in UTP Exchange Traded Products on the Exchange:

(A) 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.

(B) Regular Trading Hours. During the Regular Trading Hours, 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 Primary 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.

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

(i) If the IIV or the value of the underlying index continues not to be calculated or widely available after the close of the Regular Trading Hours, the Exchange may trade the UTP Exchange Traded Product in the Post-Market Session only if the Primary Listing Market traded such securities until the close of its regular trading session without a halt.

(ii) 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.

(d) Operational Halts

(1) Authority to Initiate an Operational Halt. The Exchange may declare an Operational Halt for any security trading on the Exchange:

(A) if it is experiencing Extraordinary Market Activity on the Exchange; or

(B) when otherwise necessary to maintain a fair and orderly market or in the public interest.

(2) Initiating an Operational Halt. On the occurrence of any Operational Halt pursuant to this Rule all outstanding orders in the System will be canceled. The Exchange will notify the SIP if it has concerns about its ability to collect and transmit Quotation Information or Transaction Reports (as those terms are defined in the Nasdaq UTP Plan), or if it has declared an Operational Halt or suspension of trading in one or more Eligible Securities (as that term is defined in the Nasdaq UTP Plan), pursuant to the procedures adopted by the Operating Committee.

(3) Resumption of Trading After an Operational Halt

(A) When the Exchange determines that trading may resume on its market in a fair and orderly manner and in accordance with its Rules it shall resume trading following an Operational Halt.

(B) During any Operational Halt, orders entered will not be accepted.

(C) Communications. Trading in a halted security shall resume at the time specified by the Exchange in a notice. The Exchange will notify all other Plan participants and the SIP of such an Operational Halt as well as provide notice that an Operational Halt has been lifted using such protocols and other emergency procedures as may be mutually agreed to between the Operating Committee and the Exchange. If the SIP is unable to disseminate notice of an Operational Halt or the Exchange is not open for trading, the Exchange will take reasonable steps to provide notice of an Operational Halt, which shall include both the type and start time of the Operational Halt. Each Plan participant shall continuously monitor communication protocols established by the Operating Committee and the Processor during market hours to disseminate notice of an Operational Halt, and the failure of a participant to do so shall not prevent the Exchange from initiating an Operational Halt in accordance with the procedures specified herein.

*(Amended by SR-LTSE-2019-03 eff. October 18, 2019; amended by SR-LTSE-2019-04 eff. December 5, 2019; amended by SR-LTSE-2024-03 eff. August 20, 2024)*

**Rule 11.282. Regulatory Trading Halts**

(a) Authority to Initiate Trading Halts. In circumstances in which LTSE deems it necessary to protect investors and the public interest, LTSE, pursuant to the procedures set forth in paragraph (b).

(1) May halt trading on LTSE of an LTSE-Primary-Listed Security to permit the dissemination of material news, provided, however, that in the Pre-Market Session LTSE will halt trading for dissemination of news only at the request of an issuer or where a trading halt has been imposed by another national securities exchange to permit the dissemination of material news.

(2) Reserved.

(3) May halt trading on LTSE in a security listed on LTSE, in a security listed on LTSE, when the security is a derivative or component of a security listed on another national securities exchange and such exchange imposes an operational trading halt in that security. In the event that LTSE halts trading, LTSE members may commence quotations and trading otherwise than on LTSE at any time following initiation of operational trading halts, without regard to whether LTSE has terminated the trading halt on LTSE.

(4) May halt trading in an LTSE-Primary-Listed Security or American Depository Receipt ("ADR") that is an LTSE-Primary-Listed Security, when the LTSE-Primary-Listed Security or underlying security of the ADR is listed on or registered with another national or foreign securities exchange or market, and the national or foreign securities exchange or market, or regulatory authority overseeing such exchange or market, halts trading in such security for regulatory reasons;

(5) May halt trading in a security listed on LTSE when LTSE requests from the issuer information relating to:

(A) material news;

(B) the issuer's ability to meet LTSE listing qualification requirements, as set forth in Chapters 14 and 16; or

(C) any other information which is necessary to protect investors and the public interest;

(6) Reserved.

(7) May halt trading in a security that is the subject of an IPO on LTSE.

(8) Reserved.

(9) Reserved.

(10) Reserved.

(11) Reserved.

(b) Procedure for Initiating and Terminating a Trading Halt.

(1) LTSE issuers are required to notify LTSE of the release of certain material news prior to the release of such information to the public as required by LTSE Rule 14.207(b)(1).

(2) Notification shall be provided directly to LTSE's Regulation Department in the manner specified by LTSE.

(3) Upon receipt of information, from the issuer or other source, LTSE will promptly evaluate the information, estimate its potential impact on the market and determine whether a trading halt in the security is appropriate.

(4) Should LTSE determine that a basis exists under LTSE Rule 11.281 or LTSE Rule 11.282(a) for initiating an LULD trading pause or trading halt, the commencement of the trading pause or halt will be effective at the time specified by LTSE in a notice posted on a publicly available LTSE website.

(5) Trading in a halted security shall resume at or after the time specified by LTSE in a notice posted on a publicly available website.

(6) Reserved.

(7) A trading halt or pause initiated under LTSE Rule 11.281(b)(1)(A)(i)(b) during a Straddle State, as provided in Section VII(A)(2) of the LULD Plan, or LTSE Rule 11.282(a)(1), (4), or (5) shall be terminated when LTSE releases the security for trading at the conclusion of the Halt or Volatility Auction pursuant to LTSE Rule 11.350(e) or (f), as applicable.

(8) A trading halt initiated for a security that is the subject of an IPO on LTSE pursuant to LTSE Rule 11.282(a)(7) shall be terminated when LTSE releases the security for trading and the conditions described in this rule are satisfied.

(A) Beginning at the start of the Order Acceptance Period (generally, 8:00 a.m.) Users may enter orders in a security that is the subject of an IPO on LTSE. Prior to terminating the halt, there will be a Display Only Period during which LTSE will disseminate LTSE Auction Information via electronic means, and Users may continue to enter Auction Eligible Orders for that security in the System. Thirty (30) minutes after the start of the Display Only Period, unless

extended by the underwriter, the security will enter a "Pre-Launch Period" of indeterminate duration. The Pre-Launch Period and the Display Only Period shall end, and the security shall be released for trading by LTSE when the conditions described in paragraphs (b)(8)(A), (B), and (C) are all met, and the requirements of LTSE Rule 11.350(e)(2) are satisfied.

(B) LTSE receives notice from the underwriter of the IPO that the security is ready to trade. The System will calculate the Indicative Clearing Price at that time and display it to the underwriter. If the underwriter then approves proceeding, the System will conduct the following validation checks:

(i) the System must determine that all market orders will be executed in the IPO Auction; and

(ii) the security must pass the price validation test described below:

(iii) Prior to the conclusion of the Pre-Launch Period, the underwriter shall select price bands for purposes of applying the price validation test. Under the price validation test, the System compares the Indicative Clearing Price with the clearing price calculated by the IPO Auction. If the clearing price calculated by the IPO Auction differs from the Indicative Clearing Price approved by the underwriter under section (A) above by an amount in excess of the price band selected by the underwriter, the security will not be released for trading and the Pre-Launch Period will continue. The underwriter shall select an upper price band (i.e., an amount by which the clearing price may not be higher than the Indicative Clearing Price approved by the underwriter under section (A) above) and a lower price band (i.e., an amount by which the clearing price may not be lower than the Indicative Clearing Price approved by the underwriter under section (A) above). If a security does not pass the price validation test, the underwriter may, but is not required to, select different price bands before recommencing the process to release the security for trading. The price bands available for selection shall include $0 but shall not be in excess of $0.50. LTSE will notify Members and the public of changes in available price band or increments through a notice that is widely disseminated at least one week in advance of the change. In selecting available price bands and increments, LTSE will consider input from underwriters and other Users and the results of past usage of price bands to adopt price bands and increments that promote efficiency in the initiation of trading and protect investors and the public interest.

(C) The failure to satisfy these conditions during the process to release the security for trading will result in a delay of the release for trading of the IPO, and a continuation of the Pre-Launch Period, until all conditions have been satisfied. The underwriter, with concurrence of LTSE, may determine at any point during the IPO Auction process up through the conclusion of the Pre-Launch Period to postpone and reschedule the IPO. Market participants may

continue to enter orders and order cancellations for participation in the IPO Auction during the Pre-Launch Period until the auction match.

(9) For purposes of this LTSE Rule and LTSE Rule 11.350(e), the process for halting and initial pricing of a security that is the subject of an IPO shall also be available for the initial pricing of any other security that has not been listed on a national securities exchange or traded in the over-the-counter market pursuant to FINRA Form 211 immediately prior to the initial pricing, provided that a broker-dealer serving in the role of financial advisor to the issuer of the securities being listed is willing to perform the functions under LTSE Rule 11.282(b)(8) that are performed by an underwriter with respect to an initial public offering.

*(Amended by SR-LTSE-2019-03 eff. October 18, 2019; amended by SR-LTSE-2019-04 eff. December 5, 2019; amended by SR-LTSE-2024-03 eff. August 20, 2024)*

**Rule 11.290. Short Sales**

Marking. All sell orders entered into the Exchange must be marked long, short, or short exempt.

(a) Definitions. For purposes of this LTSE 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 shall not execute or display a short sale order not marked short exempt 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 covered security, from the covered security's closing price on the listing market as of the end of the Regular Market Session on the prior day (the “Trigger Price”).

(c) Determination of Trigger Price. For covered securities for which the Exchange is the listing market, the System shall determine whether a transaction in a covered security has occurred at a Trigger Price and shall immediately notify the responsible single plan processor.

(1) The System will not calculate the Trigger Price of a covered security outside of the Regular Market Session.

(2) If a covered security did not trade on the Exchange on the prior trading day (due to a trading halt, trading suspension, or otherwise), the Exchange’s determination of the Trigger Price shall be based on the last sale price on the Exchange for that security on the most recent day on which the security traded.

(d) 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 on the Exchange until the close of the Post-Market Session on the next trading day, as provided for in Regulation SHO Rule 201(b)(1)(ii) (the "Short Sale Period").

(1) If the Exchange determines pursuant to LTSE Rule 11.270 that the Short Sale Price Test for a covered security was triggered because of a clearly erroneous

execution, the Exchange may lift the Short Sale Price Test before the Short Sale Period ends for securities for which the Exchange is the listing market or, for securities listed on another market notify the other market of the Exchange's determination that the triggering transaction was a clearly erroneous execution as soon as practicable following such determination. The Exchange may also lift the Short Sale Price Test before the Short Sale Period ends, for a covered security for which the Exchange is the listing market, if the Exchange has been informed by another exchange or a self-regulatory organization ("SRO") that a transaction in the covered security that occurred at the Trigger Price was a clearly erroneous execution, as determined by the rules of that exchange or SRO.

(2) If the Exchange determines that the prior day's closing price for a listed security is incorrect in the System and resulted in an incorrect determination of the Trigger Price, the Exchange may correct the prior day's closing price and lift the Short Sale Price Test before the Short Sale Period ends.

Rule Series 11.300. System Guidelines

**Rule 11.310. Locking or Crossing Quotations in NMS Stocks**

(a) Definitions. For purposes of this LTSE Rule 11.310, the following definitions shall apply:

(1) The terms automated quotation, effective national market system plan, inter-market sweep order, manual quotation, NMS stock, protected quotation, the Regular Market Session, and trading center shall have the meanings set forth in Rule 600(b) of Regulation NMS.

(2) The term crossing quotation shall mean the display of a bid for an NMS stock during the Regular Market Session 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 the Regular Market Session 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.

(3) The term locking quotation shall mean the display of a bid for an NMS stock during the Regular Market Session 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 the Regular Market Session 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 LTSE Rule 11.310, the System shall not make available for dissemination, and Users 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 during Regular Trading Hours.

(c) Manual quotations. If a User displays a manual quotation that locks or crosses a quotation previously disseminated pursuant to an effective national market system plan, such User shall promptly withdraw the manual quotation.

(d) Exceptions.

(1) The Locking Quotation 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.

(2) The Locking Quotation or Crossing Quotation was displayed at a time when a protected bid was higher than a protected offer in the NMS stock.

(3) The Locking Quotation or Crossing Quotation was an automated quotation, and the User displaying such automated quotation simultaneously routed an ISO to execute against the full displayed size of any Protected Quotation that is a Locking Quotation or Crossing Quotation.

(4) The Locking Quotation or Crossing Quotation was a manual quotation that locked or crossed another manual quotation, and the User displaying the locking or crossing manual quotation simultaneously routed an ISO to execute against the full displayed size of the locked or crossed manual quotation.

*(Amended by SR-LTSE-2024-03 eff. August 20, 2024)*

**Rule 11.320. Input of Accurate Information**

Members of the Exchange shall input accurate information into the System, including, but not limited to, whether the Member acted in a Principal, Agent, or Riskless Principal capacity for each order entered. If such capacity is not inputted by the Member for each order it enters, the Member's order will be rejected back by the Exchange.

*(Amended by SR-LTSE-2024-03 eff. August 20, 2024)*

**Rule 11.330. Data Products**

(a) The Exchange offers the following data products:

(1) LTSE MEMOIR Depth. LTSE MEMOIR (Member's Order Information Record) Depth is a data feed that contains all displayed orders for listed securities trading on the Exchange, order executions, order cancellations, order modifications, order identification numbers, and administrative messages.

(2) LTSE MEMOIR Top. LTSE MEMOIR Top is an uncompressed data feed that offers top of book quotations based on equity orders entered into the System.

(3) LTSE MEMOIR Last Sale. LTSE MEMOIR Last Sale is an uncompressed data feed that offers only execution information based on equity orders entered into the System.

(4) LTSE MEMOIR Historical Data. LTSE MEMOIR Historical Data is a data product that offers historical equities data.

*(Amended by SR-LTSE-2019-02 eff. September 27, 2019; amended by SR-LTSE-2019-04 eff. December 5, 2019; amended by SR-LTSE-2024-03 eff. August 20, 2024)*

**Rule 11.340. Reserved**

**Rule 11.350. Auctions**

(b) Definitions

(1) The term "Auction Book" refers to the orders specified below that queue prior to the auction match, and shall mean:

(A) For Opening Auctions (i.e., Opening Auction Book):

(i) On-Open orders;

(ii) Limit orders with a TIF of DAY or GTX; and

(iii) Market orders with a TIF of DAY.

(B) For Closing Auctions (i.e., Closing Auction Book):

(i) On-Close orders.

(C) For IPO Auctions (i.e., IPO Auction Book):

(i) On-Open orders;

(ii) Limit orders with a TIF of DAY, GTX, GTT, SYS, or IOC; and

(iii) Market orders with a TIF of DAY.

(D) For Halt Auctions (i.e., Halt Auction Book):

(i) On-Open orders queued prior to Regular Market Hours if a Pre-Market Session halt persists through the start of Regular Market Hours and the Halt Auction is scheduled to occur during the Regular Market Session;

(ii) Limit orders with a TIF of GTT, SYS, or IOC received during the Order Acceptance Period;

(iii) Limit orders with a TIF of DAY received during the Order Acceptance Period within the Regular Market Session, or queued prior to the Regular Market Session for securities that have not traded during the Regular Market Session on that trading day;

(iv) Limit orders with a TIF of GTX received during the Order Acceptance Period within the Regular Market Session or Post-Market Session, or queued prior to the Regular Market

Session for securities that have not traded during the Regular Market Session on that trading day;

(v) Market orders with a TIF of IOC received during the Order Acceptance Period within the Regular Market Session;

(vi) Market orders with a TIF of DAY received during the Order Acceptance Period within the Regular Market Session, or queued prior to the Regular Market Session for securities that have not traded during the Regular Market Session on that trading day; and

(vii) Limit orders on the Continuous Book at the time of the halt dissemination.

(E) For Volatility Auctions (i.e., Volatility Auction Book):

(i) On-Close orders, if an LTSE-Primary-Listed Security is paused pursuant to LTSE Rule 11.281 at or after the Closing Auction Lock-in Time, or the Order Acceptance Period of a Volatility Auction for a security paused before the Closing Auction Lock-in Time pursuant to LTSE Rule 11.281 would otherwise be extended by the Exchange to a time after the Closing Auction Lock-in Time;

(ii) Limit orders with a TIF of GTX, GTT, SYS, or IOC received during the Order Acceptance Period;

(iii) Limit orders with a TIF of DAY received during the Order Acceptance Period within Regular Market Hours;

(iv) Market orders with a TIF of IOC, or DAY received during the Order Acceptance Period within Regular Market Hours; and

(v) Displayed portions of limit orders on the Continuous Book at the time of the pause dissemination.

(2) The term “Auction Eligible Order” shall mean all orders that are eligible for execution in the upcoming auction on the Auction Book and the Continuous Book (collectively, the Order Book); such orders are used by the System to calculate LTSE Auction Information and to determine the clearing price of LTSE Auctions.

(3) Reserved.

(4) The term “Continuous Book” shall be in reference to all orders resting on the Order Book that are not on the Auction Book and are available for continuous trading. Market orders and orders with a TIF of IOC do not rest on the Continuous Book. There is no Continuous Book when continuous trading in a security is halted or paused; in the event of a halt or pause, Auction Eligible Orders on the Continuous Book shall be incorporated into the Halt or Volatility Auction Book, as applicable.

(5) The term “Display Only Period” shall be in reference to the period of the time during which LTSE disseminates LTSE Auction Information for IPO, Halt, and Volatility Auctions. The Display Only Period begins thirty (30) minutes prior to the scheduled auction match for an IPO Auction, and the start of the Order Acceptance Period for Halt and Volatility Auctions. The Display Only Period shall end when the applicable auction match occurs.

(6) The term “Final Consolidated Last Sale Eligible Trade” shall mean the last trade prior to the end of Regular Market Hours, or where applicable, prior to trading in the security being halted or paused, that is last sale eligible and reported to the Consolidated Tape System (“Consolidated Tape”), rounded to the nearest MPV or Midpoint Price calculated by the System, whichever is closer.

(A) If there is no qualifying Final Consolidated Last Sale Eligible Trade for the current day, the previous official closing price;

(i) If there is no qualifying previous official closing price for a security that is not the subject of an IPO or otherwise being priced pursuant to LTSE Rule 11.282(b)(9), the issue price; and

(B) In the case of an IPO or the initial pricing of any other security pursuant to Rule 11.282(b)(9), the issue price.

(7) The term “Final Last Sale Eligible Trade” shall mean the last trade on LTSE prior to the end of Regular Market Hours, or where applicable, prior to trading in the security being halted or paused, that is last sale eligible and reported to the Consolidated Tape.

(A) If there is no qualifying Final Last Sale Eligible Trade for the current day, the previous official closing price;

(i) If there is no qualifying previous official closing price for a security that is not the subject of an IPO or otherwise being priced pursuant to LTSE Rule 11.282(b)(9), the issue price; and

(B) In the case of an IPO or the initial pricing of any other security pursuant to LTSE Rule 11.282(b)(9), the issue price.

(8) The term “Hyper-aggressive Auction Orders” shall mean:

(A) For Opening Auctions, MOO orders and market orders with a TIF of DAY, as well as LOO orders and limit orders with a TIF of DAY or GTX to buy (sell) priced above (below) the latest upper (lower) threshold of the Opening/Closing Auction Collar calculated by the System.

(B) For Closing Auctions, MOC orders and LOC orders to buy (sell) priced above (below) the latest upper (lower) threshold of the Opening/Closing Auction Collar calculated by the System.

(9) The term “LTSE Auction Information” shall mean the information disseminated pursuant to Rule 11.330(a) regarding the current status of price, size, imbalance information, auction collar information, and other relevant information related to auctions conducted by the Exchange. LTSE Auction Information shall include:

(A) Reference Price: The single price at or within the Reference Price Range at which orders on the Auction Book would match if the LTSE Auction were to occur at that time of dissemination. The Reference Price is set to the price that maximizes the number of the shares from orders on the Auction Book to be executed in the auction. If more than one price maximizes the number of shares that will execute resulting in an auction price range, the Reference Price is set to the price at or within such range that is not lower (higher) than the most aggressive unexecuted buy (sell) order. If more than one price satisfies the above conditions, the Reference Price is set to the price closest or equal to either the Volume Based Tie Breaker (if such range includes prices in the Reference Price Range) or the Reference Price Range (if such range does not include prices in the Reference Price Range) at the time of dissemination. In the case of an IPO or Halt Auction, the Reference Price shall be the same as the Auction Book Clearing Price.

(B) Paired Shares: The number of shares from orders on the Auction Book that can be matched with other orders on the Auction Book at the Reference Price at the time of dissemination.

(C) Imbalance Shares: The number of shares from orders on the Auction Book that may not be matched with other orders on the Auction Book at the Reference Price at the time of dissemination.

(D) Imbalance Side: The buy/sell direction of any imbalance at the time of dissemination.

(E) Indicative Clearing Price: The single price at or within the Opening/Closing Auction Collar at which Auction Eligible Orders would match if the LTSE Auction were to occur at the time of dissemination pursuant to the procedures for determining the clearing price set forth in the applicable auction rule. In the case of an IPO, Halt, or Volatility Auction, the Indicative Clearing Price shall be the same as the Auction Book Clearing Price.

(F) Auction Book Clearing Price: The single price at which orders on the Auction Book would match if the LTSE Auction were to occur at the time of dissemination pursuant to the procedures for determining the clearing price set forth in the applicable auction rule, but shall not be constrained by the Opening/Closing Auction Collar, as applicable. If shares from market orders would remain unexecuted, LTSE shall disseminate an indicator for “market buy” or “market sell.”

(G) Collar Reference Price: Opening/Closing Auction Collar Reference Price for the Opening and Closing Auctions. Volatility Auction Collar Reference Price for the Volatility Auction.

(H) Lower Auction Collar: The lower threshold of the Opening/Closing Auction Collar for the Opening and Closing Auctions. The lower threshold of the Volatility Auction Collar for the Volatility Auction.

(I) Upper Auction Collar: The upper threshold of the Opening/Closing Auction Collar for the Opening and Closing Auctions. The upper threshold of the Volatility Auction Collar for the Volatility Auction.

(J) Scheduled Auction Time: The projected time of the auction match.

(K) Extension Number: The total number of automatic Order Acceptance Period extensions an IPO, Halt, or Volatility Auction has received.

(10) The term "LTSE Official Closing Price" shall mean the price disseminated by the Exchange to the Consolidated Tape as the market center official close of an LTSE-Primary-Listed Security.

(11) The term "LTSE Official IPO Opening Price" shall mean the price disseminated by the Exchange to the Consolidated Tape following an IPO Auction as the market center official open for an initial public offering of an LTSE-Primary-Listed Security.

(12) The term "LTSE Official Opening Price" shall mean the price disseminated by the Exchange to the Consolidated Tape as the market center official open of an LTSE-Primary-Listed Security.

(13) The term "LTSE Re-opening Trade" shall mean the trade resulting from a Halt Auction or Volatility Auction (conducted prior to the Closing Auction Lock-in Time) that is disseminated by the Exchange to the Consolidated Tape as the market center re-opening trade of an LTSE-Primary-Listed Security.

(14) Reserved

(15) The term "Initial Consolidated Last Sale Eligible Trade" shall mean the first trade during Regular Market Hours that is last sale eligible and reported to the Consolidated Tape, including the Closing Auction.

(A) If there is no qualifying Initial Consolidated Last Sale Eligible Trade for the current day, the previous official closing price will be used.

(16) The term "Initial Last Sale Eligible Trade" shall mean the first trade on LTSE during Regular Market Hours that is last sale eligible and reported to the Consolidated Tape, including the Closing Auction.

(A) If there is no qualifying Initial Last Sale Eligible Trade for the current day, the previous official closing price will be used.

(17) The term "Impermissible Price" shall mean, for a Volatility Auction, an indeterminable auction price due to a market order imbalance, or an Indicative Clearing Price higher (lower) than the upper (lower) threshold of the Volatility Auction Collar at the scheduled auction match.

(18) Reserved.

(19) The term "Latest Consolidated Last Sale Eligible Trade" shall mean the last trade immediately prior to trading in the security being halted or paused that is last sale eligible and reported to the Consolidated Tape, rounded to the nearest MPV or Midpoint Price calculated by the System, whichever is closer.

(A) If there is no qualifying Latest Consolidated Last Sale Eligible Trade for the current day, the previous official closing price.

(20) The term "Limit-On-Close" or "LOC" shall mean a limit order that specifically requests execution at the LTSE Official Closing Price and is designated for execution in the Closing Auction, or in a Volatility Auction when such auction is determining the LTSE Official Closing Price pursuant to LTSE Rule 11.350(f)(3).

(21) The term “Limit-On-Open” or “LOO” shall mean a limit order that specifically requests execution at the LTSE Official Opening Price (or the LTSE Official IPO Opening Price in the case of an IPO Auction) and is designated for execution in the Opening Auction, IPO Auction, or Halt Auction when queued prior to Regular Market Hours if a Pre-Market Session halt persists through the start of Regular Market Hours.

(22) The term “Lock-in Time” shall mean two (2) minutes prior to the Opening Auction match (i.e., 9:28 a.m.), and ten (10) minutes prior to the Closing Auction match (i.e., 3:50 p.m., or 10 minutes prior to the end of the Regular Market Session on days that LTSE is subject to an early closing), at which time:

(A) Auction Eligible Orders on the Auction Book may not be canceled or modified prior to the auction match (i.e., locked in);

(B) Hyper-aggressive Auction Orders are rejected upon receipt; and

(C) LTSE begins to disseminate LTSE Auction Information.

(23) The term “Lock-out Time” shall mean ten (10) seconds prior to the Opening and Closing Auction match, at which time any new Auction Eligible Order otherwise eligible for the Auction Book is restricted from entering the Auction Book and is rejected upon receipt (i.e., locked out). Orders must be on the Auction Book prior to the Lock-out Time to guarantee eligibility for the auction. Orders submitted to the Continuous Book after the Lock-out Time remain eligible for execution on the Continuous Book, and in the upcoming Opening or Closing Auction match.

(24) The term “Market-On-Close” or “MOC” shall mean a market order that specifically requests execution at the LTSE Official Closing Price and is designated for execution in the Closing Auction, or in a Volatility Auction when such auction is determining the LTSE Official Closing Price pursuant to LTSE Rule 11.350(f)(3).

(25) The term “Market-On-Open” or “MOO” shall mean a market order that specifically requests execution at the LTSE Official Opening Price (or the LTSE Official IPO Opening Price in the case of an IPO Auction) and is designated for execution in the Opening Auction, IPO Auction, or Halt Auction when queued prior to Regular Market Hours if a Pre-Market Session halt persists through the start of Regular Market Hours.

(26) Reserved.

(27) The term “Opening/Closing Auction Collar” shall mean, collectively, the upper and lower threshold prices at or within which the Opening and Closing Auction match must occur. The Opening/Closing Auction Collar is established by taking the greater of fifty cents ($0.50) or a default threshold percentage of ten percent (10%) applied to the Opening/Closing Auction Collar Reference Price, which shall be added to (subtracted from) the Protected NBO (NBB) to establish the upper (lower) threshold of the Opening/Closing Auction Collar.

(A) If the Protected NBBO is crossed, the greater of fifty cents ($0.50) or a default threshold percentage of ten percent (10%) applied to the Opening/Closing Auction Collar Reference Price, shall be added to (subtracted from) the LTSE best offer (bid) to establish the upper (lower) threshold of the Opening/Closing Auction Collar.

(B) If the Protected NBBO, or, when utilized, the LTSE best bid and best offer ("LTSE BBO"), is not two-sided, the greater of fifty cents ($0.50) or a default threshold percentage of ten percent (10%) applied to the Opening/Closing Auction Collar Reference Price, shall be added to (subtracted from) the Opening/Closing Auction Collar Reference Price to establish the upper (lower) threshold of the Opening/Closing Auction Collar.

(28) The term "Opening/Closing Auction Collar Reference Price" shall be the Volume Based Tie Breaker.

(29) The term "Order Acceptance Period" shall be in reference to the period of time during which LTSE accepts orders submitted for participation in an IPO, Halt, or Volatility Auction. The Order Acceptance Period shall end when the applicable auction match occurs. The Order Acceptance Period shall begin:

(A) For an IPO Auction, 8:00 a.m., but is subject to change;

(B) For a Halt Auction, five (5) minutes prior to the scheduled auction match, or immediately after a Level 1 or Level 2 Market Decline pursuant to Rule 11.280(a)(1)-(3); and

(C) For a Volatility Auction, immediately after the pause dissemination.

(30) The term "Reference Price Range" is in reference to, for a Volatility Auction, the prices between and including the applicable Volatility Auction Collar, or, for an Opening or Closing Auction, the prices between and including the Protected NBB and Protected NBO for a particular security where the Protected NBBO is a Valid Protected NBBO.

(A) The Protected NBBO is a "Valid Protected NBBO" where:

(i) There is both a Protected NBB and Protected NBO for the security; and

(ii) The Protected NBBO is not crossed.

(B) Where the Protected NBBO is not a Valid Protected NBBO, the LTSE BBO will be used where the LTSE BBO is a Valid LTSE BBO. The LTSE BBO is a "Valid LTSE BBO" where there is both an LTSE best bid and an LTSE best offer for the security.

(C) If there is neither a Valid Protected NBBO nor a LTSE BBO and the market is one-sided, the Reference Price Range shall be equal to the price of the Final Consolidated Last Sale Eligible Trade, unless such price is:

(i) Lower than the Protected NBB, in which case the Reference Price Range shall be equal to the price of the Protected NBB; or

(ii) Higher than the Protected NBO, in which case the Reference Price Range shall be equal to the price of the Protected NBO.

(D) If there is neither a Valid Protected NBBO nor a Valid LTSE BBO and the market is two-sided, the Reference Price Range shall be equal to the price of the Final Consolidated Last Sale Eligible Trade, unless:

(i) The Protected NBBO is not crossed and the price of the Final Consolidated Last Sale Eligible Trade is either:

a. Lower than the Protected NBB, in which case the Reference Price Range shall be equal to the price of the Protected NBB; or

b. Higher than the Protected NBO, in which case the Reference Price Range shall be equal to the price of the Protected NBO.

(ii) The Protected NBBO is crossed and the price of the Final Consolidated Last Sale Eligible Trade is either:

a. Lower than the LTSE best bid, in which case the Reference Price Range shall be equal to the price of the LTSE best bid; or

b. Higher than the LTSE best offer, in which case the Reference Price Range shall be equal to the price of the LTSE best offer.

(E) If there is neither a Protected NBBO nor an LTSE BBO (i.e., a zero-sided market), the Reference Price Range will be the Final Consolidated Last Sale Eligible Trade.

(31) The term "Volatility Auction Collar" represents the range of prices at or within which the Volatility Auction match can occur, and shall mean:

(A) If the Volatility Auction Collar Reference Price is the Lower (Upper) Price Band, the initial lower (upper) threshold of the Volatility Auction Collar is 5% less (greater) than the Volatility Auction Collar Reference Price, rounded to the nearest passive MPV, and the upper (lower) threshold of the Volatility Auction Collar is the Upper (Lower) Price Band; or

(B) For securities with a Volatility Auction Collar Reference Price of $3.00 or less, the initial lower (upper) threshold of the Volatility Auction Collar is $0.15 less (greater) than the Volatility Auction Collar Reference Price, rounded to the nearest passive MPV and the upper (lower) threshold of the Volatility Auction Collar is the Upper (Lower) Price Band.

(32) The term "Volatility Auction Collar Reference Price" shall mean the reference price for calculating the applicable Volatility Auction Collar, and shall equal the price of the Upper or Lower Price Band that triggered the LULD trading pause.

(33) The term "Volume Based Tie Breaker" shall mean, for an Opening or Closing Auction, the midpoint of the Reference Price Range. In an Opening or Closing Auction, the Volume Based Tie Breaker will be rounded to the nearest MPV. If the Reference Price Range is a single price, the Volume Based Tie Breaker shall be equal to the Reference Price Range. In the case of a Halt Auction, or Volatility Auction that is not determining the LTSE Official Closing Price, the Volume Based Tie Breaker shall be equal to the Latest Consolidated Last Sale Eligible Trade. In the case of a Volatility Auction that is determining the LTSE Official Closing Price, the Volume Based Tie Breaker shall be equal to the Final Consolidated Last Sale Eligible Trade. In the case of an IPO Auction, the Volume Based Tie Breaker shall be equal to the issue price.

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**** * * * * Supplementary Material * * * ****

***.01 Opening/Closing Auction Collar***

*For example, if the Protected NBBO is $10.00 x $11.00, then the Opening/Closing Auction Collar Reference Price equals $10.50 and the threshold percentage is 10%, resulting in a threshold value of $1.05 (10% of $10.50 = $1.05). This threshold value is then added to the Protected NBO and subtracted from the Protected NBB to obtain the auction's Opening/Closing Auction Collar. In this example, it would result in a lower threshold of $8.95 ($10.00 - $1.05 = $8.95) and an upper threshold of $12.05 ($11.00 + $1.05 = $12.05), thus creating a range of $8.95 to $12.05, within which the auction can occur. This means $8.95 is the lowest price at which the auction can occur and $12.05 is the highest price at which it can occur. The Opening/Closing Auction Collar is dynamic; as the Protected NBBO changes, the Opening/Closing Auction Collar updates to reflect such changes.*

***.02 Volatility Auction Collar***

*For example, if the Lower and Upper Price Bands are $10.00 and $11.00, respectively, and a pause is triggered following a Limit State at the Lower Price Band, the Volatility Auction Collar Reference Price would be equal to the Lower Price Band, $10.00. The lower threshold of the Volatility Auction Collar ("lower Volatility Auction Collar") would be calculated by subtracting 5% of the Volatility Auction Collar Reference Price, or $0.50 (5% of $10.00 = $0.50), from the Volatility Auction Collar Reference Price. The upper threshold of the Volatility Auction Collar ("upper Volatility Auction Collar") would be equal to the Upper Price Band. In this example, it would result in a lower Volatility Auction Collar of $9.50 ($10.00 - $0.50 = $9.50) and an upper Volatility Auction Collar of $11.00, thus creating a range of $9.50 to $11.00, within which the Volatility Auction can occur. This means $9.50 is the lowest price at which the Volatility Auction can occur and $11.00 is the highest price at which it can occur.*

*In this example, if the pause was triggered at 12:00 p.m., the above calculated Volatility Auction Collar would be in effect during the initial Order Acceptance Period from 12:00 until 12:05 p.m. To continue the example, if the Indicative Clearing Price was above the upper Volatility Auction Collar at the time of the scheduled auction match, 12:05 p.m., then the Volatility Auction would receive an extension of 5 minutes (the "Initial Extension Period") and the upper Volatility Auction Collar would be updated by adding $0.50 to the upper Volatility Auction Collar (which is equal to 5% of the original Volatility Auction Reference Price of $10.00). The lower Volatility Auction Collar remains unchanged. In this example, it would result in an upper Volatility Auction Collar of $11.50 ($11.00 + $0.50 = $11.50) and a lower Volatility Auction Collar of $9.50, thus creating a range of $9.50 to $11.50, within which the Volatility Auction can now occur. This means $9.50 is the lowest price at which the Volatility Auction can occur and $11.50 is the highest price at which it can now occur at the next scheduled auction match 5 minutes from now, at 12:10 p.m.*

*Furthermore, continuing the example, if the Indicative Clearing Price was below the lower Volatility Auction Collar at the time of the scheduled auction match of 12:10 p.m., then the Volatility Auction would receive an extension of 5 minutes (an "Additional Extension Period") and the lower Volatility Auction Collar would be updated by subtracting $0.50 from the lower Volatility Auction Collar (which is equal to 5% of the original Volatility Auction Reference Price of $10.00). In this example, it would result in a lower Volatility Auction Collar of $9.00 ($9.50 - $0.50 = $9.00) and an upper Volatility Auction Collar of $11.50, thus creating a range of $9.00 to $11.50 within which the Volatility Auction can now occur. This means $9.00 is the lowest price at which the Volatility Auction can occur and $11.50 is the highest price at which it can now occur, and the Exchange shall attempt to conduct a Volatility Auction every one (1) second during the course of each Additional Extension Period until the clearing price falls at or within the Volatility Auction Collar.*

***.03 Eligibility of Market Orders and Limit Orders with a TIF of DAY Outside Regular Market Hours***

*If a Volatility Auction originally scheduled to occur during Regular Market Hours receives an automatic extension which causes the auction to occur in the Post-Market Session, limit orders with a TIF of DAY and market orders which were submitted during the Order Acceptance Period within Regular Market Hours are included and are only canceled by the System after the auction match or if the auction is extended to the end of Post-Market Hours.*

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(c) LTSE Auction Priority.

(1) Orders resting on the Order Book shall be ranked and maintained for the Opening, Closing, IPO, Halt, and Volatility Auction based on the following priority:

(A) Price. The best priced Auction Eligible Order (the highest priced resting order to buy or the lowest priced resting order to sell) has priority over all other orders to buy (or orders to sell) in all cases. Market orders have precedence over limit orders.

(i) Resting Price. Auction Eligible Orders resting on the Continuous Book are ranked by the price at which they are resting on the Continuous Book; Auction Eligible Orders resting on the Auction Book are ranked by the limit price defined by the User, if any (in either case, the order's "resting price"), as follows:

a. Reserved

b. Reserved

c. Reserved

d. Reserved.

e. Limit orders on the Continuous Book are ranked and eligible for execution in the Opening/Closing Auction at the order's resting price.

f. Limit orders, including LOO and LOC orders, on the Auction Book are ranked and eligible for execution in an auction at the order's limit price.

(ii) Halt or Volatility Auction. Limit orders on the Continuous Book at the time of a halt or pause dissemination are ranked on the Auction Book by the price at which such orders were resting on the Continuous Book at the time of the halt or pause dissemination.

(B) Reserved.

(C) Time. Equally priced Auction Eligible Orders ranked in time priority.

(i) Where orders to buy (or sell) are ranked at the same price, the oldest order at such price shall have precedence at that price. Orders are

ranked by the time at which they are posted to the Order Book at a given price, the first to be posted at a given price being the oldest. Orders maintain their time priority once booked until one of the following occur, at which time the order will receive a new timestamp:

a. An order on the Auction Book is incremented by the User;

b. An order on the Auction Book is re-priced by the User;

c. Reserved

d. Any one of the events specified in LTSE Rule 11.220(a)(1)(C) occurs to an order on the Continuous Book.

(d) Opening Auction.

(1) Order Entry and Cancellation Before Opening Auction

(A) Users may submit orders to the Exchange at the beginning of the Pre-Market Session for participation in the Opening Auction. Any orders designated for the Opening Auction Book will be queued until the Opening Auction match.

(B) Between the Opening Auction Lock-in Time and the Opening Auction match, orders on the Opening Auction Book may not be canceled or modified, and Hyper-aggressive Auction Orders submitted to the Exchange will be rejected upon entry.

(C) Orders eligible for the Opening Auction Book received by the Exchange between the Opening Auction Lock-out Time and the Opening Auction match will be rejected.

(D) Orders on the Continuous Book may continue to be entered and canceled or modified at any time prior to execution.

(2) Opening Auction Process. The Exchange will conduct an Opening Auction for all LTSE-Primary-Listed Securities.

(A) Publication of LTSE Auction Information. Beginning at the Opening Auction Lock-in Time, and updated every one second thereafter, LTSE Auction Information associated with the Opening Auction will be disseminated via electronic means.

(B) Determination of LTSE Official Opening Price. The LTSE Official Opening Price will be the price of the Opening Auction. In the event that there is no Opening Auction for an LTSE-Primary-Listed Security, the security will be released for trading pursuant to section (3) below, and the LTSE Official Opening Price will be the price of the Initial Last Sale Eligible Trade.

(i) The Opening Auction shall occur at the price that maximizes the number of shares of Auction Eligible Orders to be executed;

(ii) If more than one price exists under subparagraph (i) resulting in an auction price range, the Opening Auction shall occur at the price at or within such range that is not lower (higher) than the most aggressive unexecuted buy (sell) order;

(iii) If more than one price exists under subparagraph (ii), the Opening Auction shall occur at the price closest or equal to the Volume Based Tie Breaker; and

(iv) If the Opening Auction price established by subparagraphs (i) through (iii) is below (above) the lower (upper) threshold of the Opening/Closing Auction Collar in the Opening Auction, the LTSE Official Opening Price will be the price at or within the range of prices between the lower (upper) threshold of the Opening/Closing Auction Collar and the lower (upper) threshold of the Reference Price Range that best satisfies the conditions of subparagraphs (i) through (iii).

(C) Execution Priority. Opening Auction execution priority occurs in accordance with LTSE Auction Priority as described in section (b) above. Market and MOO orders have priority over all other Auction Eligible Orders, and to the extent there is executable contra side interest, such market and MOO orders will execute at the LTSE Official Opening Price in accordance with time priority. After the execution of all market and MOO orders, the remaining Auction Eligible Orders with a resting price more aggressive than the LTSE Official Opening Price will be executed in price – time priority at the LTSE Official Opening Price. All remaining Auction Eligible Orders with a resting price equal to the LTSE Official Opening Price shall execute in time priority at the LTSE Official Opening Price. All AGID modifiers as defined in LTSE Rule 11.190(e), and Minimum Quantity instructions as defined in Rule LTSE 11.190(b)(11), will not be supported in the Opening Auction, but will be enforced on all unexecuted shares released to the Continuous Book following the Opening Auction match.

(D) Pre-Market Session Halt. If an LTSE-Primary-Listed Security is subject to a Pre-Market Session halt, all orders on the Opening Auction Book will remain open. Users may resume submission of new or modifications to existing Auction Eligible Orders for the halted security during the Order Acceptance Period. Users may cancel open Auction Eligible Orders at any time during the halt. If a halt persists through the start of Regular Market Hours, no Opening Auction will occur, orders on the Opening Auction Book will become part of the Halt Auction Book, and the Halt Auction will determine the LTSE Official Opening Price in accordance with LTSE Rule 11.350(e) below.

(E) The Halt Auction will determine the LTSE Official Opening Price for an LTSE-Primary-Listed Security pursuant to Rule 11.350(e) below if a Halt Auction is scheduled to occur during the Regular Market Session, and LTSE has not determined an LTSE Official Opening Price due to:

(i) An overnight trading halt; or

(ii) A lack of crossing interest during the Opening Auction, there is no Initial Last Sale Eligible Trade, and the security is subsequently halted.

(F) The Volatility Auction will determine the LTSE Official Opening Price for an LTSE-Primary-Listed Security pursuant to LTSE Rule 11.350(f) below if LTSE has not determined an LTSE Official Opening Price due to:

(i) A lack of crossing interest during the Opening Auction, there is no Initial Last Sale Eligible Trade, and the security is subsequently paused.

(3) Transition to Regular Market Session.

(A) LOO, MOO, and market orders that are not fully executed at the conclusion of the Opening Auction will be canceled immediately after the Opening Auction match. Limit orders to buy (sell) with a TIF of DAY or GTX and a limit price above (below) the upper (lower) threshold of the Opening/Closing Auction Collar that are not fully executed at the conclusion of the Opening Auction will be canceled immediately after the Opening Auction match;

(B) All remaining shares from Auction Eligible Orders that are not canceled by the System immediately after the Opening Auction match shall be released to the Continuous Book for trading in the Regular Market Session, subject to the orders' instructions; and

(4) Opening Auction Contingency Procedures.

(A) When a disruption occurs that prevents the execution of the Opening Auction as set forth above, LTSE shall apply the following Opening Auction Contingency Procedures:

(B) LTSE will publicly announce that no Opening Auction will occur. The price of the Initial Consolidated Last Sale Eligible Trade will be used for the LTSE Official Opening Price. The LTSE Official Opening Price will be published to the Consolidated Tape. All orders on the Order Book will be canceled, and LTSE will open the security for trading without an auction.

(i) If a security's LTSE Official Opening Price cannot be determined based on this procedure, LTSE will not publish an LTSE Official Opening Price for the security.

(ii) The Regular Market Session shall begin either as scheduled, or upon resolution of the disruption that triggered LTSE to operate the Opening Auction Contingency Procedures.

(e) Closing Auction.

(1) Order Entry and Cancellation Before Closing Auction

(A) Users may submit orders to the Exchange at the beginning of the Pre-Market Session, or at the beginning of the Order Acceptance Period for an IPO Auction, for participation in the Closing Auction. Any MOC and LOC orders designated for the Closing Auction Book will be queued until the Closing Auction match.

(B) Between the Closing Auction Lock-in Time and the Closing Auction match, orders on the Closing Auction Book may not be canceled or modified, and Hyper-aggressive Auction Orders submitted to the Exchange will be rejected upon entry.

(C) Between the Closing Auction Lock-in Time and five (5) minutes before the Closing Auction match (e.g., 3:55 p.m.), On-Close orders can be canceled only if the User requests that LTSE correct a legitimate error in the order (e.g., side, size, symbol, price, or duplication of an order). On-Close orders cannot be canceled or modified at or after five (5) minutes before the Closing Auction match (e.g., 3:55 p.m.) for any reason.

(D) Orders eligible for the Closing Auction Book received by the Exchange between the Closing Auction Lock-out Time and the Closing Auction match will be rejected.

(E) Orders on the Continuous Book may continue to be entered and canceled or modified at any time prior to execution.

(2) Closing Auction Process. The Exchange will conduct a Closing Auction for all LTSE-Primary-Listed Securities.

(A) Publication of LTSE Auction Information. At the beginning of the Closing Auction Lock-in Time, and updated every one second thereafter, LTSE Auction Information associated with the Closing Auction will be disseminated via electronic means.

(B) Determination of LTSE Official Closing Price. The LTSE Official Closing Price will be the price of the Closing Auction. In the event that there is no Closing Auction for an LTSE-Primary-Listed Security, the LTSE Official Closing Price will be the price of the Final Last Sale Eligible Trade, and the security will be released for trading pursuant to section (3) below.

(i) The Closing Auction shall occur at the price that maximizes the number of shares of Auction Eligible Orders to be executed;

(ii) If more than one price exists under subparagraph (i) resulting in an auction price range, the Closing Auction shall occur at the price at or within such range that is not lower (higher) than the most aggressive unexecuted buy (sell) order;

(iii) If more than one price exists under subparagraph (ii), the Closing Auction shall occur at the price closest or equal to the Volume Based Tie Breaker; and

(iv) If the Closing Auction price established by subparagraphs (i) through (iii) is below (above) the lower (upper) threshold of the Opening/Closing Auction Collar in the Closing Auction, the LTSE Official Closing Price will be the price at or within the range of prices between the lower (upper) Opening/Closing Auction Collar and the lower (upper) threshold of the Reference Price Range that best satisfies the conditions of subparagraphs (i) through (iii).

(C) Execution Priority. Closing Auction execution priority occurs in accordance with LTSE Auction Priority as described in section (b) above. MOC orders have priority over all other Auction Eligible Orders, and to the extent there is executable contra side interest, such MOC orders will execute at the LTSE

Official Closing Price in accordance with time priority. After the execution of all MOC orders, the remaining Auction Eligible Orders with a resting price more aggressive than the LTSE Official Closing Price will be executed in price –time priority at the LTSE Official Closing Price. All remaining Auction Eligible Orders with a resting price equal to the LTSE Official Closing Price shall execute in time priority at the LTSE Official Closing Price. All AGID modifiers as defined in LTSE Rule 11.190(e), and Minimum Quantity instructions as defined in LTSE Rule 11.190(b)(11), will not be supported in the Closing Auction, but will be enforced on all unexecuted shares released to the Continuous Book following the Closing Auction match.

(D) If a halt is disseminated in an LTSE-Primary-Listed Security prior to the Closing Auction, all orders on the Auction Book will remain open. Users may resume submission of new or modifications to existing Auction Eligible Orders for the halted security during the Order Acceptance Period. Users may cancel open Auction Eligible Orders at any time during the halt. If a halt persists through the end of Regular Market Hours, no Closing Auction will occur, all On-Open orders, On-Close orders, market orders, and limit orders with a TIF of DAY will be canceled at the conclusion of Regular Market Hours, and the Final Last Sale Eligible Trade will be the LTSE Official Closing Price. However, where an LTSE-Primary-Listed Security is paused pursuant to LTSE Rule 11.281 at or after the Closing Auction Lock-in Time, or the Order Acceptance Period of a Volatility Auction for a security paused before the Closing Auction Lock-in Time pursuant to LTSE Rule 11.281 would otherwise be extended by the Exchange to a time after the Closing Auction Lock-in Time, On-Close orders are added to the Volatility Auction and such auction will be used to determine the LTSE Official Closing Price for the subject security at the conclusion of Regular Market Hours in accordance with LTSE Rule 11.350(f)(3) below.

(3) Transition to Post-Market Session.

(A) LOC, MOC, as well as limit orders with a TIF of DAY that are not fully executed at the conclusion of the Closing Auction will be canceled immediately after the Closing Auction match;

(B) All remaining shares from Auction Eligible Orders that are not canceled immediately by the System after the Closing Auction match will be released to the Continuous Book for trading in the Post-Market Session, subject to the orders' instructions; and

(4) Closing Auction Contingency Procedures.

(A) When a disruption occurs that prevents the execution of the Closing Auction as set forth above, LTSE shall apply either the Primary Closing Auction Contingency Procedures pursuant to this paragraph (A), or the Secondary Closing Auction Contingency Procedures pursuant to paragraph (B) below. LTSE will employ the Primary Closing Auction Contingency Procedures if at all possible, and it will employ the Secondary Closing Auction Contingency Procedures only if it determines that both the standard procedures and the Primary Closing Auction Contingency Procedures are unavailable. The determination to employ Primary or Secondary Closing Auction Contingency Procedures will be based upon all available information including the type of disruption, the system or sub-system disrupted, the availability of testing and

diagnostic data, and observed Member and market impact. The determination to implement Primary or Secondary Closing Auction Contingency Procedures shall be made by the President of LTSE or a senior level employee designated by the President. If such a disruption occurs, LTSE shall publicly announce at the earliest possible time the initiation of Primary or Secondary Closing Auction Contingency procedures via system status alerts and email notification directories. If LTSE determines to initiate the Primary Closing Auction Contingency Procedures, the following Provisions shall apply:

(i) LTSE will publicly announce that no Closing Auction will occur. The price of the Final Consolidated Last Sale Eligible Trade will be used for the LTSE Official Closing Price. The LTSE Official Closing Price will be published to the Consolidated Tape. LTSE will execute orders on the Closing Auction Book at the LTSE Official Closing Price to the extent executable buy and sell interest exists on the Closing Auction Book. All remaining orders on the Order Book will be canceled at the conclusion of the contingency process. LTSE will report the resulting execution to the Consolidated Tape and deliver execution reports to Users. If a security's LTSE Official Closing Price cannot be determined by this subsection, LTSE will not publish an LTSE Official Closing Price for the security and will cancel all orders on the Order Book. The Post Market Session shall begin either as scheduled, or upon resolution of the disruption that triggered LTSE to operate the Primary Contingency Procedures.

(B) Secondary Closing Auction Contingency Procedures. When a determination to implement Secondary Closing Auction Contingency Procedures has been made by the President of LTSE or a senior level employee designated by the President pursuant to paragraph (A) above, LTSE shall publicly announce this determination at the earliest possible time via system status alerts and email notification directories. The following procedures shall apply:

(i) If LTSE determines to follow Secondary Closing Auction Contingency Procedures for one or more securities at or before 3:00 p.m., LTSE shall cancel all open orders on the Order Book in the impacted securities to give Members the opportunity to route their orders to alternative execution venues. LTSE will designate an alternate exchange, and the LTSE Official Closing Price for those securities will be determined in accordance with the following procedures:

a. The LTSE Official Closing Price will be the official closing price established for the security under the rules of the designated back-up exchange;

b. If there is no official closing price in a security on the designated back-up exchange, the LTSE Official Closing Price will be the volume weighted average price ("VWAP") of the last sale eligible trades reported to the Consolidated Tape during the last five (5) minutes of Regular Market Hours on that trading day, including any closing

transactions on an exchange and any trade breaks or corrections up to the time the VWAP is processed;

c. If there are no last sale eligible trades reported to the Consolidated Tape during the last five (5) minutes of Regular Market Hours, the LTSE Official Closing Price of such security will be the Final Consolidated Last Sale Eligible Trade for the security on that trading day;

d. If there were no last sale eligible trades reported to the Consolidated Tape on that trading day, the LTSE Official Closing Price will be the previous official closing price;

e. If a security's LTSE Official Closing Price cannot be determined under subsection (a), (b), (c), and (d) above, LTSE will not publish an LTSE Official Closing Price for the security; and

f. The Post Market Session shall begin either as scheduled, or upon resolution of the disruption that triggered LTSE to operate the Secondary Contingency Procedures.

(ii) If LTSE determines to follow Secondary Closing Auction Contingency Procedures for one or more securities after 3:00 p.m., LTSE shall cancel all open orders on the Order Book in the impacted securities to give Members the opportunity to route their orders to alternative execution venues, and the LTSE Official Closing Price for those securities will be:

a. The LTSE Official Closing Price will be the VWAP of the last sale eligible trades reported to the Consolidated Tape during the last five (5) minutes of Regular Market Hours on that trading day, including any closing transactions on an exchange and any trade breaks or corrections up to the time the VWAP is processed;

b. If there are no last sale eligible trades reported to the Consolidated Tape during the last five (5) minutes of Regular Market Hours, the LTSE Official Closing Price of such security will be the Final Consolidated Last Sale Eligible Trade for the security on that trading day;

c. If there were no last sale eligible trades reported to the Consolidated Tape on that trading day, the LTSE Official Closing Price will be the previous official closing price;

d. If a security's LTSE Official Closing Price cannot be determined under subsection (a), (b), and (c) above, LTSE will not publish an LTSE Official Closing Price for the security; and

e. The Post Market Session shall begin either as scheduled, or upon resolution of the disruption that triggered LTSE to operate the Secondary Contingency Procedures.

(f) IPO and Halt Auctions. For trading in an LTSE-Primary-Listed Security in an initial public offering (an "IPO"), or the initial pricing of any other security pursuant to LTSE Rule 11.282(b)(9), the Exchange will conduct an IPO Auction, as described below. Following a trading halt in an LTSE-Primary-Listed Security pursuant to LTSE Rule 11.282(a)(1), (4), or (5), the Exchange will conduct a Halt Auction, as described below.

(1) Order Entry and Cancellation Before an IPO or Halt Auction.

(A) Users may submit Auction Eligible Orders to the Exchange at the beginning of the Order Acceptance Period for participation in an IPO or Halt Auction. All Auction Eligible Orders associated with an IPO or Halt Auction will be queued until the applicable auction match. All orders associated with an IPO or Halt Auction must be received prior to the auction match in order to be eligible to execute in the auction.

(B) Auction Eligible Orders associated with an IPO or Halt Auction may be canceled or modified at any time prior to the auction match.

(C) At the conclusion of Regular Market Hours, On-Open orders, On-Close orders, market orders, and limit orders with a TIF of DAY will be canceled automatically by the System.

(D) In the event the Exchange cannot complete an IPO or Halt Auction before the end of Post-Market Hours, all open orders in the subject security on the Order Book will be canceled.

(2) IPO and Halt Auction Process.

(A) Publication of LTSE Auction Information. At the start of the Display Only Period for a security and updated every one second thereafter, LTSE Auction Information associated with the IPO or Halt Auction will be disseminated via electronic means.

(B) Extending the Order Acceptance Period. The Order Acceptance Period will be extended:

(i) Automatically for five (5) minutes in an IPO Auction, or one (1) minute for a Halt Auction, when there are unmatched shares from market orders on the Auction Book associated with the auction at the time of the auction match;

(ii) Automatically for five (5) minutes in an IPO Auction, or one (1) minute for a Halt Auction, when the Indicative Clearing Price differs by the greater of five percent (5%) or fifty cents ($0.50) from any of the previous fifteen (15) Indicative Clearing Price disseminations at the time of the auction match;

(iii) Automatically in an IPO Auction during the Pre-Launch Period when the clearing price is above (below) the upper (lower) price band selected by the underwriter pursuant to Rule 11.282(b)(8), until the clearing price is within such price bands; or

(iv) Manually for an IPO Auction upon request for an extension from the underwriter.

(C) Determination of LTSE IPO Opening Price and LTSE Re-opening Trade. The IPO Auction price will be the LTSE Official IPO Opening Price. The execution resulting from the Halt Auction will be the LTSE Re-opening Trade. If there is insufficient trading interest in the System to execute a Halt Auction for that security, no Halt Auction will occur, and the security will be released for trading pursuant to section (3) below. Pursuant to LTSE Rule 11.350(c)(2)(D) or (E), as applicable, if LTSE has not determined the LTSE Official Opening Price for an LTSE-Primary-Listed Security, and the Halt Auction is scheduled to occur during the Regular Market Session, the LTSE Official Opening Price will be the price of the Halt Auction. If there is insufficient trading interest to complete the Halt Auction, the transition to the Regular Market Session shall be conducted pursuant to LTSE Rule 11.350(e)(3) below, no auction will occur, and the LTSE Official Opening Price will be the price of the Initial Last Sale Eligible Trade.

(i) The auction shall occur at the price that maximizes the number of shares of Auction Eligible Orders to be executed;

(ii) If more than one price exists under subparagraph (i) resulting in an auction price range, the auction shall occur at the price at or within such range that is not lower (higher) than the most aggressive unexecuted buy (sell) order; and

(iii) If more than one price exists under subparagraph (ii), the auction shall occur at the price closest or equal to the Volume Based Tie Breaker.

(iv) If the IPO Auction price established by subparagraphs (i) through (iii) meets the conditions for extending the Order Acceptance Period described in LTSE Rule 11.350(e)(2)(B)(i)-(iii), the Order Acceptance Period shall be extended accordingly; or

(v) If the Halt Auction price established by subparagraphs (i) through (iii) meets the conditions for extending the Order Acceptance Period described in LTSE Rule 11.350(e)(2)(B)(i)-(ii), the Order Acceptance Period shall be extended accordingly.

(D) Execution Priority. IPO and Halt Auction execution priority occurs in accordance with LTSE Auction Priority as described in section (b) above. Market and MOO orders have priority over all other Auction Eligible Orders in an IPO or Halt Auction. To the extent there is executable contra side interest, such market and MOO orders will be executed at the LTSE Official IPO Price or the price of the LTSE Re-Opening Trade according to time priority. After the execution of all market and MOO orders, the remaining Auction Eligible Orders with a resting price more aggressive than the LTSE Official IPO Price or the price of the LTSE Re-Opening Trade will be executed in price – time priority at the LTSE Official IPO Price, or the price of the LTSE Re-Opening Trade. All remaining Auction Eligible Orders with a resting price equal to the LTSE Official IPO Price or the price of the LTSE Re-Opening Trade shall

execute in time priority at the LTSE Official IPO Price, or the price of the LTSE Re-Opening Trade. All AGID modifiers as defined in Rule 11.190(e), and Minimum Quantity instructions as defined in Rule 11.190(b)(11), will not be supported in the IPO or Halt Auction, but will be enforced on all unexecuted shares released to the Continuous Book following the IPO or Halt Auction match.

(3) Transition to Continuous Trading.

(A) LOO, MOO, and market orders, as well as Auction Eligible Orders with a TIF of IOC that are not fully executed at the conclusion of the IPO Auction will be canceled immediately after the IPO Auction match.

(B) Auction Eligible Orders with a time-in-force of IOC and market orders (as well as On-Open orders when the Halt Auction is determining the LTSE Official Opening Price) that are not fully executed at the conclusion of the Halt Auction will be canceled immediately after the Halt Auction match.

(C) All remaining shares from Auction Eligible Orders that are not canceled immediately by the System after an IPO or Halt Auction match will be released to the Continuous Book for trading in the applicable market session, subject to the orders' instructions; and

(4) Contingency Procedures. When a disruption occurs that prevents the execution of an IPO or Halt Auction as set forth above, LTSE shall apply the following Contingency Procedures:

(A) For an IPO Auction, LTSE will publicly announce that the Order Acceptance Period for the IPO Auction will reset for the subject security. At which point, LTSE will cancel all orders on the Order Book and disseminate a new scheduled time for the Order Acceptance Period and auction match.

(B) For a Halt Auction, LTSE will publicly announce that no Halt Auction will occur. All orders on the Order Book will be canceled, and LTSE will open the security for trading without an auction.

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*** * * * * *Supplementary Material* * * * ***

***.01***

*The Exchange will conduct an IPO Auction for securities that are the subject of an initial public offering. Pursuant to section 12(f)(1)(G)(i)-(ii) of the Securities and Exchange Act, a security is the subject of an initial public offering if the offering of the subject security is registered under the Securities Act of 1933, the issuer of the security, immediately prior to filing the registration statement with respect to the offering, was not subject to the reporting requirements of the Securities and Exchange Act, and the initial public offering of such security commences at the opening of trading on the day on which such security commences trading on the national securities exchange with which such security is registered. In addition, the Exchange will also conduct an IPO Auction for the initial pricing of any other security pursuant to Rule 11.282(b)(9). Pursuant to Rule 11.282(b)(9), the process for halting and initial pricing of a security that is the subject of an IPO shall also be available for the initial pricing of any other security that has not been listed on a national securities exchange or traded in the over-the-counter market pursuant to FINRA Form 211 immediately prior to the initial pricing, provided that a broker-dealer serving in the role of*

*financial advisor to the issuer of the securities being listed is willing to perform the functions under LTSE Rule 11.282(b)(8) that are performed by an underwriter with respect to an initial public offering.*

***.02***

*Initial trading for an LTSE-Primary-Listed Security that is not the subject of an IPO or otherwise being priced pursuant to Rule 11.282(b)(9) will be eligible to begin trading in the Pre-Market Session and have an Opening Auction on LTSE at the start of Regular Market Hours. For example, if an issuer with a class of common stock listed on LTSE offers and lists a preferred class of securities on LTSE, the offering of such securities would not constitute an initial public offering pursuant to section 12(f)(1)(G)(i) of the Securities and Exchange Act. Therefore, if the security does not qualify for the process of halting and initial pricing of a security pursuant to Rule 11.282(b)(9) (e.g., because there is no broker-dealer serving in the role of financial advisor to the issuer of the securities being listed that is willing to perform the functions under LTSE Rule 11.282(b)(8) that are performed by an underwriter with respect to an initial public offering), such security will be eligible for trading in the Pre-Market Session and have an Opening Auction on LTSE at the start of Regular Market Hours.*

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(g) Volatility Auction. The Volatility Auction is used to re-open an LTSE-Primary-Listed Security after such security is subject to an LULD trading pause pursuant to LTSE Rule 11.281.

(1) Order Entry and Cancellation Before a Volatility Auction.

(A) Auction Eligible Orders may be submitted to the Exchange at the beginning of the five (5) minute Order Acceptance Period for participation in a Volatility Auction. However, when an LTSE-Primary-Listed Security is paused pursuant to LTSE Rule 11.281 at or after the Closing Auction Lock-in Time, or if the Order Acceptance Period of a Volatility Auction for a security paused before the Closing Auction Lock-in Time pursuant to LTSE Rule 11.281 would be in effect at the Closing Auction Lock-in Time, the Order Acceptance Period shall continue to the end of the Regular Market Session.

(B) All Auction Eligible Orders will be queued until the auction match. All orders associated with a Volatility Auction must be received prior to the auction match in order to be eligible for execution in the auction.

(C) Auction Eligible Orders associated with a Volatility Auction may be canceled or modified at any time prior to the auction match.

(2) Volatility Auction Process.

(A) Publication of LTSE Auction Information. At the start of the Display Only Period and updated every one second thereafter, LTSE Auction Information associated with the Volatility Auction will be disseminated via electronic means.

(B) Volatility Auction Collar. The Volatility Auction match must occur at a price at or within the Volatility Auction Collar.

(C) Conditions for Extending the Order Acceptance Period. The Order Acceptance Period will be extended:

(i) Automatically for five (5) minutes when the Indicative Clearing Price differs by the greater of five percent (5%) or fifty cents ($0.50) from any of the previous fifteen (15) Indicative Clearing Price disseminations at the time of the auction match;

(ii) Automatically for five (5) minutes when the Indicative Clearing Price, at the time of the auction match, is an Impermissible Price. Upon extension, the Volatility Auction Collar will be expanded in the direction of the Impermissible Price pursuant to section (D)(ii) below; the Volatility Auction will continue to be extended in five (5) minute increments and will continue to be expanded in the direction of the Impermissible Price until sufficient trading interest exists at an Indicative Clearing Price at or within the Volatility Auction Collar; or

(iii) Automatically to the end of Regular Market Hours where an LTSE-Primary-Listed Security is paused pursuant to LTSE Rule 11.281 at or after the Closing Auction Lock-in Time, or the Order Acceptance Period of a Volatility Auction for a security paused before the Closing Auction Lock-in Time pursuant to LTSE Rule 11.281 would be in effect at the Closing Auction Lock-in Time, in which case the LTSE Official Closing Price will be determined by the Volatility Auction pursuant to section (3) below.

(D) Incremental Extensions of the Order Acceptance Period following a Trading Pause. Pursuant to section (a)(29)(C) above, the Order Acceptance Period for a Volatility Auction shall commence immediately after the Trading Pause. The Order Acceptance Period may be extended for five (5) minutes pursuant to section 11.350(f)(2)(C)(i) or (C)(ii) above (the “Initial Extension Period”). After the Initial Extension Period, the Order Acceptance Period may be extended for additional five (5) minute periods pursuant to section 11.350(f)(2)(C)(i) or (C)(ii) above (each an “Additional Extension Period”) until a Volatility Auction occurs. The Exchange shall attempt to conduct a Volatility Auction every one (1) second during the course of each Additional Extension Period. Should the Order Acceptance Period for a Volatility Auction be extended to a time past the Closing Auction Lock-in Time (i.e., 10 minutes prior to the end of the Regular Market Session), the Volatility Auction shall be conducted pursuant to section (f)(3) of this Rule.

(i) At the beginning of the Order Acceptance Period, the Volatility Auction Collar Reference Price and the Volatility Auction Collar shall be determined in accordance with section (a)(32) and (a)(31) of the Rule, respectively.

(ii) At the beginning of the Initial Extension Period pursuant to section (C)(ii), the upper (lower) Volatility Auction Collar shall be increased (decreased) by five (5) percent of the original Volatility Auction Collar Reference Price in the direction of the Impermissible Price, rounded to the nearest passive MPV. For securities with a Volatility Auction Collar Reference Price of

$3.00 or less, the Volatility Auction Collar shall be increased (decreased) in $0.15 increments in the direction of the Impermissible Price. At the beginning of each Additional Extension Period pursuant to section (C)(ii), the Volatility Auction Collar shall be widened in accordance with this paragraph by the same method as the Initial Extension Period.

(E) Determination of LTSE Re-Opening Trade. The execution resulting from the Volatility Auction will be the LTSE Re-opening Trade. If there is insufficient trading interest in the System to execute the Volatility Auction for that security, no Volatility Auction will occur, and the security will be released for trading pursuant to section (G) below. Pursuant to LTSE Rule 11.350(c)(2)(F), if LTSE has not determined the LTSE Official Opening Price for an LTSE-Primary-Listed Security, and the security is subject to an LULD trading pause, the LTSE Official Opening Price will be the price of the Volatility Auction.

(i) The Volatility Auction shall occur at the price that maximizes the number of shares of Auction Eligible Orders to be executed;

(ii) If more than one price exists under subparagraph (i) resulting in an auction price range, the Volatility Auction shall occur at the price at or within such range that is not lower (higher) than the most aggressive unexecuted buy (sell) order; and

(iii) If more than one price exists under subparagraph (ii), the Volatility Auction shall occur at the price closest or equal to the Volume Based Tie Breaker.

(iv) If the Volatility Auction price established by subparagraphs (i) through (iii) is outside the Volatility Auction Collar, the Order Acceptance Period shall be extended pursuant to 11.350(f)(2)(C)(ii) and the Volatility Auction Collars shall be updated pursuant to LTSE Rule 11.350(f)(2)(D)(ii), described above; or

(v) If the Volatility Auction price established by subparagraphs (i) through (iii) meets the conditions for extending the Order Acceptance Period described in LTSE Rule 11.350(f)(2)(C)(i), the Order Acceptance Period shall be extended accordingly.

(F) Execution Priority. Volatility Auction execution priority occurs in accordance with LTSE Auction Priority as described in section (b) above. Market orders have priority over all other Auction Eligible Orders in the Volatility Auction. To the extent there is executable contra side interest, such market orders will be executed at the price of the LTSE Re-Opening Trade according to time priority. After the execution of all market orders, the remaining Auction Eligible Orders with a resting price more aggressive than the price of the LTSE Re-Opening Trade will be executed in price – time priority at the price of the LTSE Re-Opening Trade. All remaining Auction Eligible Orders with a

resting price equal to the price of the LTSE Re-Opening Trade shall execute in time priority at the price of the LTSE Re-Opening Trade. All AGID modifiers as defined in Rule 11.190(e), and Minimum Quantity instructions as defined in Rule 11.190(b)(11), will not be supported in the Volatility Auction, but will be enforced on all unexecuted shares released to the Continuous Book following the Volatility Auction match.

(G) Transition to Regular Market Session.

(i) Auction Eligible Orders with a TIF of IOC and market orders that are not fully executed in a Volatility Auction will be canceled immediately after the Volatility Auction match;

(ii) All remaining shares from Auction Eligible Orders that are not canceled immediately by the System after a Volatility Auction match will be released to the Continuous Book for trading in the Regular Market Session, subject to the orders' instructions; and

(H) Contingency Procedures. When a disruption occurs that prevents the execution of a Volatility Auction as set forth above, LTSE shall apply the following Volatility Auction Contingency Procedures:

(i) LTSE will publicly announce that no Volatility Auction will occur, and the Exchange will immediately notify the single plan processor responsible for consolidation of information for the security. All orders on the Order Book will be canceled, and LTSE will open the security for trading without an auction after the single plan processor responsible for consolidation of information for the security has disseminated Price Bands.

(3) Closing with a Volatility Auction. Where an LTSE-Primary-Listed Security is paused pursuant to LTSE Rule 11.281 at or after the Closing Auction Lock-in Time, or the Order Acceptance Period of a Volatility Auction for a security paused before the Closing Auction Lock-in Time pursuant to LTSE Rule 11.281 would otherwise be extended by the Exchange to a time after the Closing Auction Lock-in Time, no Closing Auction for the security will occur. Instead, the Exchange will conduct a Volatility Auction at the end of Regular Market Hours to determine the LTSE Official Closing Price for the security.

(A) Order Entry and Cancellation Before Closing with a Volatility Auction.

(i) Auction Eligible Orders may be submitted to the Exchange at the beginning of the Order Acceptance Period for participation in a Volatility Auction. All Auction Eligible Orders will be queued until the auction match. All orders associated with a Volatility Auction must be received prior to the auction match in order to be eligible for execution in the Volatility Auction.

(ii) MOC and LOC orders queued for the Closing Auction will be incorporated into the Auction Book for the Volatility Auction.

(iii) Reserved.

(iv) Auction Eligible Orders associated with a Volatility Auction may be canceled or modified at any time prior to the auction match.

(v) In the event the Exchange cannot complete a Volatility Auction before the end of Post-Market Hours, all open orders in the subject security on the Order Book will be canceled.

(B) Process for Closing with a Volatility Auction.

(i) Publication of LTSE Auction Information. At the start of the Display Only Period and updated every one second thereafter, LTSE Auction Information associated with the Volatility Auction will be disseminated via electronic means.

(ii) Determination of LTSE Official Closing Price. The LTSE Official Closing Price will be the price of the Volatility Auction. If there is insufficient trading interest in the System to execute the Volatility Auction for that security, the Final Last Sale Eligible Trade shall be used as the LTSE Official Closing Price in that security, and the security will be released for trading pursuant to section (C) below. Pursuant to Rule 11.350(c)(2)(F), if LTSE has not determined the LTSE Official Opening Price for an LTSE-Primary-Listed Security, and the security is subject to an LULD trading pause, the LTSE Official Opening Price will be the price of the Volatility Auction.

a. The Volatility Auction shall occur at the price that maximizes the number of shares of Auction Eligible Orders to be executed;

b. If more than one price exists under subparagraph (a) resulting in an auction price range, the Volatility Auction shall occur at the price at or within such range that is not lower (higher) than the most aggressive unexecuted buy (sell) order; and

c. If more than one price exists under subparagraph (b), the Volatility Auction shall occur at the price closest or equal to the Volume Based Tie Breaker.

d. If the Volatility Auction price established by subparagraphs (a) through (c) is outside the Volatility Auction Collar, the Order Acceptance Period shall be extended pursuant to 11.350(f)(2)(C)(ii) and the Volatility Auction Collars shall be updated pursuant to LTSE Rule 11.350(f)(2)(D)(ii), described above; or

e. If the Volatility Auction price established by subparagraphs (a) through (c) meets the conditions for extending the Order Acceptance Period described in

LTSE Rule 11.350(f)(2)(C)(i), the Order Acceptance Period shall be extended pursuant to 11.350(f)(2)(D).

(iii) Execution Priority. Volatility Auction execution priority occurs in accordance with LTSE Auction Priority as described in section (b) above. Market and MOC orders have priority over all other Auction Eligible Orders in the Volatility Auction. To the extent there is executable contra side interest, such market and MOC orders will be executed at the LTSE Official Closing Price according to time priority. After the execution of all market and MOC orders, the remaining Auction Eligible Orders with a resting price more aggressive than the LTSE Official Closing Price will be executed in price – time priority at the LTSE Official Closing Price. All remaining Auction Eligible Orders with a resting price equal to the LTSE Official Closing Price shall execute in time priority at the LTSE Official Closing Price. All AGID modifiers as defined in LTSE Rule 11.190(e), and Minimum Quantity instructions as defined in LTSE Rule 11.190(b)(11), will not be supported in the Volatility Auction, but will be enforced on all unexecuted shares released to the Continuous Book following the Volatility Auction match.

(C) Transition to Post-Market Session.

(i) LOC, MOC, and market orders, as well as all orders with a TIF of DAY or IOC that are not fully executed at the conclusion of the Volatility Auction will be canceled immediately after the Volatility Auction match; and

(ii) All remaining shares from Auction Eligible Orders that are not canceled immediately by the System after the Volatility Auction match will be released to the Continuous Book for trading in the Post-Market Session, subject to the orders' instructions.

(D) Contingency Procedures for Closing with a Volatility Auction.

(i) When a disruption occurs that prevents the execution of the Volatility Auction as set forth above, LTSE will utilize the Closing Auction Contingency Procedures as defined in LTSE Rule 11.350(d)(4).

(h) Short Sale Order Handling.

(1) For Opening, Closing, Halt, and Volatility Auctions for covered securities, when the Short Sale Price Test of Rule 201 of Regulation SHO is in effect, the Exchange will not execute or display short sale orders not marked short exempt at a price at or below the current NBB.

(A) When the Short Sale Price Test of Rule 201 of Regulation SHO is in effect during the auction match for covered securities, and the inclusion of one or more sell short orders not marked short exempt would push the auction match price to a price at or below the current NBB price at the time of the auction match (i.e., the time of execution of orders in the auction), then such

sell short order not marked short exempt and all other sell short orders not marked short exempt with lesser priority shall not receive an execution in the auction match.

(i) Whenever, in the judgment of the Exchange, the interests of a fair and orderly market so require, the Exchange may adjust the timing of or suspend the auctions set forth in this LTSE Rule with prior notice to Users.

(j) Reserved

(k) For purposes of this Rule, all references to a.m. and p.m. times shall mean Eastern Time.

*(Amended by SR-LTSE-2019-02 eff. September 27, 2019; amended by SR-LTSE-2019-03 eff. October 18, 2019; amended by SR-LTSE-2019-04 eff. December 5, 2019)*

**Rule 11.360. Reserved.**

**Rule 11.370. Reserved**

**Rule 11.380. Risk Management**

(a) The Exchange offers certain risk settings applicable to a User's activities on the Exchange. The risk settings currently offered by the Exchange include:

(1) controls related to the size of an order (including restrictions on the maximum notional value per order and maximum shares per order);

(2) controls related to the price of an order (including percentage-based and dollar-based controls);

(3) controls related to the order types or modifiers that can be utilized (including premarket, post-market, short sales and ISOs);

(4) controls to restrict the types of securities transacted (including restricted securities and easy to borrow securities as well as restricting activity to test symbols only);

(5) controls to prohibit duplicative orders;

(6) controls to restrict the overall rate of orders; and

(7) controls related to the size of an order as compared to the average daily volume of the security (including the ability to specify the minimum average daily volume of the securities for which such controls will be activated); and

(8) credit controls measuring both gross and net exposure that warn when approached and, when breached, prevent submission of either all new orders or Market Orders only.

(b)

(1) The Exchange also offers risk functionality that permits Users to block new orders submitted, to cancel all open orders, or to both block new orders and cancel all open orders. Furthermore, the Exchange offers risk functionality that automatically cancels a User's orders to the extent the User loses its connection to the Exchange.

(2) The Exchange offers batch cancel functionality that permits a User to simultaneously cancel all or a subset of its orders in one or more symbols by requesting the Exchange to effect such cancellation. A User initiating such a request may also request that the Exchange block all or a subset of its new inbound orders in one or more symbols. The block will remain in effect until the User requests the Exchange remove the block.

*(Amended by SR-LTSE-2020-23 eff. April 16, 2021; amended by SR-LTSE-2024-03 eff. August 20, 2024).*

**Rule 11.390. Reserved.**

## Rule Series 11.400. Market Data Feeds

### Rule 11.410. Use of Market Data Feeds

(a) The Exchange uses the following data feeds for the handling and execution of orders, as well as for surveillance necessary to monitor compliance with applicable securities laws and Exchange rules:

| Away Trading Center | Primary Source | Secondary Source |
|---|---|---|
| 24X National Exchange (24EQ) | CQS/UQDF | n/a |
| Cboe BYX Exchange (BATY) | CQS/UQDF | n/a |
| Cboe BZX Exchange (BATS) | CQS/UQDF | n/a |
| Cboe EDGA Exchange (EDGA) | CQS/UQDF | n/a |
| Cboe EDGX Exchange (EDGX) | CQS/UQDF | n/a |
| Investors Exchange (IEX) | CQS/UQDF | n/a |
| MEMX LLC (MEMX) | CQS/UQDF | n/a |
| MIAX PEARL, LLC (MPRL) | CQS/UQDF | n/a |
| NASDAQ BX (XBOS) | CQS/UQDF | n/a |
| NASDAQ PSX (XPHL) | CQS/UQDF | n/a |
| NASDAQ Stock Market (XNGS) | CQS/UQDF | n/a |
| New York Stock Exchange (XNYS) | CQS/UQDF | n/a |
| NYSE American (XASE) | CQS/UQDF | n/a |
| NYSE ARCA (ARCX) | CQS/UQDF | n/a |
| NYSE Texas (XCHI) | CQS/UQDF | n/a |
| NYSE National (XCIS) | CQS/UQDF | n/a |

(b) The Exchange may adjust its calculation of the NBBO based on information about certain orders received by the Exchange.

*(Amended by SR-LTSE-2019-02 eff. September 27, 2019; amended by SR-LTSE-2020-13 eff. August 18, 2020; amended by SR-LTSE-2020-13 eff. September 8, 2020; amended by SR-LTSE-2024-03 eff. August 20, 2024; amended by SR-LTSE-2025-21 eff. September 29, 2025)*

**Rule 11.420. Reserved.**

*(Amended by SR-LTSE-2021-05 eff. September 1, 2021)*

**Rule Series 11.500. Reserved**

Rule Series 11.600. Consolidated Audit Trail Compliance Rule

**Rule 11.610. Consolidated Audit Trail - Definitions**

(a) "Account Effective Date" means:

(1) With regard to those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution:

(A) when the trading relationship was established prior to commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options), either:

(i) the date the relationship identifier was established within the Industry Member;

(ii) the date when trading began (i.e. the date the first order was received) using the relevant relationship identifier; or

(iii) if both dates are available, the earlier date will be used to the extent that the dates differ; or

(B) When the trading relationship was established on or after commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options), the date the Industry Member established the relationship identifier, which would be no later than the date the first order was received;

(2) Where an Industry Member changes back office providers or clearing firms prior to commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options), the date an account was established at the relevant Industry Member, either directly or via transfer;

(3) Where an Industry Member acquires another Industry Member prior to commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options), the date an account was established at the relevant Industry Member, either directly or via transfer;

(4) Where there are multiple dates associated with an account established prior to commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options), the earliest available date;

(5) With regard to Industry Member proprietary accounts established prior to commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options):

(A) The date established for the account in the Industry Member or in a system of the Industry Member; or

(B) The date when proprietary trading began in the account (i.e., the date on which the first orders were submitted from the account).

a. With regard to paragraphs (2)–(5), the Account Effective Date will be no later than the date trading occurs at the Industry Member or in the Industry Member's system.

(b) "Active Accounts" means an account that has had activity in Eligible Securities within the last six months.

(c) "Allocation" means (1) the placement of shares/contracts into the same account for which an order was originally placed; or (2) the placement of shares/contracts into an account based on allocation instructions (e.g., subaccount allocations, delivery versus payment ("DVP") allocations).

(d) "Allocation Report" means a report made to the Central Repository by an Industry Member that identifies the Firm Designated ID for any account(s), including subaccount(s), to which executed shares/contracts are allocated and provides (1) the security that has been allocated; (2) the identifier of the firm reporting the allocation; (3) the price per share/contract of shares/contracts allocated; (4) the side of shares/contracts allocated; (5) the number of shares/contracts allocated to each account; (6) the time of the allocation; (7) Allocation ID, which is the internal allocation identifier assigned to the allocation event by the Industry Member; (8) trade date; (9) settlement date; (10) IB/correspondent CRD Number (if applicable); (11) FDID of new order(s) (if available in the booking system); (12) allocation instruction time (optional); (12) if account meets the definition of institution under FINRA Rule 4512(c); (13) type of allocation (allocation to a custody account, allocation to a DVP account, step-out, correspondent flip, allocation to a firm owned or controlled account, or other non-reportable transactions (e.g., option exercises, conversions); (14) for DVP allocations, custody broker-dealer clearing number (prime broker) if the custodian is a U.S. broker-dealer, DTCC number if the custodian is a U.S. bank, or a foreign indicator, if the custodian is a foreign entity; and (15) if an allocation was cancelled, a cancel flag indicating that the allocation was cancelled, and a cancel timestamp, which represents the time at which the allocation was cancelled; provided, for the avoidance of doubt, any such Allocation Report shall not be required to be linked to particular orders or executions.

(e) "ATS" means an alternative trading system, as defined in Rule 300(a)(1) of Regulation ATS under the Exchange Act.

(f) "Business Clock" means a clock used to record the date and time of any Reportable Event required to be reported under this Rule Series.

(g) "CAT" means the consolidated audit trail contemplated by SEC Rule 613.

(h) "CAT NMS Plan" means the National Market System Plan Governing the Consolidated Audit Trail, as amended from time to time.

(i) "CAT-Order-ID" means a unique order identifier or series of unique order identifiers that allows the Central Repository to efficiently and accurately link all Reportable Events for an order, and all orders that result from the aggregation or disaggregation of such order.

(j) "CAT Reporting Agent" means a Data Submitter that is a third party that enters into an agreement with an Industry Member pursuant to which the CAT Reporting Agent agrees to fulfill such Industry Member's reporting obligations under this Rule Series.

(k) "Central Repository" means the repository responsible for the receipt, consolidation, and retention of all information reported to the CAT pursuant to SEC Rule 613 and the CAT NMS Plan.

(l) "Client Account" means, for the purposes of an Allocation and Allocation Report, any account or subaccount that is not owned or controlled by the Industry Member.

(m) "Compliance Threshold" has the meaning set forth in Rule 11.693(d).

(n) "Customer" means:

(1) the account holder(s) of the account at an Industry Member originating the order; and

(2) any person from whom the Industry Member is authorized to accept trading instructions for such account, if different from the account holder(s).

(o) "Customer Account Information" shall include, but not be limited to, account type, customer type, date account opened, and large trader identifier (if applicable); except, however, that:

(1) In those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will:

(A) provide the Account Effective Date in lieu of the "date account opened"; and

(B) identify the "account type" as a "relationship".

(2) in those circumstances in which the relevant account was established prior to commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options), and no "date account opened" is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances:

(A) where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system;

(B) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system;

(C) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and

(D) where the relevant account is an Industry Member proprietary account.

(p) "Customer Identifying Information" means information of sufficient detail to identify a Customer, including, but not limited to:

(1) with respect to individuals: name, address, year of birth, individual's role in the account (e.g., primary holder, joint holder, guardian, trustee, person with the power of attorney); and

(2) with respect to legal entities: name, address, Employer Identification N umber ("EIN")/Legal Entity Identifier ("LEI") or other comparable common entity identifier, if applicable; provided, however, that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify a Customer.

(q) "Data Submitter" means any person that reports data to the Central Repository, including national securities exchanges, national securities associations, broker-dealers, the SIPs for the CQS, CTA, UTP and Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information ("OPRA") Plans, and certain other vendors or third parties that may submit data to the Central Repository on behalf of Industry Members.

(r) "Eligible Security" includes:

(1) all NMS Securities; and

(2) all OTC Equity Securities.

(s) "Error Rate" means the percentage of Reportable Events collected by the Central Repository in which the data reported does not fully and accurately reflect the order event that occurred in the market.

(t) "Firm Designated ID" means (1) a unique and persistent identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, provided, however, such identifier may not be the account number for such trading account if the trading account is not a proprietary account; (2) a unique and persistent relationship identifier when an Industry Member does not have an account number available to its order handling and/or execution system at the time of order receipt, provided, however, such identifier must be masked; or (3) a unique and persistent entity identifier when an employee of an Industry Member is exercising discretion over multiple client accounts and creates an aggregated order for which a trading account number of the Industry Member is not available at the time of order origination, where each such identifier is unique among all identifiers from any given Industry Member.

(u) "Industry Member" means a member of a national securities exchange or a member of a national securities association.

(v) "Industry Member Data" has the meaning set forth in Rule 11.630(a)(2).

(1) "Phase 2a Industry Member Data" means Industry Member Data required to be reported to the Central Repository commencing in Phase 2a.

(2) "Phase 2b Industry Member Data" means Industry Member Data required to be reported to the Central Repository commencing in Phase 2b.

(3) "Phase 2c Industry Member Data" means Industry Member Data required to be reported to the Central Repository commencing in Phase 2c.

(4) "Phase 2d Industry Member Data" means Industry Member Data required to be reported to the Central Repository commencing in Phase 2d.

(5) "Phase 2e Industry Member Data" means Industry Member Data required to be reported to the Central Repository commencing in Phase 2e. The full scope of Industry Member Data required by the CAT NMS Plan will be required to be reported to the CAT when Phase 2e has been implemented, subject to any applicable exemptive relief or amendments to the CAT NMS Plan.

(w) Committee in accordance with SEC Rule 613, Section 6.1 of the CAT NMS Plan and the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail.

(x) "Introducing Industry Member" means a broker-dealer that does not qualify as a Small Industry Member solely because such broker-dealer satisfies Rule 0-10(i)(2) under the Exchange Act in that it introduces transactions on a fully disclosed basis to clearing firms that are not small businesses or small organizations.

(y) "Listed Option" or "Option" have the meaning set forth in Rule 600(b)(35) of Regulation NMS.

(z) "Manual Order Event" means a non-electronic communication of order-related information for which Industry Members must record and report the time of the event.

(aa) "Material Terms of the Order" includes: the NMS Security or OTC Equity Security symbol, security type, price (if applicable), size (displayed and non-displayed), side (buy/sell), order type, if a sell order, whether the order is long, short, short exempt, open/close indicator (except on transactions in equities), time in force (if applicable), if the order is for a Listed Option, option type (put/call), option symbol or root symbol, underlying symbol, strike price, expiration date, and open/close (except on market maker quotations), and any special handling instructions.

(bb) "NMS Security" means any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan or an effective national market system plan for reporting transactions in Listed Options.

(cc) "NMS Stock" means any NMS Security other than an option.

(dd) "Operating Committee" means the governing body of the CAT NMS, LLC designated as such and described in Article IV of the CAT NMS Plan.

(ee) "Options Market Maker" means a broker-dealer registered with an exchange for the purpose of making markets in options contracts traded on the exchange.

(ff) "Order" or "order", with respect to Eligible Securities, shall include:

(1) Any order received by an Industry Member from any person;

(2) Any order originated by an Industry Member; or

(3) Any bid or offer.

(gg) "OTC Equity Security" means any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association's equity trade reporting facilities.

(hh) "Participant" means each Person identified as such in Exhibit A of the CAT NMS Plan, as amended, in such Person's capacity as a Participant in CAT NMS, LLC.

(ii) "Person" means any individual, partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association and any heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so permits.

(jj) "Plan Processor" means the Initial Plan Processor or any other Person selected by the Operating Committee pursuant to SEC Rule 613 and Sections 4.3(b)(i) and 6.1 of the CAT NMS Plan, and with regard to the Initial Plan Processor, the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail, to perform the CAT processing functions required by SEC Rule 613 and set forth in the CAT NMS Plan.

(kk) "Received Industry Member Data" has the meaning set forth in Rule 11.630(a)(2).

(ll) "Recorded Industry Member Data" has the meaning set forth in Rule 11.630(a)(1).

(mm) "Reportable Event" includes, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order.

(nn) "SRO" means any self-regulatory organization within the meaning of Section 3(a)(26) of the Exchange Act.

(oo) "SRO-Assigned Market Participant Identifier" means an identifier assigned to an Industry Member by an SRO or an identifier used by a Participant.

(pp) "Small Industry Member" means an Industry Member that qualifies as a small broker-dealer as defined in Rule 0-10(c) under the Securities Exchange Act of 1934, as amended.

(qq) "Trading Day" shall have the meaning as is determined by the Operating Committee. For the avoidance of doubt, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47)), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time.

(rr) "Transformed Value for individual tax payer identification number ("ITIN")/social security number ("SSN")" means the interim value created by an Industry Member based on a Customer ITIN/SSN.

*(Amended by SR-LTSE-2019-09 eff. June 22, 2020; amended by SR-LTSE-2019-12 eff. July 30, 2020; amended by SR-LTSE-2020-24 eff. December 18, 2020)*

## Rule 11.620. Consolidated Audit Trail – Clock Synchronization

(a) Clock Synchronization

(1) Each Industry Member shall synchronize its Business Clocks, other than such Business Clocks used solely for Manual Order Events or used solely for the time of allocation on Allocation Reports, at a minimum to within a fifty (50) millisecond tolerance of the time maintained by the atomic clock of the National Institute of Standards and Technology ("NIST"), and maintain such synchronization.

(2) Each Industry Member shall synchronize:

(A) its Business Clocks used solely for Manual Order Events; and

(B) its Business Clocks used solely for the time of allocation on Allocation Reports at a minimum to within a one second tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization.

(3) The tolerance for paragraphs (a)(1) and (2) of this Rule includes all of the following:

(A) The difference between the NIST atomic clock and the Industry Member's Business Clock;

(B) The transmission delay from the source; and

(C) The amount of drift of the Industry Member's Business Clock.

(4) Business Clocks must be synchronized every business day before market open to ensure that timestamps for Reportable Events are accurate. To maintain clock synchronization. Business Clocks must be checked against the NIST atomic clock and re-synchronized, as necessary, throughout the day.

(b) Documentation. Industry Members must document and maintain their synchronization procedures for Business Clocks. Industry Members must keep a log of the times when they synchronize their Business Clocks and the results of the synchronization process. This log should include notice of any time a Business Clock drifts more than the applicable tolerance specified in paragraph (a) of this Rule. Such log must include results for a period of not less than five years ending on the then current date, or for the entire period for which the Industry Member has been required to comply with this Rule if less than five years.

(c) Certification. Each Industry Member shall certify to the Exchange that its Business Clocks satisfy the synchronization requirements set forth in paragraph (a) of this Rule periodically in accordance with the certification schedule established by the Operating Committee pursuant to the CAT NMS Plan.

(d) Violation Reporting. Each Industry Member with Business Clocks must report to the Plan Processor and the Exchange violations of paragraph (a) of this Rule pursuant to the thresholds set by the Operating Committee pursuant to the CAT NMS Plan.

## Rule 11.630. Consolidated Audit Trail - Industry Member Data Reporting

(a) Recording and Reporting Industry Member Data

(1) Subject to paragraph (3) below, each Industry Member shall record and electronically report to the Central Repository the following details for each order and each Reportable Event, as applicable ("Recorded Industry Member Data") in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

(A) For original receipt or origination of an order:

(i) Firm Designated ID(s) for each Customer;

(ii) CAT-Order-ID;

(iii) SRO-Assigned Market Participant Identifier of the Industry Member receiving or originating the order;

(iv) date of order receipt or origination;

(v) time of order receipt or origination (using timestamps pursuant to Rule 11.660);

(vi) Material Terms of the Order;

(vii) the unique identification of any appropriate information barriers in place at the department within the Industry Member where the order was received or originated;

(viii) any request by a Customer that a limit order not be displayed, or that a block size limit order be displayed, pursuant to applicable rules;

(ix) the nature of the department or desk that originated the order, or received the order from a Customer;

(x) the type of account holder for which the order is submitted;

(xi) for an Industry Member that operates an ATS:

(1) the ATS's unique identifier for the order type of the order;

(2) the National Best Bid and National Best Offer (or relevant reference price) at the time of order receipt or origination, and the date and time at which the ATS recorded such National Best Bid and National Best Offer (or relevant reference price);

(3) the identification of the market data feed used by the ATS to record the National Best Bid and National Best Offer (or relevant reference price) for purposes of subparagraph (xi)(2). If for any reason, the ATS uses an alternative market data feed than what was reported on its ATS data submission, the ATS must provide notice to the Central Repository of the fact that an alternative source was used, identify the alternative source, and specify the date(s), time(s) and securities for which the alternative source was used;

(4) the sequence number assigned to the receipt or origination of the order by the ATS's matching engine;

(5) whether the ATS displays subscriber orders outside the ATS (other than to alternative trading system employees). If an ATS does display subscriber orders outside the ATS (other than to alternative trading system employees), indicate whether the order is displayed to subscribers only or through publicly disseminated quotation data.

(B) For the routing of an order:

(i) CAT-Order-ID;

(ii) date on which the order is routed;

(iii) time at which the order is routed (using timestamps pursuant to Rule 11.660);

(iv) SRO-Assigned Market Participant Identifier of the Industry Member routing the order;

(v) SRO-Assigned Market Participant Identifier of the Industry Member or Participant to which the order is being routed;

(vi) if routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed, and the unique identification of any appropriate information barriers in place at the department within the Industry Member to which the order was transmitted;

(vii) Material Terms of the Order; and

(viii) for Industry Members that operate ATSs, the sequence number assigned to the routing of the order by the ATS's matching engine.

(C) For the receipt of an order that has been routed, the following information:

(i) CAT-Order-ID;

(ii) date on which the order is received;

(iii) time at which the order is received (using timestamps pursuant to Rule 11.660);

(iv) SRO-Assigned Market Participant Identifier of the Industry Member receiving the order;

(v) SRO-Assigned Market Participant Identifier of the Industry Member or Participant routing the order;

(vi) Material Terms of the Order;

(vii) the unique identification of any appropriate information barriers in place at the department within the Industry Member which received the order;

(viii) the nature of the department or desk that received the order;

(ix) any request by a Customer that a limit order not be displayed, or that a block size limit order be displayed, pursuant to applicable rules; and

(x) for an Industry Member that operates an ATS:

(1) the ATS's unique identifier for the order type of the order;

(2) the National Best Bid and National Best Offer (or relevant reference price) at the time of order receipt, and the date and time at which the ATS recorded such National Best Bid and National Best Offer (or relevant reference price);

(3) the identification of the market data feed used by the ATS to record the National Best Bid and National Best Offer (or relevant reference price) for purposes of subparagraph (x)(2). If for any reason, the ATS uses an alternative market data feed than what was reported on its ATS data submission, the ATS must provide notice to the Central Repository of the fact that an alternative source was used, identify the alternative source, and specify the date(s), time(s) and securities for which the alternative source was used;

(4) the sequence number assigned to the receipt of the order by the ATS's matching engine;

(5) whether the ATS displays subscriber orders outside the ATS (other than to alternative trading system employees). If an ATS does display subscriber orders outside the ATS (other than to alternative trading system employees), indicate whether the order is displayed to subscribers only or through publicly disseminated quotation data.

(D) If the order is modified or cancelled:

(i) CAT-Order-ID;

(ii) date the modification or cancellation is received or originated;

(iii) time at which the modification or cancellation is received or originated (using timestamps pursuant to Rule 11.660);

(iv) price and remaining size of the order, if modified;

(v) other changes in the Material Terms of the Order, if modified;

(vi) whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member;

(vii) the unique identification of any appropriate information barriers at the department within the Industry Member which received or originated the modification;

(viii) any request by a Customer that a limit order not be displayed, or that a block size limit order be displayed, pursuant to applicable rules;

(ix) for an Industry Member that operates an ATS:

(1) the ATS's unique identifier for the order type of the order;

(2) the National Best Bid and National Best Offer (or relevant reference price) at the time of order modification or cancellation, and the date and time at which the ATS recorded such National Best Bid and National Best Offer (or relevant reference price);

(3) the identification of the market data feed used by the ATS to record the National Best Bid and National Best Offer (or relevant reference price) for purposes of subparagraph (ix)(2). If for any reason, the ATS uses an alternative market data feed than what was reported on its ATS data submission, the ATS must provide notice to the Central Repository of the fact that an alternative source was used, identify the alternative source, and specify the date(s), time(s) and securities for which the alternative source was used;

(4) the sequence number assigned to the modification or cancellation of the order by the ATS's matching engine;

(5) each time the ATS's matching engine re-prices an order or changes the display quantity of an order, the time of such modification and the applicable new price or size.

(E) If the order is executed, in whole or in part:

(i) CAT-Order-ID;

(ii) date of execution;

(iii) time of execution (using timestamps pursuant to Rule 11.660);

(iv) execution capacity (principal, agency or riskless principal);

(v) execution price and size;

(vi) SRO-Assigned Market Participant Identifier of the Industry Member executing the order;

(vii) whether the execution was reported pursuant to an effective transaction reporting plan or the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information; and

(viii) for Industry Members that operate ATSs:

(1) the National Best Bid and National Best Offer (or relevant reference price) at the time of execution, and the date and time at which the ATS recorded such National Best Bid and National Best Offer (or relevant reference price);

(2) the identification of the market data feed used by the ATS to record the National Best Bid and National Best Offer (or relevant reference

price) for purposes of subparagraph (viii)(1). If for any reason, the ATS uses an alternative market data feed than what was reported on its ATS data submission, the ATS must provide notice to the Central Repository of the fact that an alternative source was used, identify the alternative source, and specify the date(s), time(s) and securities for which the alternative source was used; and

(3) the sequence number assigned to the execution of the order by the ATS's matching engine.

(F) Other information or additional events as may be prescribed pursuant to the CAT NMS Plan.

(2) Subject to paragraph (3) below, each Industry Member shall record and report to the Central Repository the following, as applicable ("Received Industry Member Data" and collectively with the information referred to in Rule 11.630(a)(1), "Industry Member Data") in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

(A) If the order is executed, in whole or in part:

(i) SRO-Assigned Market Participant Identifier of the clearing broker, if applicable; and

(ii) CAT-Order-ID of any contra-side order(s);

(B) If the trade is cancelled, a cancelled trade indicator;

(C) for original receipt or origination of an order, the Firm Designated ID for the relevant Customer, Transformed Value for individual tax payer identification number ("ITIN")/social security number ("SSN"), and in accordance with Rule 11.640, Customer Account Information and Customer Identifying Information for the relevant Customer.

(D) An Industry Member that operates an ATS must provide to the Central Repository:

(1) a list of all of its order types twenty (20) days before such order types become effective; and

(2) any changes to its order types twenty (20) days before such changes become effective. An identifier shall not be required for market and limit orders that have no other special handling instructions.

(E) if an Industry Member is required to submit and submits a trade report for a trade, and, if the trade is cancelled, a cancellation, to one of FINRA's Trade Reporting Facilities, OTC Reporting Facility or Alternative Display Facility pursuant to applicable SRO rules, and the Industry Member is required to report the corresponding execution and/or cancellation to the Central Repository:

(1)the Industry Member is required to report to the Central Repository the trade identifier reported by the Industry Member to such FINRA facility

for the trade when the Industry Member reports the execution of an order pursuant to Rule 11.630(a)(1)(E) or cancellation of an order pursuant to Rule 11.630(a)(1)(D) beginning June 22, 2020 for Large Industry Members and Small Industry OATS Reporters and beginning December 13, 2021 for Small Industry Non-OATS Reporters, and such trade identifier must be unique beginning October 26, 2020 for Large Industry Members and Small Industry OATS Reporters and beginning December 13, 2021 for Small Industry Non-OATS Reporters;

(2) if the order is executed in whole or in part, and the Industry Member submits the trade report to one of FINRA's Trade Reporting Facilities, OTC Reporting Facility or Alternative Display Facility pursuant to applicable SRO rules, the Industry Member is not required to submit the SRO-Assigned Market Participant Identifier of the clearing broker pursuant to Rule 11.630(a)(2)(A)(ii); provided, however, if the Industry Member does not report the clearing number of the clearing broker to such FINRA facility for a trade, or does not report the unique trade identifier to the Central Repository as required by Rule 11.630(a)(2)(E)(1), then the Industry Member would be required to record and report to the Central Repository the clearing number of the clearing broker as well as information about the contra party to the trade beginning April 26, 2021 for Large Industry Members and Small Industry OATS Reporters and beginning December 13, 2021 for Small Industry Non-OATS Reporters; and

(3) if the trade is cancelled and the Industry Member submits the cancellation to one of FINRA's Trade Reporting Facilities, OTC Reporting Facility or Alternative Display Facility pursuant to applicable SRO rules, the Industry Member is not required to submit the cancelled trade indicator pursuant to Rule 11.630(a)(2)(B); provided, however, if the Industry Member does not report a cancellation for a canceled trade to such FINRA facility, or does not report the unique trade identifier as required by 11.630(a)(2)(E)(1), then the Industry Member would be required to record and report to the Central Repository a cancelled trade indicator as well as a cancelled trade timestamp beginning June 22, 2020 for Large Industry Members and Small Industry OATS Reporters and beginning December 13, 2021 for Small Industry Non-OATS Reporters.

(F) an Allocation Report any time the Industry Member performs an Allocation to a Client Account, whether or not the Industry Member was the executing broker for the trade; and

(G) for the original receipt or origination of an order to sell an equity security, whether the order is for a short sale effected by a market maker in connection with bona fide market making activities in the security for which the exception in Rule 203(b)(2)(iii) of Regulation SHO is claimed.

(3) Each Industry Member that is an Options Market Maker is not required to report to the Central Repository the Industry Member Data regarding the routing, modification or cancellation of its quotes in Listed Options. Each Industry Member that is an Options Market Maker shall report to the Exchange the time at which its quote in a Listed Option is sent to the Exchange (and, if applicable, any

subsequent quote modification time and/or cancellation time when such modification or cancellation is originated by the Options Market Maker).

(b) Timing of Recording and Reporting

(1) Each Industry Member shall record Recorded Industry Member Data contemporaneously with the applicable Reportable Event.

(2) Each Industry Member shall report:

(A) Recorded Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member records such Recorded Industry Member Data; and

(B) Received Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member receives such Received Industry Member Data.

(C) Industry Members may, but are not required to, voluntarily report Industry Member Data prior to the applicable 8:00 a.m. Eastern Time deadline.

(c) Applicable Securities

(1) Each Industry Member shall record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of this Rule for each NMS Security registered or listed for trading on such exchange or admitted to unlisted trading privileges on such exchange.

(2) Each Industry Member shall record and report to the Central Repository the Industry Member Data as set forth in this paragraph (a) of this Rule for each Eligible Security for which transaction reports are required to be submitted to FINRA.

(d) Security Symbology

(1) For each exchange-listed Eligible Security, each Industry Member shall report Industry Member Data to the Central Repository using the symbology format of the exchange listing the security.

(2) For each Eligible Security that is not exchange-listed, each Industry Member shall report Industry Member Data to the Central Repository using such symbology format as approved by the Operating Committee pursuant to the CAT NMS Plan.

(e) Error Correction. For each Industry Member for which errors in Industry Member Data submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Industry Member shall submit corrected Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on T+3.

(f) Each Industry Member that operates an ATS that trades OTC Equity Securities shall provide to the Central Repository;

(1) the best bid and best offer for each OTC Equity Security traded on such ATS;

(2) an indication of whether each bid and offer for OTC Equity Securities was solicited or unsolicited; and

(3) the unpriced bids and offers for each OTC Equity Security traded on such ATS.

*(Amended by SR-LTSE-2019-09 eff. June 22, 2020; amended SR-2020-24 eff. December 18, 2020; amended by SR-LTSE-2025-26 eff. December 12, 2025)*

**Rule 11.640. Consolidated Audit Trail - Customer Information Reporting**

(g) Initial Set of Customer Information. Each Industry Member shall submit to the Central Repository the Firm Designated ID, the Transformed Value for individual tax payer identification number ("ITIN")/social security number ("SSN"), Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 11.680.

(h) Updates to Customer Information. Each Industry Member shall submit to the Central Repository any updates, additions or other changes to the Firm Designated ID, the Transformed Value for individual tax payer identification number ("ITIN")/social security number ("SSN"), Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account on a daily basis.

(i) Periodic Updates to Complete Set of Customer Information. On a periodic basis as designated by the Plan Processor and approved by the Operating Committee, each Industry Member shall submit to the Central Repository a complete set of Firm Designated IDs, the Transformed Value for individual tax payer identification number ("ITIN")/social security number ("SSN"), Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account.

(j) Error Correction. For each Industry Member for which errors in Firm Designated ID, the Transformed Value for individual tax payer identification number ("ITIN")/social security number ("SSN"), Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Industry Member shall submit corrected data to the Central Repository by 5:00 p.m. on T+3.

*(Amended by SR-LTSE-2019-09 eff. June 22, 2020)*

**Rule 11.650. Consolidated Audit Trail - Industry Member Information Reporting**

Each Industry Member shall submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 11.680, and keep such information up to date as necessary.

**Rule 11.660. Consolidated Audit Trail - Time Stamp**

(a) Millisecond Time Stamps

(1) Subject to paragraphs (a)(2) and (b), each Industry Member shall record and report Industry Member Data to the Central Repository with time stamps in milliseconds.

(2) Subject to paragraph (b), to the extent that any Industry Member's order handling or execution systems utilize time stamps in increments finer than milliseconds. such Industry Member shall record and report Industry Member Data to the Central Repository with time stamps in such finer increment up to nanoseconds; provided, that Industry Members that capture timestamps in increments more granular than nanoseconds must truncate the timestamps after the nanosecond level for submission to CAT, rather than rounding such timestamps up or down, until April 8, 2030.

(b) One Second Time Stamps/Electronic Order Capture

(1) Each Industry Member may record and report Manual Order Events to the Central Repository in increments up to and including one second, provided that each Industry Member shall record and report the time when a Manual Order Event has been captured electronically in an order handling and execution system of such Industry Member ("Electronic Capture Time") in milliseconds; and

(2) Each Industry Member may record and report the time of Allocation Reports in increments up to and including one second.

*(Amended by SR-LTSE-2019-09 eff. June 22, 2020; amended by SR-LTSE-2025-12 eff. June 27, 2025)*

**Rule 11.665. Consolidated Audit Trail Clock Synchronization Rule Violation**

An Industry Member that engages in a pattern or practice of reporting Reportable Events outside of the required clock synchronization time period as set forth in this Rule Series without reasonable justification or exceptional circumstances may be considered in violation of this Rule.

**Rule 11.670. Consolidated Audit Trail - Connectivity and Data Transmission**

(a) Data Transmission. Each Industry Member shall transmit data as required under the CAT NMS Plan to the Central Repository utilizing such format(s) as may be provided by the Plan Processor and approved by the Operating Committee.

(b) Connectivity. Each Industry Member shall connect to the Central Repository using a secure method(s), including but not limited to private line(s) and virtual private network connection(s).

(c) CAT Reporting Agents

(1) Any Industry Member may enter into an agreement with a CAT Reporting Agent pursuant to which the CAT Reporting Agent agrees to fulfill the reporting obligations of such Industry Member under this Rule Series 11.600.

(2) Any such agreement shall be evidenced in writing, which shall specify the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of this Rule Series.

(3) All written documents evidencing an agreement described in subparagraph (1) shall be maintained by each party to the agreement.

(4) Each Industry Member remains primarily responsible for compliance with the requirements of this Rule Series 11.600, notwithstanding the existence of an agreement described in this paragraph.

**Rule 11.680. Consolidated Audit Trail - Development and Testing**

(a) Development

(1) Industry Member file submission and data integrity testing for Phases 2a and 2b shall begin in December 2019.

(2) Industry Member testing of the Reporter Portal, including data integrity error correction tools and data submissions, shall begin in February 2020.

(3) The Industry Member test environment shall open with intra-firm linkage validations to Industry Members for both Phases 2a and 2b in April 2020.

(4) The Industry Member test environment shall open to Industry Members with inter-firm linkage validations for both Phases 2a and 2b in July 2020.

(5) The Industry Member test environment shall open to Industry Members with Phase 2c functionality (full representative order linkages) in January 2021.

(6) The Industry Member test environment shall open to Industry Members with Phase 2d functionality (manual options orders, complex options orders, and options allocations) in June 2021.

(7) Participant exchanges that support options market making quoting shall begin accepting Quote Sent Time on quotes from Industry Members no later than April 2020.

(8) The Industry Member test environment (customer and account information) will be open to Industry Members in January 2022.

(b) Testing. Each Industry Member shall participate in testing related to the Central Repository, including any industry-wide disaster recovery testing, pursuant to the schedule established pursuant to the CAT NMS Plan.

*(Amended by SR-LTSE-2019-09 eff. June 22, 2020)*

**Rule 11.690. Consolidated Audit Trail - Record keeping**

Each Industry Member shall maintain and preserve records of the information required to be recorded under this Rule Series for the period of time and accessibility specified in SEC Rule 17a-4(b). The records required to be maintained and preserved under this Rule may be immediately produced or reproduced on “micrographic media” as defined in SEC Rule 17a-4(f)(l)(i) or by means of “electronic storage media” as defined in SEA Rule 17a-4(f)(l)(ii) that meet the conditions set forth in SEC Rule 17a-4(f) and be maintained and preserved for the

required time in that form.

**Rule 11.693. Consolidated Audit Trail - Timely, Accurate and Complete Data**

(a) General. Industry Members are required to record and report data to the Central Repository as required by this Rule Series in a manner that ensures the timeliness, accuracy, integrity and completeness of such data.

(b) LEIs. Without limiting the requirement set forth in paragraph (a), Industry Members are required to accurately provide the LEIs in their records as required by this Rule Series and may not knowingly submit inaccurate LEIs to the Central Repository; provided, however, that this requirement does not impose any additional due diligence obligations on Industry Members with regard to LEIs for CAT purposes.

(c) Compliance with Error Rate. If an Industry Member reports data to the Central Repository with errors such that the error percentage exceeds the maximum Error Rate established by the Operating Committee pursuant to the CAT NMS Plan, then such Industry Member would not be in compliance with the Rule Series 11.600.

(d) Compliance Thresholds. Each Industry Member shall be required to meet a separate compliance threshold, which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT (the "Compliance Thresholds"). Compliance Thresholds will compare an Industry Member's error rate to the aggregate Error Rate over a period of time to be defined by the Operating Committee. An Industry Member's performance with respect to its Compliance Threshold will not signify, as a matter of law, that such Industry Member has violated this Rule Series.

**Rule 11.695. Consolidated Audit Trail - Compliance Dates**

(a) General. Paragraphs (b) and (c) of this Rule set forth the additional details with respect to the compliance dates of Rules 11.610 - 11.695. Unless otherwise noted, Rules 11.610 - 11.695 are fully effective and Industry Members must comply with their terms.

(b) Clock Synchronization

(1) Each Industry Member shall comply with Rule 11.620 with regard to Business Clocks that capture time in milliseconds commencing on or before March 15, 2017.

(2) Each Industry Member shall comply with Rule 11.620 with regard to Business Clocks that do not capture time in milliseconds commencing on or before February 19, 2018.

(c) CAT Data Reporting

(1) Each Industry Member (other than a Small Industry Member) ("Large Industry Member") shall record and report the Industry Member Data to the Central Repository , as follows:

(A) Phase 2a Industry Member Data by June 22, 2020;

(B) Phase 2b Industry Member Data by July 20, 2020;

(C) Phase 2c Industry Member Data by April 26, 2021;

(D) Phase 2d Industry Member Data by December 13, 2021; and

(E) Phase 2e Industry Member Data by July 11, 2022.

(2) Each Industry Member that is a Small Industry Member shall record and report the Industry Member Data to the Central Repository, as follows:

(A) Small Industry Members that are required to record or report information to FINRA's Order Audit Trail System pursuant to applicable SRO rules ("Small Industry OATS Reporter") to report to the Central Repository Phase 2a Industry Member Data by June 22, 2020.

(B) Small Industry Members that are not required to record or report information to FINRA's Order Audit Trail System pursuant to applicable SRO rules ("Small Industry Non-OATS Reporter") to report to the Central Repository Phase 2a Industry Member Data by December 13, 2021.

(C) Small Industry Members to report to the Central Repository Phase 2b Industry Member Data, Phase 2c Industry Member Data, and Phase 2d Industry Member Data by December 13, 2021; and

(D) Small Industry Members to report to the Central Repository Phase 2e Industry Member Data by July 11, 2022.

(3) Introducing Industry Members must comply with the requirements of the CAT NMS Plan applicable to Small Industry Members.

*(Amended by SR-LTSE-2019-09 eff. June 22, 2020)*

## Rule 11.696. Consolidated Audit Trail - Funding Fees

(a) CAT Fees.

(1) Historical CAT Assessment 1.

(A) Each CAT Executing Broker shall receive its first invoice for Historical CAT Assessment 1 in November 2024, which shall set forth the Historical CAT Assessment 1 fees calculated based on transactions in October 2024, and shall receive an invoice for Historical CAT Assessment 1 for each month thereafter in which Historical CAT Assessment 1 is in effect.

(B) Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for Historical CAT Assessment 1 on a monthly basis. Each month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a CAT Executing Broker for the Buyer ("CEBB") and/or the CAT Executing Broker for the Seller ("CEBS") (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of $0.000013 per executed equivalent share.

(C) Historical CAT Assessment 1 will remain in effect until $212,039,879.34 (two-thirds of Historical CAT Costs 1) are collected from CAT Executing Brokers collectively, which is estimated to be approximately two years, but could be for a longer or shorter period of time. Consolidated Audit Trail, LLC will provide notice when Historical CAT Assessment 1 will no longer be in effect.

(D) Each CAT Executing Broker shall be required to pay each invoice for Historical CAT Assessment 1 in accordance with paragraph (b).

(2) Reserved.

(3) CAT Fee 2024-1

(A) Each CAT Executing Broker shall receive its first invoice for CAT Fee 2024-1 in October 2024, which shall set forth the CAT Fee 2024-1 fees calculated based on transactions in September 2024, and shall receive an invoice for CAT Fee 2024-1 for each month thereafter until January 2025.

(B) Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2024-1 on a monthly basis. Each month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a CAT Executing Broker for the Buyer ("CEBB") and/or the CAT Executing Broker for the Seller ("CEBS") (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of $0.000035 per executed equivalent share.

(C) Notwithstanding the last invoice date of January 2025 for CAT Fee 2024-1 in paragraph 3(A), CAT Fee 2024-1 shall continue in effect after January 2025, with each CAT Executing Broker receiving an invoice for CAT Fee 2024-1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2024-1 will no longer be in effect.

(D) Each CAT Executing Broker shall be required to pay each invoice for CAT Fee 2024-1 in accordance with paragraph (b).

(4) CAT Fee 2025-1

(A) Each CAT Executing Broker shall receive its first invoice for CAT Fee 2025-1 in February 2025, which shall set forth the CAT Fee 2025-1 fees calculated based on transactions in January 2025, and shall receive an invoice for CAT Fee 2025-1 for each month thereafter until July 2025.

(B) Consolidated Audit Trail, LLC shall provide each CAT Executing Broker with an invoice for CAT Fee 2025-1 on a monthly basis. Each month, such invoices shall set forth a fee for each transaction in Eligible Securities executed by the CAT Executing Broker in its capacity as a CAT Executing Broker for the Buyer ("CEBB") and/or the CAT Executing Broker for the Seller ("CEBS") (as applicable) from the prior month as set forth in CAT Data. The fee for each such transaction will be calculated by multiplying the number of executed equivalent shares in the transaction by the fee rate of $0.000022 per executed equivalent share.

(C) Notwithstanding the last invoice date of July 2025 for CAT Fee 2025-1 in paragraph 4(A), CAT Fee 2025-1 shall continue in effect after July 2025, with each CAT Executing Broker receiving an invoice for CAT Fee 2025-1 each month, until a new subsequent CAT Fee is in effect with regard to Industry Members in accordance with Section 19(b) of the Exchange Act. Consolidated Audit Trail, LLC will provide notice when CAT Fee 2025-1 will no longer be in effect.

(D) Each CAT Executing Broker shall be required to pay each invoice for CAT Fee 2025-1 in accordance with paragraph (b).

(b) Timing and Manner of Payments.

(1) Each CAT Executing Broker shall pay its CAT fees as required pursuant to paragraph (a) each month to the Consolidated Audit Trail, LLC in the manner prescribed by the Consolidated Audit Trail, LLC.

(2) Each CAT Executing Broker shall pay the CAT fees required pursuant to paragraph (a) within thirty days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If a CAT Executing Broker fails to pay any such CAT fee when due, such CAT Executing Broker shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of (i) the Prime Rate plus 300 basis points, or (ii) the maximum rate permitted by applicable law.

*(Added by SR-LTSE-2024-01 eff. January 5, 2024; amended by SR-LTSE-2024-04 eff. August 28, 2024; amended by SR-LTSE-2024-05 eff. August 29, 2024; amended by SR-LTSE-2024-11 eff. December 20, 2024)*

# CHAPTER 12. CODE OF ARBITRATION PROCEDURE FOR CUSTOMER AND INDUSTRY DISPUTES

## Rule 12.110. Arbitration

(a) General. The Rule 12000 Series and Rule 13000 Series of the FINRA Manual (Code of Arbitration Procedures for Customer Disputes and Code of Arbitration Procedures for Industry Disputes) (the "FINRA Code of Arbitration"), as the same may be in effect from time to time, shall govern Exchange arbitrations, except as may be specified in this LTSE Rule 12.110. Definitions in the FINRA Code of Arbitration shall have the same meaning as that prescribed therein, and procedures contained in the FINRA Code of Arbitration shall have the same application as toward Exchange arbitrations.

(b) Jurisdiction. Any dispute, claim, or controversy arising out of or in connection with the business of any Member of the Exchange, or arising out of the employment or termination of employment of associated person(s) with any Member, may be arbitrated under this LTSE Rule 12.110, except that:

(1) a dispute, claim, or controversy alleging employment discrimination (including a sexual harassment claim) in violation of a statue may only be arbitrated if the parties have agreed to arbitrate it after the dispute arose; and

(2) any type of dispute, claim, or controversy that is not permitted to be arbitrated under the FINRA Code of Arbitration (such as class action claims) shall not be eligible for arbitration under this LTSE Rule 12.110.

(c) Predispute Arbitration Agreements. The requirements of FINRA Rule 2268 shall apply to predispute arbitration agreements between Members and their customers.

(d) Referrals. If any matter comes to the attention of an arbitrator during and in connection with the arbitrator's participation in a proceeding, either from the record of the proceeding or from material or communications related to the proceeding, that the arbitrator has reason to believe may constitute a violation of the Exchange's Rules or the federal securities laws, the arbitrator may initiate a referral of the matter to the Exchange for disciplinary investigation; provided, however, that any such referral should only be initiated by an arbitrator after the matter before him has been settled or otherwise disposed of, or after an award finally disposing of the matter has been rendered pursuant to Rule 12904 or 13904 (as applicable) of the FINRA Code of Arbitration.

(e) Payment of Awards. Any Member, or person associated with a Member, who fails to honor an award of arbitrators appointed in accordance with this LTSE Rule 12.110 shall be subject to disciplinary proceedings in accordance with Chapter 9.

(f) Other Exchange Actions. The submission of any matter to arbitration under this LTSE Rule 12.110 shall in no way limit or preclude any right, action, or determination by the Exchange that it would otherwise be authorized to adopt, administer, or enforce.

# CHAPTER 13. RESERVED

# CHAPTER 14. LTSE LISTING RULES

## Rule 14.001. The Qualification, Listing, and Delisting of Companies

Chapter 14 contains rules related to the qualification, listing and delisting of Companies on the Exchange

The LTSE Rule Series 14.100 discusses LTSE's general regulatory authority. The LTSE Rule Series 14.200 sets forth the procedures and prerequisites for gaining a listing on LTSE, as well as the disclosure obligations of listed Companies. The LTSE Rule Series 14.300 contains the specific quantitative listing requirements. The corporate governance requirements are contained in the LTSE Rule Series 14.400. The consequences of a failure to meet LTSE's listing standards are contained in the LTSE Rule Series 14.500. Company listing fees are described in the LTSE Rule Series 14.600.

The Exchange exercises other authorities important to listed Companies pursuant to its Rules. For example, the Exchange may close markets upon request of the SEC (see LTSE Rule 11.110(c)). It may also halt the trading of a Company's securities under certain circumstances and pursuant to established procedures (see LTSE Rule 11.282). These authorities are exercised primarily by LTSE Regulation and are contained in Chapter 11.

LTSE and the Financial Industry Regulatory Authority, Inc. ("FINRA") are parties to a regulatory contract pursuant to which FINRA has agreed to perform certain functions described in the LTSE Rules and on behalf of LTSE. Notwithstanding the fact that LTSE has entered into the regulatory contract with FINRA to perform some of LTSE's functions, LTSE shall retain ultimate legal responsibility for, and control of, such functions.

*(Amended by SR-LTSE-2019-03 eff. October 18, 2019)*

## Rule 14.002. Definitions

(a) The following is a list of definitions used throughout the Exchange's Listing Rules. This LTSE Rule also lists various terms together with references to other rules where they are specifically defined. Unless otherwise specified by the Rules, these terms shall have the meanings set forth below. Defined terms are capitalized throughout the Listing Rules.

(1) "Act" means the Securities Exchange Act of 1934.

(2) "Bid Price" means the closing bid price.

(3) "Best efforts offering" means an offering of securities by members of a selling group under an agreement that imposes no financial commitment on the members of such group to purchase any such securities except as they may elect to do so.

(4) "Cash flows" is defined in LTSE Rule 14.302(b).

(5) "Company" means the issuer of a security listed or applying to list on the Exchange. For purposes of Chapter 14, the term "Company" includes an issuer that is not incorporated, such as, for example, a limited partnership.

(6) "Country of Domicile" means the country under whose laws a Company is organized or incorporated.

(7) "Covered Security" means a security described in Section 18(b) of the Securities Act of 1933.

(8) "Direct Registration Program" means any program by a Company, directly or through its transfer agent, whereby a Shareholder may have securities registered in the Shareholder's name on the books of the Company or its transfer agent without the need for a physical certificate to evidence ownership.

(9) "EDGAR System" means the SEC's Electronic Data Gathering, Analysis, and Retrieval system.

(10) "ESOP" means employee stock option plan.

(11) "Executive Officer" is defined in LTSE Rule 14.405(a)(1).

(12) "Filed with the Exchange" means submitted to the Exchange directly or filed with the Commission through the EDGAR System.

(13) "Firm Commitment Offering" means an offering of securities by participants in a selling syndicate under an agreement that imposes a financial commitment on participants in such syndicate to purchase such securities.

(14) "Family Member" is defined in LTSE Rule 14.405(a)(2).

(15) "Foreign Private Issuer" shall have the same meaning as under Rule 3b-4 under the Act.

(16) "LTSE Listed security" means a security listed on the Exchange.

(17) "LTSE Company" means the issuer of a security listed on the Exchange.

(18) "Independent Director" is defined in LTSE Rule 14.405(a)(2).

(19) "Listed Securities" means securities listed on the Exchange or another national securities exchange.

(20) "Market Maker" means a dealer that, with respect to a security, holds itself out (by entering quotations into the Exchange) as being willing to buy and sell such security for its own account on a regular and continuous basis and that is registered as such.

(21) "Market Value" means the consolidated closing bid price multiplied by the measure to be valued (e.g., a Company's Market Value of Publicly Held Shares is equal to the consolidated closing bid price multiplied by a Company's Publicly Held Shares).

(22) "Member" means a broker or dealer admitted to membership in the Exchange.

(23) "Other Regulatory Authority" means: (i) in the case of a bank or savings authority identified in Section 12(i) of the Act, the agency vested with authority to enforce the provisions of Section 12 of the Act; or (ii) in the case of an insurance

company that is subject to an exemption issued by the Commission that permits the listing of the security, notwithstanding its failure to be registered pursuant to section 12(b), the Commissioner of Insurance (or other officer or agency performing a similar function) of its domiciliary state.

(24) "Primary Equity Security" means a Company's first class of Common Stock, Ordinary Shares, Shares or Certificates of Beneficial Interest of Trust, Limited Partnership Interests or American Depositary Receipts ("ADRs") or Shares ("ADSs").

(25) "Publicly Held Shares" means shares not held directly or indirectly by an officer, director or any person who is the beneficial owner of more than 10 percent of the total shares outstanding. Determinations of beneficial ownership in calculating publicly held shares shall be made in accordance with Rule 13d-3 under the Act.

(26) "Public Holders" means holders of a security that includes both beneficial holders and holders of record, but does not include any holder who is, either directly or indirectly, an Executive Officer, director, or the beneficial holder of more than 10% of the total shares outstanding.

(27) "Reverse Merger" means any transaction whereby an operating company becomes an Exchange Act reporting company by combining, either directly or indirectly, with a shell company which is an Exchange Act reporting company, whether through a reverse merger, exchange offer, or otherwise. However, a Reverse Merger does not include a business combination described in LTSE Rule 14.102(a). In determining whether a Company is a shell company, the Exchange will look to a number of factors, including but not limited to: whether the Company is considered a "shell company" as defined in Rule 12b-2 under the Act; what percentage of the Company's assets are active versus passive; whether the Company generates revenues, and if so, whether the revenues are passively or actively generated; whether the Company's expenses are reasonably related to the revenues being generated; how many employees support the Company's revenue-generating business operations; how long the Company has been without material business operations; and whether the Company has publicly announced a plan to begin operating activities or generate revenues, including through a near-term acquisition or transaction.

(28) "Round Lot" or "Normal Unit of Trading" means the size assigned by the primary listing market pursuant to Rule 600 of Regulation NMS under the Exchange Act.

(29) "Round Lot Holder" means a holder of a Normal Unit of Trading. The number of beneficial holders will be considered in addition to holders of record.

(30) "Shareholder" means a record or beneficial owner of a security listed or applying to list. For purposes of Chapter 14, the term "Shareholder" includes, for example, a limited partner, the owner of a depository receipt, or unit.

(31) "Substantial Shareholder" is defined in LTSE Rule 14.412(e)(3).

(32) "Substitution Listing Event" means: a reverse stock split, re-incorporation or a change in the Company's place of organization, the formation of a holding company that replaces a listed Company, reclassification or exchange of a Company's listed shares for another security, the listing of a new class of securities in substitution for a previously-listed class of securities or any technical change whereby the Shareholders of the original Company receive a share-for-

share interest in the new Company without any change in their equity position or rights.

(33) "Total Holders" means holders of a security that includes both beneficial holders and holders of record.

*(Amended by SR-LTSE-2025-25 eff. December 12, 2025)*

## Rule Series 14.100. LTSE's Regulatory Authority

### Rule 14.101. LTSE's Regulatory Authority

The Exchange is entrusted with the authority to preserve and strengthen the quality of and public confidence in its market. The Exchange stands for integrity and ethical business practices in order to enhance investor confidence, thereby contributing to the financial health of the economy and supporting the capital formation process. Exchange Companies, from new public Companies to Companies of international stature, are publicly recognized as sharing these important objectives.

The Exchange, therefore, in addition to applying the enumerated criteria set forth in Chapter 14, has broad discretionary authority over the initial and continued listing of securities on the Exchange in order to maintain the quality, transparency and integrity of and public confidence in its market; to prevent fraudulent and manipulative acts and practices; to promote just and equitable principles of trade; to protect investors and the public interest; and to protect the safety and security of the Exchange and its employees. The Exchange may use such discretion to deny initial listing, apply additional or more stringent criteria for the initial or continued listing of particular securities, or suspend or delist particular securities based on any event, condition, or circumstance that exists or occurs that makes initial or continued listing of the securities on the Exchange inadvisable or unwarranted in the opinion of the Exchange, even though the securities meet all enumerated criteria for initial or continued listing on the Exchange. In the event that the Exchange Staff makes a determination to suspend or deny continued listing pursuant to its discretionary authority, the Company may seek review of that determination through the procedures set forth in the LTSE Rule Series 14.500.

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* * * * * ***Supplementary Material*** * * * *

***.01 Use of Discretionary Authority***

*To further Companies' understanding of this LTSE Rule, the Exchange has adopted this Supplementary Material .01 as a non-exclusive description of the circumstances in which the Rule is generally invoked.*

*The Exchange may use its authority under this LTSE Rule to deny initial or continued listing to a Company when an individual with a history of regulatory misconduct is associated with the Company. Such individuals are typically an officer, director, Substantial Shareholder (as defined in LTSE Rule 14.412(e)(3)), or consultant to the Company. In making this determination, the Exchange will consider a variety of factors, including:*

*(a) the nature and severity of the conduct, taken in conjunction with the length of time since the conduct occurred;*

*(b) whether the conduct involved fraud or dishonesty;*

*(c) whether the conduct was securities-related;*

*(d) whether the investing public was involved;*

*(e) how the individual has been employed since the violative conduct;*

*(f) whether there are continuing sanctions (either criminal or civil) against the individual;*

*(g) whether the individual made restitution;*

*(h) whether the Company has taken effective remedial action; and*

*(i) the totality of the individual's relationship to the Company, giving consideration to:*

*(j) the individual's current or proposed position;*

*(k) the individual's current or proposed scope of authority;*

*(l) the extent to which the individual has responsibility for financial accounting or reporting; and*

*(m) the individual's equity interest.*

*Based on this review, the Exchange may determine that the regulatory history rises to the level of a public interest concern, but may also consider whether remedial measures proposed by the Company, if taken, would allay that concern. Examples of such remedial measures could include any or all of the following, as appropriate:*

*(1) the individual's resignation from officer and director positions, and/or other employment with the Company;*

*(2) divestiture of stock holdings;*

*(3) terminations of contractual arrangements between the Company and the individual; or*

*(4) the establishment of a voting trust surrounding the individual's shares.*

*The Exchange staff is willing to discuss with Companies, on a case-by-case basis, what remedial measures may be appropriate to address public interest concerns, and for how long such remedial measures would be required. Alternatively, the Exchange may conclude that a public interest concern is so serious that no remedial measure would be sufficient to alleviate it. In the event that the Exchange staff denies continued listing based on such public interest considerations, the Company may seek review of that determination through the procedures set forth in the LTSE Rule 14.500 Series. On consideration of such appeal, a listing qualifications panel comprised of persons independent of the Exchange may accept, reject or modify the staff's recommendations by imposing conditions.*

*The Exchange may also use its discretionary authority, for example, when a Company files for protection under any provision of the federal bankruptcy laws or comparable foreign laws, when a Company's*

*independent accountants issue a disclaimer opinion on financial statements required to be audited, or when financial statements do not contain a required certification.*

*In addition, pursuant to its discretionary authority, the Exchange will review the Company's past corporate governance activities. This review may include activities taking place while the Company is listed on the Exchange or an exchange that imposes corporate governance requirements, as well as activities taking place after a formerly listed company is no longer listed on the Exchange or such an exchange. Based on such review, and in accordance with the LTSE Rule 14.500 Series, the Exchange may take any appropriate action, including placing restrictions on or additional requirements for listing, or denying listing of a security, if the Exchange determines that there have been violations or evasions of such corporate governance standards. Such determinations will be made on a case-by-case basis as necessary to protect investors and the public interest.*

*Although the Exchange has broad discretion under this LTSE Rule to impose additional or more stringent criteria, this LTSE Rule does not provide a basis for the Exchange to grant exemptions or exceptions from the enumerated criteria for initial or continued listing, which may be granted solely pursuant to LTSE Rules explicitly providing such authority.*

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## Rule 14.102. Change of Control, Bankruptcy, Liquidation, and Reverse Mergers

(a) Business Combinations with non-LTSE Entities Resulting in a Change of Control.

A Company must apply for initial listing in connection with a transaction whereby the Company combines with, or into, an entity that is not an LTSE Company, resulting in a change of control of the Company and potentially allowing such entity to obtain an Exchange Listing. In determining whether a change of control has occurred, the Exchange shall consider all relevant factors including, but not limited to, changes in the management, board of directors, voting power, ownership, and financial structure of the Company. The Exchange shall also consider the nature of the businesses and the relative size of the LTSE Company and the entity that is not an LTSE Company. The Company must submit an application for the post-transaction entity with sufficient time to allow the Exchange to complete its review before the transaction is completed. If the Company's application for initial listing has not been approved prior to consummation of the transaction, the Exchange will issue a Staff Delisting Determination and begin delisting proceedings pursuant to LTSE Rule 14.500.

(b) Bankruptcy and Liquidation.

The Exchange may use its discretionary authority under Chapter 14 to suspend or terminate the listing of a Company that has filed for protection under any provision of the federal bankruptcy laws or comparable foreign laws, or has announced that liquidation has been authorized by its board of directors and that it is committed to proceed, even though the Company's securities otherwise meet all enumerated criteria for continued listing on the Exchange. In the event that the Exchange determines to continue the listing of such a Company during a bankruptcy reorganization, the Company shall nevertheless be required to satisfy all requirements for initial listing, including the payment of initial listing fees, upon emerging from bankruptcy proceedings.

(c) Reverse Mergers

(1) A Company that is formed by a Reverse Merger (a "Reverse Merger Company") shall be eligible to submit an application for initial listing only if the combined entity has, immediately preceding the filing of the initial listing application:

(A) traded for at least one year in the U.S. over-the-counter market, on another national securities exchange, or on a regulated foreign exchange, following the filing with the Commission or Other Regulatory Authority of all required information about the transaction, including audited financial statements for the combined entity; and

(B) maintained a closing bid price of $4 per share or higher for a sustained period of time, but in no event for less than 30 of the most recent 60 trading days.

(2) In addition to satisfying all of the Exchange's other initial listing requirements, a Reverse Merger Company will only be approved for listing if, at the time of approval, it has:

(A) timely filed all required periodic financial reports with the Commission or Other Regulatory Authority (Forms 10-Q, 10-K, or 20-F) for the prior year, including at least one annual report. The annual report must contain audited financial statements for a full fiscal year commencing after filing the information described in paragraph (1)(A) above; and

(B) maintained a closing bid price of $4 per share or higher for a sustained period of time, but in no event for less than 30 of the most recent 60 trading days prior to approval.

(3) A Reverse Merger Company will not be subject to the requirements of this LTSE Rule if, in connection with its listing, it completes a firm commitment underwritten public offering where the gross proceeds to the Reverse Merger Company will be at least $40 million. In addition, a Reverse Merger Company will no longer be subject to the requirements of this LTSE Rule once it has satisfied the one-year trading requirement contained in paragraph (1)(A) above and has filed at least four annual reports with the Commission or Other Regulatory Authority containing all required audited financial statements for a full fiscal year commencing after filing the information described in that paragraph. In either case described in this paragraph (3), the Reverse Merger Company must satisfy all applicable requirements for initial listing, including the minimum bid price requirement and the requirement contained in LTSE Rule 14.203(e) that the Company not be delinquent in its filing obligation with the Commission or Other Regulatory Authority.

## Rule Series 14.200. General Procedures and Prerequisites for Initial and Continued Listing on the Exchange.

### Rule 14.201. Confidential Pre-Application Review of Eligibility

(a) A Company seeking the initial listing of one or more classes of securities on the Exchange must participate in a free confidential pre-application eligibility review by the Exchange in order to determine whether it meets the Exchange's listing criteria. If, upon completion of this review, the Exchange determines that a company is eligible for listing, the Exchange will notify that company in writing (the "clearance letter") that it has been cleared to submit an original listing application. A clearance letter is valid for nine months from its date of issuance. If a company does not list within that nine month period and wishes to list thereafter, the Exchange will perform another confidential listing eligibility review as a condition to the issuance of a new clearance letter. Once a Company has cleared such review, it may file an original listing application pursuant to LTSE Rule 14.202.

(b) Preliminary discussions with the Exchange on important matters in connection with the confidential pre-application eligibility review may be undertaken by Company

officials interested in listing with the assurance that careful security measures have been adopted by the Exchange to avoid revealing any confidential information which the Company may disclose.

The information needed for the purpose of conducting a confidential pre-eligibility review is set forth in LTSE Rules 14.202, 14.203, and Chapter 14 generally.

**Rule 14.202. The Applications and Qualifications Process**

(a) After receiving a clearance letter pursuant to LTSE Rule 14.201, a company choosing to list must file an original listing application. To apply for listing on the Exchange, a Company shall execute a Listing Agreement and a Listing Application on the forms designated by the Exchange providing the information required by Section 12(b) of the Act.

(b) A Company's compliance with the initial listing criteria will be determined on the basis of the Company's most recent information filed with the Commission or Other Regulatory Authority and information provided to the Exchange. The Company shall certify, at or before the time of listing, that all applicable listing criteria have been satisfied.

(c) A Company's qualifications will be determined on the basis of financial statements that are either: (i) prepared in accordance with U.S. generally accepted accounting principles; or (ii) reconciled to U.S. generally accepted accounting principles as required by the Commission's rules; or (iii) prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, for Companies that are permitted to file financial statements using those standards consistent with the Commission's rules.

(d) A Company that has applied for initial listing on the Exchange shall file with the Exchange all reports and other documents filed or required to be filed with the Commission or Other Regulatory Authority. This requirement is satisfied by publicly filing documents through the EDGAR System. All required reports must be filed with the Exchange on or before the date they are required to be filed with the Commission or Other Regulatory Authority. Annual reports filed with the Exchange shall contain audited financial statements.

(e) The Exchange may request any information or documentation, public or non-public, deemed necessary to make a determination regarding a security's initial listing, including, but not limited to, any material provided to or received from the Commission or Other Regulatory Authority. A Company's security may be denied listing if the Company fails to provide such information within a reasonable period of time or if any communication to the Exchange contains a material misrepresentation or omits material information necessary to make the communication to the Exchange not misleading.

(f) All forms and applications relating to listing of securities on the Exchange referenced in Chapter 14 are available from the Exchange's Regulation Department.

(g) The computation of Publicly Held Shares and Market Value of Publicly Held Shares shall be as of the date of application of the Company.

(h) An account of a Member that is beneficially owned by a customer (as defined in LTSE Rule 1.160) will be considered a holder of a security upon appropriate verification by the Member.

(i) A Company may withdraw its application for initial listing at any time.

*(Amended by SR-LTSE-2019-04 eff. December 5, 2019)*

**Rule 14.203. Prerequisites for Applying to List on the Exchange**

All Companies applying to list on LTSE must meet the following prerequisites:

(a) Registration under 12(b) of the Act. A security shall be eligible for listing on LTSE provided that it is: (i) registered pursuant to Section 12(b) of the Act; or (ii) subject to an exemption issued by the Commission that permits the listing of the security notwithstanding its failure to be registered pursuant to Section 12(b).

(b) Auditor Registration. Each Company applying for initial listing must be audited by an independent public accountant that is registered as a public accounting firm with the Public Company Accounting Oversight Board, as provided for in Section 102 of the Sarbanes-Oxley Act of 2002 [15 U.S.C. 7212].

(c) Direct Registration Program. All securities initially listing on LTSE, except securities which are book-entry only, must be eligible for a Direct Registration Program operated by a clearing agency registered under Section 17A of the Act. A foreign issuer, as defined under Rule 3b-4 under the Act, including a Foreign Private Issuer, shall not be subject to this requirement if it submits to LTSE a written statement from an independent counsel in such Company's home country certifying that a law or regulation in the home country prohibits compliance.

(d) Fees. The Company is required to pay all applicable fees as described in LTSE Rule Series 14.600.

(e) Good Standing. No security shall be approved for listing that is delinquent in its filing obligation with the Commission or Other Regulatory Authority or suspended from trading by the Commission pursuant to Section 12(k) of the Act or by the appropriate regulatory authorities of the Company's country of domicile.

(f) Exchange Certification. Upon approval of a listing application, the Exchange shall certify to the Commission, pursuant to Section 12(d) of the Act and the rules thereunder, that it has approved the security for listing and registration. Listing can commence only upon effectiveness of the security's registration pursuant to Section 12(d).

(g) Security Depository.

(1) "Securities Depository" means a securities depository registered as a clearing agency under Section 17A of the Act.

(2) For initial listing, a security shall have a CUSIP number or foreign equivalent identifying the securities included in the file of eligible issues maintained by a Securities Depository in accordance with the rules and procedures of such securities depository. This subparagraph shall not apply to a security if the terms

of the security do not and cannot be reasonably modified to meet the criteria for depository eligibility at all Securities Depositories.

(3) A Security Depository's inclusion of a CUSIP number or foreign equivalent identifying a security in its file of eligible issues does not render the security "depository eligible" until:

(A) in the case of any new issue distributed by an underwriting syndicate on or after the date a Securities Depository system for monitoring repurchases of distributed shares by the underwriting syndicate is available, the date of the commencement of trading in such security on the Exchange; or

(B) in the case of any new issue distributed by an underwriting syndicate prior to the date a Securities Depository system for monitoring repurchases of distributed shares by the underwriting syndicate is available where the managing underwriter elects not to deposit the securities on the date of the commencement of trading in such security on the Exchange, such later date designated by the managing underwriter in a notification submitted to the Securities Depository; but in no event more than three (3) months after the commencement of trading in such security on the Exchange.

(h) Limited Partnerships. No security issued in a limited partnership rollup transaction (as defined by Section 14(h) of the Act), shall be eligible for listing unless:

(1) the rollup transaction was conducted in accordance with procedures designed to protect the rights of limited partners as provided in Section 6(b)(9) of the Act, as it may from time to time be amended, and

(2) a broker-dealer that is a member of a national securities association subject to Section 15A(b)(12) of the Act participates in the rollup transaction.

The Company shall further provide an opinion of counsel stating that such broker- dealer's participation in the rollup transaction was conducted in compliance with the rules of a national securities association designed to protect the rights of limited partners, as specified in the Limited Partnership Rollup Reform Act of 1993.

In addition to any other applicable requirements, each limited partnership listed on the Exchange shall have a corporate general partner or co-general partner that satisfies the Independent Director and audit committee requirements set forth in the LTSE Rule 14.400 Series.

Note: The only currently existing national securities association subject to Section 15A(b)(12) of the Act is FINRA. Its rules designed to protect the rights of limited partners, pursuant to the Limited Partnership Rollup Reform Act of 1993, are specified in FINRA Rule 2310.

(i) Reverse Mergers. A security issued by a Company formed by a Reverse Merger shall be eligible for initial listing only if the conditions set forth in LTSE Rule 14.102(c) are satisfied.

(j) As required by Exchange Act Rule 10D-1, any Company listing on the Exchange must comply with the requirements of Rule 14.207(f) (Recovery of Erroneously Awarded Compensation to Executive Officers).

**Rule 14.204. American Depositary Receipts**

(a) Eligibility. American Depositary Receipts can be listed on the Exchange provided they represent shares in a non-Canadian foreign Company.

(b) Computations. In the case of American Depositary Receipts, annual income from continuing operations and Stockholders' Equity shall relate to the foreign issuer and not to any depositary or any other person deemed to be an issuer for purposes of Form S-12 under the Securities Act of 1933. The underlying security will be considered when determining annual income from continuing operations, Publicly Held Shares, Market Value of Publicly Held Shares, Stockholders' Equity, Round Lot or Public Holders, operating history, Market Value of Listed Securities, and total assets and total revenue.

**Rule 14.205. Additional Requirements for LTSE-Listed Securities Issued by the Exchange or its Affiliates**

(a) For purposes of this LTSE Rule 14.205, the terms below are defined as follows:

(1) "LTSE Affiliate" means LTSE and any entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with LTSE, where "control" means that the 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 an LTSE Affiliate.

(b) Upon initial and throughout continued listing of the Affiliate Security on LTSE, LTSE shall

(1) file a report quarterly with the Exchange’s Regulatory Oversight Committee detailing LTSE's monitoring of:

(A) the LTSE Affiliate's compliance with the listing requirements contained in Chapter 14; and

(B) the trading of the Affiliate Security, which shall include summaries of all related surveillance alerts, complaints, regulatory referrals, trades canceled or adjusted pursuant to LTSE Rule 11.270, investigations, examinations, formal and informal disciplinary actions, exception reports and trading data of such security.

(2) engage an independent accounting firm once a year to review and prepare a report on the Affiliate Security to ensure that the LTSE Affiliate is in compliance with the listing requirements contained in Chapter 14 and promptly forward to the Exchange’s Regulatory Oversight Committee a copy of the report prepared by the independent accounting firm.

(c) In the event that LTSE determines that the LTSE Affiliate is not in compliance with any of the listing requirements contained in Chapter 14, LTSE shall file a report with the Commission within five business days of providing notice to the LTSE Affiliate of

its non-compliance. The report shall identify the date of non-compliance, type of non-compliance and any other material information conveyed to the LTSE Affiliate in the notice of non-compliance. Within five business days of receipt of a plan of compliance from the LTSE Affiliate, LTSE shall notify the Commission of such receipt, whether the plan of compliance was accepted by LTSE or what other action was taken with respect to the plan and the time period provided to regain compliance with Chapter 14, if any.

### Rule 14.206. Listing Requirements for Units

(a) Initial and Continued Listing Requirements

(1) All units shall have at least one equity component. All components of such units shall satisfy the requirements for initial and continued listing as LTSE Listed securities, or, in the case of debt components, satisfy the requirements of paragraph (a)(2) below.

(2) All debt components of a unit, if any, shall meet the following requirements:

(A) the debt issue must have an aggregate market value or principal amount of at least $5 million;

(B) in the case of convertible debt, the equity into which the debt is convertible must itself be subject to real- time last sale reporting in the United States, and the convertible debt must not contain a provision which gives the company the right, at its discretion, to reduce the conversion price for periods of time or from time to time unless the company establishes a minimum period of ten business days within which such price reduction will be in effect.

(3) All components of the unit shall be issued by the same issuer. All units and issuers of such units shall comply with the initial and continued listing requirements of the Exchange.

(b) Minimum Listing Period and Notice of Withdrawal

In the case of units, the minimum listing period of the units shall be 30 days from the first day of listing, except the period may be shortened if the units are suspended or withdrawn for regulatory purposes. Companies and underwriters seeking to withdraw units from listing must provide the Exchange with notice of such intent at least 15 days prior to withdrawal.

(c) Disclosure Requirements for Units

Each Exchange issuer of units shall include in its prospectus or other offering document used in connection with any offering of securities that is required to be filed with the Commission under the federal securities laws and the rules and regulations promulgated thereunder a statement regarding any intention to delist the units immediately after the minimum inclusion period. The issuer of a unit shall further provide information regarding the terms and conditions of the components of the unit (including information with respect to any original issue discount or other significant tax attributes of any component) and the ratio of the components comprising the unit. A Company shall also disclose when a component of the unit is separately listed on the Exchange. These disclosures shall be made on the

Company's website, or if it does not maintain a website, in its annual report provided to unit holders. A Company shall also immediately make a public announcement by filing a Form 8-K, where required by SEC rules, or by issuing a press release disclosing, any change in the terms of the unit, such as changes to the terms and conditions of any of the components (including changes with respect to any original issue discount or other significant tax attributes of any component), or to the ratio of the components within the unit. Such public announcement shall be made as soon as practicable in relation to the effective date of the change.

(d) Market Makers

(1) For initial inclusion, a unit shall have at least three registered and active Market Makers.

(2) For continued listing, a unit shall have at least two registered and active Market Makers, one of which may be a Market Maker entering a stabilizing bid.

## Rule 14.207. Obligations for Companies Listed on the Exchange

(a) Obligation to Provide Information to the Exchange

(1) The Exchange may request any additional information or documentation, public or non-public, deemed necessary to make a determination regarding a Company's continued listing, including, but not limited to, any material provided to or received from the Commission or Other Regulatory Authority. A Company may be denied continued listing if it fails to provide such information within a reasonable period of time or if any communication to the Exchange contains a material misrepresentation or omits material information necessary to make the communication to the Exchange not misleading. The Company shall provide full and prompt responses to requests by the Exchange or by FINRA acting on behalf of the Exchange for information related to unusual market activity or to events that may have a material impact on trading of its securities on the Exchange.

(2) As set forth in LTSE Rule 14.410, a Company must provide the Exchange with prompt notification after an Executive Officer of the Company becomes aware of any noncompliance by the Company with the requirements of the Rule 14.400 Series.

(b) Obligation to Make Public Disclosure

(1) Disclosure of Material Information

Except in unusual circumstances, an Exchange-listed Company shall make prompt disclosure to the public through any Regulation FD compliant method (or combination of methods) of disclosure of any material information that would reasonably be expected to affect the value of its securities or influence investors' decisions. The Company shall, prior to the release of the information, provide notice of such disclosure to the Exchange's Regulation Department at least ten minutes prior to public announcement if the information involves any of the events set forth in Supplementary Material .01 to this LTSE Rule and the public release of the material information is made during System Hours (as defined in LTSE Rule 1.160). If the public release of the material information is made

outside of System Hours, Exchange Companies must notify the Exchange's Regulation Department of the material information at least 10 minutes prior to the start of System Hours (as defined in LTSE Rule 1.160). As described in Supplementary Material .01 to this LTSE Rule, prior notice to the Exchange's Regulation Department must be made through the electronic disclosure submission system available at the Exchange's Web site, except in emergency situations.

(2) Disclosure of Notification of Deficiency

As set forth in LTSE Rule 14.501(c), a listed Company that receives a notification of deficiency from the Exchange is required to make a public announcement by filing a Form 8-K, where required by SEC rules, or by issuing a press release disclosing receipt of the notification and the Rule(s) upon which the deficiency is based, and describing each specific basis and concern identified by the Exchange in reaching its determination that the Company does not meet the listing standard. However, note that in the case of a deficiency related to the requirement to file a periodic report contained in LTSE Rule 14.207(c)(1) or (2), the Company is required to make the public announcement by issuing a press release. As described in LTSE Rule 14.207(b)(1) above and Supplementary Material .01 below, the Company must notify the Exchange's Regulation Department about the announcement through the electronic disclosure submission system available on the Exchange's Web site, except in emergency situations when notification may instead be provided by telephone or facsimile. If the public announcement is made during System Hours (as defined in LTSE Rule 1.160), the Company must notify the Exchange's Regulation Department at least ten minutes prior to the announcement. If the public announcement is made outside of System Hours (as defined in LTSE Rule 1.160), the Company must notify the Exchange's Regulation Department of the announcement at least ten minutes prior to the start of System Hours (as defined in LTSE Rule 1.160).

(3) Disclosure of Third Party Director and Nominee Compensation

Companies must disclose all agreements and arrangements in accordance with this rule by no later than the date on which the Company files or furnishes a proxy or information statement subject to Regulation 14A or 14C under the Act in connection with the Company’s next shareholders’ meeting at which directors are elected (or, if they do not file proxy or information statements, no later than when the Company files its next Form 10-K or Form 20-F).

(A) A Company shall disclose either on or through the Company's website or in the proxy or information statement for the next shareholders’ meeting at which directors are elected (or, if the Company does not file proxy or information statements, in its Form 10-K or 20-F), the material terms of all agreements and arrangements between any director or nominee for director, and any person or entity other than the Company (the “Third Party”), relating to compensation or other payment in connection with such person’s candidacy or service as a director of the Company. A Company need not disclose pursuant to this rule agreements and arrangements that: (i) relate only to reimbursement of expenses in connection with candidacy as a director; (ii) existed prior to the nominee’s candidacy (including as an employee of the other person or entity) and the nominee’s relationship with

the Third Party has been publicly disclosed in a proxy or information statement or annual report (such as in the director or nominee's biography); or (iii) have been disclosed under Item 5(b) of Schedule 14A of the Act or Item 5.02(d)(2) of Form 8-K in the current fiscal year. Disclosure pursuant to Commission rule shall not relieve a Company of its annual obligation to make disclosure under subparagraph (B).

(B) A Company must make the disclosure required in subparagraph (A) at least annually until the earlier of the resignation of the director or one year following the termination of the agreement or arrangement.

(C) If a Company discovers an agreement or arrangement that should have been disclosed pursuant to subparagraph (A) but was not, the Company must promptly make the required disclosure by filing a Form 8-K or 6-K, where required by SEC rules, or by issuing a press release. Remedial disclosure under this subparagraph, regardless of its timing, does not satisfy the annual disclosure requirements under subparagraph (B).

(D) A Company shall not be considered deficient with respect to this paragraph for purposes of LTSE Rule 14.501 if the Company has undertaken reasonable efforts to identify all such agreements or arrangements, including asking each director or nominee in a manner designed to allow timely disclosure, and makes the disclosure required by subparagraph (C) promptly upon discovery of the agreement or arrangement. In all other cases, the Company must submit a plan sufficient to satisfy Exchange staff that the Company has adopted processes and procedures designed to identify and disclose relevant agreements or arrangements.

(E) A Foreign Private Issuer may follow its home country practice in lieu of the requirements of LTSE Rule 14.207(b)(3) by utilizing the process described in LTSE Rule 14.407(a)(3).

(c) Obligation to File Periodic Financial Reports

(1) A Company shall timely file all required periodic financial reports with the Commission through the EDGAR System or with the Other Regulatory Authority. A Company that does not file through the EDGAR System shall supply to the Exchange two (2) copies of all reports required to be filed with the Other Regulatory Authority or email an electronic version of the report to the Exchange at continuedlisting@LTSE.com. All required reports must be filed with the Exchange on or before the date they are required to be filed with the Commission or Other Regulatory Authority. Annual reports filed with the Exchange shall contain audited financial statements.

(2) Foreign Private Issuer Interim Reports

Each Foreign Private Issuer shall submit on a Form 6-K an interim balance sheet and income statement as of the end of its second quarter. This information, which must be presented in English, but does not have to be reconciled to U.S. GAAP, must be provided no later than six months following the end of the Company's second quarter. In the case of a Foreign Private Issuer that is a limited partnership, such information shall be distributed to limited partners if required by statute or regulation in the jurisdiction in which the limited partnership is formed or doing business or by the terms of the partnership's limited partnership agreement.

(3) Auditor Registration

Each listed Company shall be audited by an independent public accountant that is registered as a public accounting firm with the Public Company Accounting Oversight Board, as provided for in Section 102 of the Sarbanes-Oxley Act of 2002 [15 U.S.C. 7212].

(d) Distribution of Annual and Interim Reports

(1) Distribution of Annual Reports. Each Company (including a limited partnership) shall make available to Shareholders an annual report containing audited financial statements of the Company and its subsidiaries (which, for example, may be on Form 10-K, 20-F, 40-F or N-CSR) within a reasonable period of time following the filing of the annual report with the Commission. A Company may comply with this requirement either:

(A) by mailing the report to Shareholders;

(B) by satisfying the requirements for furnishing an annual report contained in Rule 14a-16 under the Act; or

(C) by posting the annual report to Shareholders on or through the Company's website (or, in the case of a Company that is an investment company that does not maintain its own website, on a website that the Company is allowed to use to satisfy the website posting requirement in Rule 16a-3(k) under the Act), along with a prominent undertaking in the English language to provide Shareholders, upon request, a hard copy of the Company's annual report free of charge. A Company that chooses to satisfy this requirement pursuant to this paragraph (C) must, simultaneous with this posting, issue a press release stating that its annual report has been filed with the Commission (or Other Regulatory Authority). This press release shall also state that the annual report is available on the Company's website and include the website address and that Shareholders may receive a hard copy free of charge upon request. A Company must provide such hard copies within a reasonable period of time following the request.

(2) Distribution of Interim Reports. Exchange Companies that distribute interim reports to Shareholders should distribute such reports to both registered and beneficial Shareholders. Exchange Companies are also encouraged to consider additional technological methods to communicate such information to Shareholders in a timely and less costly manner as such technology becomes available.

(3) Access to Quarterly Reports.

(A) Each Company that is not a limited partnership (limited partnerships are governed by paragraph (B) below) and is subject to Rule 13a-13 under the Act shall make available copies of quarterly reports including statements of operating results to Shareholders either prior to or as soon as practicable following the Company's filing of its Form 10-Q with the Commission. If the form of such quarterly report differs from the Form 10-Q, the Company shall file one copy of the report with the Exchange in addition to filing its Form 10-Q pursuant to Rule 14.207(c)(1). The statement of operations contained in quarterly reports shall disclose, at a minimum, any substantial items of an unusual or non-recurrent nature and net income before and after estimated

federal income taxes or net income and the amount of estimated federal taxes.

(B) Each Company that is a limited partnership and is subject to Rule 13a-13 under the Act shall make available copies of quarterly reports including statements of operating results to limited partners either prior to or as soon as practicable following the partnership's filing of its Form 10-Q with the Commission. Such reports shall be distributed to limited partners if required by statute or regulation in the state in which the limited partnership is formed or doing business or by the terms of the partnership's limited partnership agreement. If the form of such quarterly report differs from the Form 10-Q, the Company shall file one copy of the report with the Exchange in addition to filing its Form 10-Q pursuant to LTSE Rule 14.207(c)(1).

The statement of operations contained in quarterly reports shall disclose, at a minimum, any substantial items of an unusual or non-recurrent nature and net income before and after estimated federal income taxes or net income and the amount of estimated federal taxes.

(4) Access to Interim Reports

(A) Each Company that is not a limited partnership and is not subject to Rule 13a-13 under the Act and that is required to file with the Commission, or Other Regulatory Authority, interim reports relating primarily to operations and financial position, shall make available to Shareholders reports which reflect the information contained in those interim reports. Such reports shall be made available to Shareholders either before or as soon as practicable following filing with the appropriate regulatory authority. If the form of the interim report provided to Shareholders differs from that filed with the regulatory authority, the Company shall file one copy of the report to Shareholders with the Exchange in addition to the report to the regulatory authority that is filed with the Exchange pursuant to LTSE Rule 14.207(c)(1).

(B) Each Company that is a limited partnership that is not subject to Rule 13a-13 under the Act and is required to file with the Commission, or Other Regulatory Authority, interim reports relating primarily to operations and financial position, shall make available to limited partners reports which reflect the information contained in those interim reports. Such reports shall be distributed to limited partners if required by statue or regulation in the state in which the limited partnership is formed or doing business or by the terms of the partnership's limited partnership agreement. Such reports shall be distributed to limited partners either before or as soon as practicable following filing with the appropriate regulatory authority. If the form of the interim report provided to limited partners differs from that filed with the regulatory authority, the Company shall file one copy of the report to limited partners with the Exchange in addition to the report to the regulatory authority that is filed with the Exchange pursuant to LTSE Rule 14.207(c)(1).

(5) A Foreign Private Issuer may follow its home country practice in lieu of the requirements of LTSE Rule 14.207(d)(1), (2), (3), or (4) or by utilizing the process described in LTSE Rule 14.407(a)(3).

(6) The Company shall comply with any obligation of any person regarding filing or disclosure of information material to the Company or the security, whether such

obligation arises under the securities laws of the United States or the Company's country of domicile, or other applicable federal or state statutes or rules.

(e) Exchange Notification Requirements. Various corporate events resulting in material changes will trigger the requirement for Companies to submit certain forms and applicable fees to the Exchange as specified below. All applicable forms can be found on the Exchange's Web site.

(1) Change in Number of Shares Outstanding. The Company shall file, on a form designated by the Exchange no later than 10 days after the occurrence, any aggregate increase or decrease of any class of securities listed on the Exchange that exceeds 5% of the amount of securities of the class outstanding.

(2) Listing of Additional Shares. A Company shall be required to notify the Exchange, except for a Company solely listing American Depositary Receipts, at least 15 calendar days prior to:

(A) establishing or materially amending a stock option plan, purchase plan or other equity compensation arrangement pursuant to which stock may be acquired by officers, directors, employees, or consultants without shareholder approval; however the Exchange recognizes that when a Company makes an equity grant to induce an individual to accept employment, as permitted by the exception contained in LTSE Rule 14.412(c)(4), it may not be practical to provide the advance notice otherwise required by this LTSE Rule. Therefore, when a Company relies on that exception to make such an inducement grant without shareholder approval, it is sufficient to notify the Exchange about the grant and the use of the exception no later than the earlier of: (x) five calendar days after entering into the agreement to issue the securities; or (y) the date of the public announcement of the award required by LTSE Rule 14.412(c)(4); or

(B) issuing securities that may potentially result in a change of control of the Company; or

(C) issuing any common stock or security convertible into common stock in connection with the acquisition of the stock or assets of another company, if any officer or director or Substantial Shareholder of the Company has a 5% or greater interest (or if such persons collectively have a 10% or greater interest) in the Company to be acquired or in the consideration to be paid; or

(D) issuing any common stock, or any security convertible into common stock in a transaction that may result in the potential issuance of common stock (or securities convertible into common stock) greater than 10% of either the total shares outstanding or the voting power outstanding on a pre- transaction basis.

The notifications required by this paragraph must be made on the Notification Form: Listing of Additional Shares and the Exchange encourages Companies to file this form as soon as practicable, even if all of the relevant terms are not yet known. The Exchange reviews these forms to determine compliance with applicable LTSE Rules, including the shareholder approval requirements. Therefore, if a Company fails to file timely the form required by this paragraph, the Exchange may issue either a Public Reprimand Letter or a Delisting Determination (pursuant to LTSE Rule 14.500).

(3) Record Keeping Change

(A) The Company shall file on a form designated by the Exchange notification of any change to its name, the par value or title of its security, its symbol, or a similar change, no later than 10 days after the change.

(B) The Company shall also notify the Exchange promptly in writing, absent any fees, of any change in the general character or nature of its business and any change in the address of its principal executive offices.

(4) Substitution Listing. The Company shall notify the Exchange of a Substitution Listing Event (other than a re- incorporation or a change to a Company's place of organization) no later than 15 calendar days prior to the implementation of such event by filing the appropriate form as designated by the Exchange. For a re-incorporation or change to a Company's place of organization, a Company shall notify the Exchange as soon as practicable after such event has been implemented by filing the appropriate form as designated by the Exchange.

(5) Transfer Agent, Registrar, ADR Bank Changes. The issuer of any class of securities listed on the Exchange, except for American Depositary Receipts, shall notify the Exchange promptly in writing of any change in the Company's transfer agent or registrar.

(6) Dividend Action or Stock Distribution. In the case of any dividend action or action relating to a stock distribution of a listed stock the Company shall, no later than 10 calendar days prior to the record date of such action:

(A) Notify the Exchange by filing the appropriate form as designated by the Exchange; and

(B) Provide public notice using a Regulation FD compliant method.

(C) Notice to the Exchange should be given as soon as possible after declaration and, in any event, no later than simultaneously with the public notice.

(f) Recovery of Erroneously Awarded Compensation to Executive Officers.

Preamble: As required by Exchange Act Rule 10D-1 and this Rule 14.207(f), any Company listed on LTSE must adopt a compensation recovery policy, comply with that policy, and provide the compensation recovery policy disclosures required by this rule and in all applicable filings with the Commission.

(1) Definitions

Unless the context otherwise requires, the following definitions apply for purposes of this Rule 14.207(f) (and only for purposes of this Rule 14.207(f)):

(A) Executive Officer: An executive officer is the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company’s parent(s) or subsidiaries are deemed

executive officers of the Company if they perform such policy making functions for the Company. In addition, when the Company is a limited partnership, officers or employees of the general partner(s) who perform policy-making functions for the limited partnership are deemed officers of the limited partnership. When the Company is a trust, officers, or employees of the trustee(s) who perform policy-making functions for the trust are deemed officers of the trust. Policy-making function is not intended to include policy-making functions that are not significant. Identification of an executive officer for purposes of this section would include at a minimum executive officers identified pursuant to 17 CFR 229.401(b).

(B) Financial reporting measures: Financial reporting measures are those that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also financial reporting measures. A financial reporting measure need not be presented within the financial statements or included in a filing with the Commission.

(C) Incentive-based compensation: Incentive-based compensation is any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure.

(D) Received: Incentive-based compensation is deemed received in the Company's fiscal period during which the financial reporting measure specified in the incentive-based compensation award is attained, even if the payment or grant of the incentive-based compensation occurs after the end of that period.

(2) Requirement to Adopt, Implement and Disclose a Recovery Policy for Incentive-Based Executive Compensation.

(A) Each Company that lists its securities on the Exchange must adopt and comply with a written policy providing that the Company will recover reasonably promptly the amount of erroneously awarded incentive-based compensation to any executive officer in the event that the Company is required to prepare an accounting restatement due to material non-compliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

(B) Each Company listed on the Exchange must disclose its written policy related to the recovery of erroneously awarded compensation as part of its reporting obligations to the Commission, as an exhibit to its Annual Report, and to the Exchange. Companies applying for initial listing must include its written policy as part of its listing application.

(3) Application of the Recovery Policy to Executive Officers.

The Company's recovery policy must apply to all incentive-based compensation received by a person:

(A) After beginning service as an executive officer of the Company;

(B) Who served as an executive officer at any time during the performance period for that incentive-based compensation;

(C) While the Company had a class of securities listed on a national securities exchange or a national securities association; and

(D) During the three completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement as described in paragraph (f) of this Rule. In addition to the last three completed fiscal years, the recovery policy must apply to any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years. However, a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year. A Company's obligation to recover erroneously awarded compensation is not dependent on if or when the restated financial statements are filed.

(4) Determination of the Relevant Recovery Period.

For purposes of determining the relevant recovery period, the date that a Company is required to prepare an accounting restatement as described in paragraph (f) of this Rule is the earlier to occur of:

(A) The date the Company's board of directors, a committee of the board of directors, or the officer or officers of the Company authorized to take such action if board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement as described in paragraph (f) of this Rule; or

(B) The date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement as described in paragraph (f) of this Rule.

(5) Determining Amount of Incentive-Based Compensation Subject to the Company's Recovery Policy.

(A) The amount of incentive-based compensation that must be subject to the Company's recovery policy ("erroneously awarded compensation") is the

amount of incentive-based compensation received that exceeds the amount of incentive-based compensation that otherwise would have been received had it been determined based on the restated amounts, and must be computed without regard to any taxes paid

(B) For incentive-based compensation based on stock price or total shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement:

(i) The amount must be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the incentive-based compensation was received; and

(ii) The Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange.

(6) Exceptions to Requirement to Recover Erroneously Awarded Compensation.

Companies must recover erroneously awarded compensation in compliance with its recovery policy except to the extent that the conditions of paragraphs (A), (B), or (C) below of this Rule 14.207(f)(6) are met and the Company's Compensation Committee, or in the absence of such a committee, a majority of the independent directors serving on the board, has made a determination that recovery would be impracticable.

(A) The direct expense paid to a third party to assist in enforcing the policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange.

(B) Recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation, and must provide such opinion to the Exchange.

(C) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

(7) Indemnification Of Executive Officers by the Company Prohibited. The Company is prohibited from indemnifying any executive officer or former executive officer against the loss of erroneously awarded compensation.

(8) Companies are required to file all disclosures with respect to its recovery policy in accordance with the requirements of the Federal securities laws, including the disclosure required by applicable Commission filings, and the Rules of the Exchange.

(9) General Exemptions. The requirements of this Rule 14.207(f) do not apply to the listing of any security issued by a unit investment trust, as defined in 15 U.S.C 80a-4(2) and any security issued by a management company as defined in 15 U.S.C. 80(a)-4(3) that is registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8, if such management company has not awarded incentive-based compensation to any executive officer of the Company in any of the last three fiscal years, or in the case of a Company that has been listed less than three fiscal years, since the listing of the Company.

(10) Effective Date. Each Company is required to (i) adopt a policy governing the recovery of erroneously awarded compensation as required by this rule no later than 60 days following October 2, 2023, (ii) comply with its recovery policy for all incentive-based compensation received (as such term is defined in Rule 14.207(f)(1) by executive officers on or after October 2, 2023, and (iii) provide the disclosures required by this rule and in the applicable Commission filings on or after October 2, 2023. Notwithstanding the look-back requirement in Rule 14.207(f), a Company is only required to apply the recovery policy to incentive-based compensation received on or after October 2, 2023.

(g) Obligation to Pay Fees. The Company is required to pay all applicable fees as described in the Rule 14.600 Series.

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*** * * * * *Supplementary Material* * * * ***

***.01 Disclosure of Material Information***

*(a) General Disclosure Requirements*

*Rule 14.207(b)(1) requires that, except in unusual circumstances, Exchange Companies disclose promptly to the public through any Regulation FD compliant method (or combination of methods) of disclosure any material information that would reasonably be expected to affect the value of their securities or influence investors' decisions. Exchange Companies must notify the Exchange at least ten minutes prior to the release to the public of material information that involves any of the events set forth below when the public release of the information is made during System Hours (as defined in LTSE Rule 1.160). If the public release of the material information is made outside of System Hours (as defined in LTSE Rule 1.160), Exchange Companies must notify the Exchange's Regulation Department of the material information at least ten minutes prior to the start of System Hours (as defined in LTSE Rule 1.160). Under unusual circumstances Companies may not be required to make public disclosure of material events; for example, where it is possible to maintain confidentiality of those events and immediate public disclosure would prejudice the ability of the Company to pursue its legitimate corporate objectives. However, the Exchange Companies remain obligated to disclose this information to the Exchange upon request pursuant to LTSE Rule 14.207(a).*

*Whenever unusual market activity takes place in an Exchange Company's securities, the Company normally should determine whether there is material information or news which should be disclosed. If rumors or unusual market activity indicate that information on impending developments has become known to the investing public, or if information from a source other*

*than the Company becomes known to the investing public, a clear public announcement may be required as to the state of negotiations or development of Company plans. Such an announcement may be required, even though the Company may not have previously been advised of such information or the matter has not yet been presented to the Company's Board of Directors for consideration. In certain circumstances, it may also be appropriate to publicly deny false or inaccurate rumors, which are likely to have, or have had, an effect on the trading in its securities or would likely have an influence on investment decisions.*

*(b) Notification to the Exchange's Regulation Department*

*Companies must notify the Exchange's Regulation Department prior to the distribution of certain material news at least ten minutes prior to public announcement of the news when the public release of the information is made during System Hours (as defined in LTSE Rule 1.160). If the public release of the material information is made outside of System Hours (as defined in LTSE Rule 1.160), the Company must notify the Exchange's Regulation Department of the material information at least ten minutes prior to the start of System Hours (as defined in LTSE Rule 1.160). Except in emergency situations, this notification must be made through the Exchange's electronic disclosure submission system available on the Exchange's Web site. In emergency situations, Companies may instead provide notification by telephone or facsimile. Examples of an emergency situation include: lack of computer or internet access; technical problems on the Exchange and a material development such that no draft disclosure document exists, but immediate notification to the Exchange's Regulation Department is important based on the material event.*

*If a Company repeatedly fails to either notify the Exchange at least ten minutes prior to the distribution of material news during System Hours (as defined in LTSE Rule 1.160) or at least ten minutes prior to the start of System Hours (as defined in LTSE Rule 1.160)for material news distributed outside of System Hours (as defined in LTSE Rule 1.160), or repeatedly fails to use the electronic disclosure submission system when the Exchange finds no emergency situation existed, the Exchange may issue a Public Reprimand Letter (as defined in LTSE Rule 14.500(b)(5)) or, in extreme cases, a Staff Delisting Determination (as defined in LTSE Rule 14.500(b)(7)). In determining whether to issue a Public Reprimand Letter, the Exchange will consider whether the Company has demonstrated a pattern of failures, whether the Company has been contacted concerning previous violations, and whether the Company has taken steps to assure that future violations will not occur.*

*(c) Trading Halts*

*A trading halt benefits current and potential Shareholders by halting all trading in any Exchange securities until there has been an opportunity for the information to be disseminated to the public. This decreases the possibility of some investors acting on information known only to them. A trading halt provides the public with an opportunity to evaluate the information and consider it in making investment decisions. It also alerts the marketplace to the fact that news has been released.*

*The Exchange's Regulation Department monitors real time trading in all Exchange securities during the trading day for price and volume activity. In the event of certain price and volume movements, the Exchange's Regulation Department may contact a Company and its Market Makers in order to ascertain the cause of the unusual market activity. The Exchange's Regulation Department treats the information provided by the Company and other sources in a highly confidential manner, and uses it to assess market activity and assist in maintaining fair and orderly markets. An Exchange listing includes an obligation to disclose to the Exchange's Regulation Department information that the Company is not otherwise disclosing to the*

*investing public or the financial community. On, occasion, changes in market activity prior to the Company's release of material information may indicate that the information has become known to the investing public. Changes in market activity also may occur when there is a release of material information by a source other than the Company, such as when an Exchange Company is subject to an unsolicited take-over bid by another company. Depending on the nature of the event and the Company's views regarding the business advisability of disclosing the information, the Exchange's Regulation Department may work with the Company to accomplish a timely release of the information. Furthermore, depending on the materiality of the information and the anticipated effect of the information on the price of the Company's securities, the Exchange's Regulation Department may advise the Company that a temporary trading halt is appropriate to allow for full dissemination of the information and to maintain an orderly market. The institution of a temporary trading halt pending the release of information is not a reflection on the value of the securities halted. Such trading halts are instituted, among other reasons, to insure that material information is fairly and adequately disseminated to the investing public and the marketplace, and to provide investors with the opportunity to evaluate the information in making investment decisions. A trading halt normally lasts one half hour but may last longer if a determination is made that news has not been adequately disseminated or that the original or an additional basis under LTSE Rule 11.282 exists for continuing the trading halt.*

*The Exchange's Regulation Department is required to keep non-public information, confidential and to use such information only for regulatory purposes.*

*Companies are required to notify the Exchange's Regulation Department of the release of material information included in the following list of events at least ten minutes prior to the release of such information to the public when the public release of the information is made during System Hours (as defined in LTSE Rule 1.160):*

*(1) Financial-related disclosures, including quarterly or yearly earnings, earnings restatements, pre-announcements or "guidance."*

*(2) Corporate reorganizations and acquisitions, including mergers, tender offers, asset transactions and bankruptcies or receiverships.*

*(3) New products or discoveries, or developments regarding customers or suppliers (e.g., significant developments in clinical or customer trials, and receipt or cancellation of a material contract or order).*

*(4) Senior management changes of a material nature or a change in control.*

*(5) Resignation or termination of independent auditors, or withdrawal of a previously issued audit report.*

*(6) Events regarding the Company's securities — e.g., defaults on senior securities, calls of securities for redemption, repurchase plans, stock splits or changes in dividends, changes to the rights of security holders, or public or private sales of additional securities.*

*(7) Significant legal or regulatory developments. Regulation FD*

*(8) Any event requiring the filing of a Form 8-K.*

*If the public release of the material information is made outside of System Hours (as defined in LTSE Rule 1.160), Exchange Companies must notify the Exchange's Regulation Department of the material information at least 10 minutes prior to the start of System Hours (as defined in LTSE Rule 1.160). It should also be noted that every development that might be reported to the Exchange in these areas would not necessarily be deemed to warrant a trading halt. In addition*

*to the list of events set forth above, the Exchange encourages Companies to avail themselves of the opportunity for advance notification to the Exchange's Regulation Department in situations where they believe, based upon their knowledge of the significance of the information, that a temporary trading halt may be necessary or appropriate.*

***.02 Use of Regulation FD Compliant Methods in the Disclosure of Material Information***

*Regardless of the method of disclosure that a Company chooses to use, Companies are required to notify the Exchange's Regulation Department of the release of material information that involves any of the events set forth above at least ten minutes prior to its release to the public when the public release of the information is made during System Hours (as defined in LTSE Rule 1.160). If the public release of the material information is made outside of System Hours (as defined in LTSE Rule 1.160), Exchange Companies must notify LTSE Regulation of the material information at least 10 minutes prior to the start of System Hours (as defined in LTSE Rule 1.160). When a Company chooses to utilize a Regulation FD compliant method for disclosure other than a press release or Form 8-K, the Company will be required to provide prior notice to the Exchange's Regulation Department of: 1) the press release announcing the logistics of the future disclosure event; and 2) a descriptive summary of the material information to be announced during the disclosure event if the press release does not contain such a summary.*

*Depending on the materiality of the information and the anticipated effect of the information on the price of the Company's securities, the Exchange's Regulation Department may advise the Company that a temporary trading halt is appropriate to allow for full dissemination of the information and to maintain an orderly market. The Exchange's Regulation Department will assess with Companies using methods of disclosure other than a press release or Form 8-K the timing within the disclosure event when the Company will cover the material information so that the halt can be commenced accordingly. Companies will be responsible for promptly alerting the Exchange's Regulation Department of any significant changes to the previously outlined disclosure timeline. Companies are reminded that the posting of information on the company's website may not by itself be considered a sufficient method of public disclosure under Regulation FD and SEC guidance and releases thereunder, and as a result, under LTSE Rules.*

***.03 Disclosure of Third Party Director and Nominee Compensation***

*LTSE Rule 14.207(b)(3) requires listed companies to publicly disclose the material terms of all agreements and arrangements between any director or nominee and any person or entity (other than the Company) relating to compensation or other payment in connection with that person's candidacy or service as a director. The terms "compensation" and "other payment" as used in this rule are not limited to cash payments and are intended to be construed broadly.*

*Subject to exceptions provided in the rule, the disclosure must be made on or through the Company's website or in the proxy or information statement for the next shareholders' meeting at which directors are elected in order to provide shareholders with information and sufficient time to help them make meaningful voting decisions. A Company posting the requisite disclosure on or through its website must make it publicly available no later than the date on which the Company files a proxy or information statement in connection with such shareholders' meeting (or, if they do not file proxy or information statements, no later than when the Company files its next Form 10-K or Form 20-F). Disclosure made available on the Company's website or through it by hyperlinking to another website, must be continuously accessible. If the website hosting the disclosure subsequently becomes inaccessible or that hyperlink inoperable, the company must promptly restore it or make other disclosure in accordance with this rule.*

*LTSE Rule 14.207(b)(3) does not separately require the initial disclosure of newly entered into agreements or arrangements, provided that disclosure is made pursuant to this rule for the next shareholders' meeting at which directors are elected. In addition, for publicly disclosed agreements and arrangements that existed prior to the nominee's candidacy and thus not required to be disclosed in accordance with LTSE Rule 14.207(b)(3)(A)(ii) but where the director or nominee's remuneration is thereafter materially increased specifically in connection with such person's candidacy or service as a director of the Company, only the difference between the new and previous level of compensation or other payment obligation needs be disclosed.*

*All references in this rule to proxy or information statements are to the definitive versions thereof.*

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*(Amended by SR-LTSE-2019-03 eff. October 18, 2019; amended by SR-LTSE-2019-04 eff. December 5, 2019; amended by SR-LTSE-2023-01, eff October 2, 2023.)*

**Rule 14.208. Direct Registration Program**

(a) Except as indicated in paragraph (c) below, all securities listed on the Exchange (except securities which are book- entry only) must be eligible for a Direct Registration Program operated by a clearing agency registered under Section 17A of the Act.

(b) If a Company establishes or maintains a Direct Registration Program for its Shareholders, the Company shall, directly or through its transfer agent, participate in an electronic link with a clearing agency registered under Section 17A of the Act to facilitate the electronic transfer of securities held pursuant to such program.

(c) Exemption

A foreign issuer, as defined under Rule 3b-4 under the Act, including a Foreign Private Issuer shall not be subject to this requirement if it submits to the Exchange a written statement from an independent counsel in such Company's home country certifying that a law or regulation in its home country prohibits compliance.

**Rule 14.210. Dually-Listed Securities**

(a) A Company is permitted to have a class of securities that has been approved for listing on another national securities exchange registered with the Commission pursuant to Section 6(a) of the Act ("Dually-Listed Securities").

(b) A Company that has Dually-Listed Securities must notify the Exchange promptly if it receives oral or written notification from the other national securities exchange on which the Company's Dually-Listed Securities are listed that such class of listed securities has fallen below the continued listing requirements of such other market. In addition, a Company that has Dually-Listed Securities must promptly notify the other national securities exchange on which the Company's Dually-Listed Securities are listed if it receives oral or written notification that such class of listed securities has fallen below the continued listing requirements of Chapter 14 of the LTSE Rules.

(c) For so long as a Company that seeks to list or has listed Dually-Listed Securities on the Exchange is listed on another national securities exchange that is its primary listing market and requires a minimum number of market makers, the minimum market maker requirements of LTSE Rules 14.310 and 14.320 that require a company listed on the Exchange to maintain a particular minimum number of registered and active Market Makers will not be applicable to such Dually-Listed Security.

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* * * * * ***Supplementary Material*** * * * *

***.01 Impact of Non-Designation of Dually-Listed Securities.***

*To foster competition among markets and further the development of the national market system, the Exchange shall permit Companies whose securities are or will be listed on another national securities exchange to apply to also list those securities on the Exchange. The Exchange shall make an independent determination of whether such Companies satisfy all applicable listing requirements and shall require Companies to enter into a dual-listing agreement with the Exchange.*

*The Exchange shall continue to honor the trade halt authority of the primary listing market under the CQ and CTA Plans or the UTP Plan, as applicable, pursuant to LTSE Rule 11.282(a) (Authority to Initiate Trading Halts). LTSE Rule 11.282 (a)(2) and (3) shall apply to such Dually-Listed Securities, whereas LTSE Rule 11.282(a)(1), (4), (5), (6), and (7) shall not. Listing fees pursuant to the LTSE Rule Series 14.600 (Listed Company Fees) shall continue to apply to Dually-Listed Securities. In addition, Dually-Listed Securities shall be LTSE securities for purposes of rules related to listing and delisting, and shall remain as CQS securities or UTP securities, as applicable, under all other Exchange rules.*

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*(Amended by SR-LTSE-2019-04 eff. December 5, 2019)*

## Rule Series 14.300. Listings Requirements

### Rule 14.301. General Listing Requirements

This section contains the initial and continued listing requirements and standards for listing a Company's Primary Equity Security on the Exchange. This section also contains the initial and continued listing requirements for Rights and Warrants, and Preferred and Secondary Classes of Common Stock on the Exchange.

In addition to meeting the quantitative requirements in this section, a Company must meet the requirements of LTSE Rule Series 14.200, including the disclosure obligations set forth in LTSE Rule 14.207, the Corporate Governance requirements set forth in the LTSE Rule Series 14.400, and pay any applicable fees in the LTSE Rule Series 14.600.

A Company's failure to meet any of the continued listing requirements will be processed in accordance with the provisions set forth in LTSE Rule Series 14.500.

**Rule 14.302. Definitions and Computations**

(a) A Company is affiliated with another Company if that other Company, directly or indirectly though one or more intermediaries, controls, is controlled by, or is under common control of the Company. Control, for these purposes, means having the ability to exercise significant influence. Ability to exercise significant influence will be presumed to exist where the parent or affiliated Company directly or indirectly owns 20% or more of the other Company's voting securities, and also can be indicated by representation on the board of directors, participation in policy making processes, material intercompany transactions, interchange of managerial personnel, or technological dependency.

(b) In computing Cash Flows, LTSE will rely on the net cash provided by operating activities, as reported in the Company's financial information as filed with the Commission in the Company's most recent periodic report and/or registration statement excluding changes in working capital or in operating assets and liabilities.

(c) In computing income from continuing operations before income taxes, LTSE will rely on a Company's financial information as filed with the Commission in the Company's most recent periodic report and/or registration statement.

(d) In computing the number of Publicly Held Shares, LTSE will not consider shares held by an officer, director or 10% or greater Shareholder of the Company.

(e) In the case of a Company listing in connection with its initial public offering, compliance with the market capitalization requirements of LTSE Rules 14.310(b)(2), (3), and (4) will be based on the Company's market capitalization at the time of listing.

(f) A period of less than three months shall not be considered a Fiscal Year, even if reported as a stub period in the Company's publicly reported financial statements.

(g) If a Company has less than three years of publicly reported financial data, it may qualify under LTSE Rule 14.310(b)(1) if it has (1) reported aggregate income from continuing operations before income taxes of at least $11 million, and (2) positive income from continuing operations before income taxes in each of the reported fiscal years.

(h) If a Company has less than three years of publicly reported financial data, it may qualify under LTSE Rule 14.310(b)(2) if it has (1) reported aggregate cash flows of at least $27.5 million, and (2) positive cash flows in each of the reported fiscal years.

(i) In computing total assets and stockholders' equity for purposes of LTSE Rule 14.310(b)(4), LTSE will rely on a Company's most recent publicly reported financial statements subject to the adjustments described below:

(1) Application of Use of Proceeds - If a company is in registration with the SEC and is in the process of an equity offering, adjustments should be made to reflect the net proceeds of that offering, and the specified intended application(s) of such proceeds to:

(A) Pay off existing debt or other financial instruments: The adjustment will include elimination of the actual historical interest expense on debt or other financial instruments classified as liabilities under generally accepted accounting principles being retired with offering proceeds of all relevant periods or by conversion into common stock at the time of an initial public offering occurring in conjunction with the company's listing. If the event giving rise to the adjustment occurred during a time-period such that pro forma amounts are not set forth in the SEC registration statement (typically, the pro forma effect of repayment of debt will be provided in the current registration statement only with respect to the last fiscal year plus any interim period in accordance with SEC rules), the company must prepare the relevant adjusted financial data to reflect the adjustment to its historical financial data, and its outside audit firm must provide a report of having applied agreed-upon procedures with respect to such adjustments. Such report must be prepared in accordance with the standards established by the American Institute of Certified Public Accountants.

(B) Fund an acquisition:

(i) The adjustments will include those applicable with respect to acquisition(s) to be funded with the proceeds. Adjustments will be made that are disclosed as such in accordance with Rule 3-05 "Financial Statements of Business Acquired or to be Acquired" and Article 11 of Regulation S-X. Adjustments will be made for all the relevant periods for those acquisitions for which historical financial information of the acquiree is required to be disclosed in the SEC registration statement; and

(ii) Adjustments applicable to any period for which pro forma numbers are not set forth in the registration statement shall be accompanied by the relevant adjusted financial data to combine the historical results of the acquiree (or relevant portion thereof) and acquiror, as disclosed in the company's SEC filing. Under SEC rules, the number of periods disclosed depends upon the significance level of the acquiree to the acquiror. The adjustments will include those necessary to reflect (a) the allocation of the purchase price, including adjusting assets and liabilities of the acquiree to fair value recognizing any intangibles (and associated amortization and depreciation), and (b) the effects of additional financing to complete the acquisition. The company must prepare the relevant adjusted financial data to reflect the adjustment to its historical financial data, and its outside audit firm must provide a report of having applied agreed-upon procedures with respect to such adjustments. Such report must be prepared in accordance with the standards established by the American Institute of Certified Public Accountants.

(2) Acquisitions and Dispositions - In instances other than acquisitions (and related dispositions of part of the acquiree) funded with the use of proceeds, adjustments will be made for those acquisitions and dispositions that are disclosed as such in a company's financial statements in accordance with Rule 3-05 "Financial Statements of Business Acquired or to be Acquired" and Article 11 of Regulation S-X. If the disclosure does not specify pre-tax earnings from continuing operations, minority interest, and equity in the earnings or losses of investees, then such data must be prepared by the company's outside audit firm for the

Exchange's consideration. In this regard, the audit firm would have to issue an independent accountant's report on applying agreed-upon procedures in accordance with the standards established by the American Institute of Certified Public Accountants.

## Rule 14.310. Initial Listing Requirements for Primary Equity Securities

(a) For initial listing on the Exchange, a Company's Primary Equity Security must meet the following requirements:
  (1) Minimum bid price of at least $4 per share;
  (2) At least 1,250,000 Publicly Held Shares;
  (3) Shareholders:
    (A) At least 450 Round Lot shareholders; or
    (B) At least 2,200 total shareholders; or
    (C) At least 550 total shareholders and an average monthly trading volume over the prior 12 months of at least 1,100,000 shares per month.
  (4) Market Value of Publicly Held Shares requirement:
    (A) At least $110 million; or
    (B) At least $100 million and stockholders' equity of at least $110,000,000; or
    (C) At least $45 million in the case of: (i) a Company listing in connection with its initial public offering; and (ii) a Company that is affiliated with, or a spin-off from, another Company listed on the Exchange.

(b) For initial listing on the Exchange, a Company must meet the requirements of subparagraphs (1), (2), (3) or (4) below:
  (1) (i) Aggregate income from continuing operations before income taxes of at least $11 million over the prior three fiscal years, (ii) positive income from continuing operations before income taxes in each of the prior three fiscal years, and (iii) at least $2.2 million income from continuing operations before income taxes in each of the two most recent fiscal years; or
  (2) (i) Aggregate cash flows of at least $27.5 million over the prior three fiscal years, (ii) positive cash flows in each of the prior three fiscal years, and (iii) average market capitalization of at least $550 million over the prior 12 months and total revenue of at least $110 million in the previous fiscal year; or
  (3) (i) Average market capitalization of at least $850 million over the prior 12 months, and (ii) total revenue of at least $90 million in the previous fiscal year; or
  (4) (i)Market capitalization of at least $160 million, (ii) total assets of at least $80 million, and (iii) stockholders' equity of at least $55 million.

(c) For initial listing on the Exchange, a Company must have four registered and active Market Makers unless it meets one of the following requirements below in which case it must have three registered and active Market Makers:
  (1) (i) Annual income from continuing operations before income taxes of at least $1 million in the most recently completed fiscal year or in two of the three most

recently completed fiscal years; (ii) stockholders' equity of at least $15 million; and (iii) Market Value Of Publicly Held Shares of at least $8 million; or

(2) (i) Stockholders' equity of at least $30 million; (ii) two-year operating history; and (iii) Market Value Of Publicly Held Shares of at least $18 million.

(d) However, if a Company is a closed end management investment company registered under the Investment Company Act of 1940, it must meet the requirements of LTSE Rules 14.310(a)(1) - (3) and 14.310(c) but not the requirements of LTSE Rule 14.310(b). In lieu of meeting the requirements of 14.310(b) a closed end management investment company must have a Market Value of Publicly Held Shares of at least $70 million.

(1) A closed end management investment company that is listed concurrently with other closed end management investment companies that have a common investment adviser or whose investment advisers are "affiliated persons" as defined in the Investment Company Act of 1940 (a "Fund Family") shall be eligible if:

(A) The total Market Value Of Publicly Held Shares in such Fund Family is at least $220 million;

(B) The average Market Value Of Publicly Held Shares for all funds in the Fund Family is at least $50 million; and

(C) Each fund in the Fund Family has a Market Value of Publicly Held Shares of at least $35 million.

(e) A business development company as defined in Section 2 of the Investment Company Act of 1940 must meet the applicable requirements of LTSE Rules 14.310(a) and 14.310(c) but not the requirements of LTSE Rule 14.310(b). In lieu of meeting the requirements of LTSE Rule 14.310(b) a business development company must have a Market Value of Listed Securities of at least $80 million.

(*Amended by SR-LTSE-2025-25 eff. December 12, 2025)*

**Rule 14.311. Initial Listing Requirements for Rights and Warrants**

For initial listing, the rights or warrants must meet all the requirements below:

(a) At least 450,000 rights or warrants issued;

(b) The underlying security must be listed on the Exchange or be a Covered Security

(c) There must be at least three registered and active Market Makers; and

(d) In the case of warrants, there must be at least 400 Round Lot Holders (except that this requirement will not apply to the listing of warrants in connection with the initial firm commitment underwritten public offering of such warrants).

**Rule 14.315. Initial Listing Requirements for Preferred Stock and Secondary Classes of Common Stock**

(a) When the Primary Equity Security of the Company is listed on the Exchange or is a Covered Security, the preferred stock or secondary class of common stock must meet all of the requirements set forth in (1) through (5) below.

(1) At least 200,000 Publicly Held Shares;

(2) Market Value of Publicly Held Shares of at least $4 million;

(3) Minimum bid price of at least $4 per share;

(4) At least 100 Round Lot Holders; and

(5) At least three registered and active Market Makers.

(b) When the Company's Primary Equity Security is not listed on the Exchange or a Covered Security, the preferred stock and/or secondary class of common stock may be listed on the Exchange so long as it satisfies the initial listing criteria for Primary Equity Securities set forth in LTSE Rule 14.310.

**Rule 14.316. Listing Requirements for Securities Not Otherwise Specified (Other Securities)**

(a) Initial Listing Requirements

(1) LTSE will consider listing any security not otherwise covered by the criteria in the Rule 14.300 Series, provided the instrument is otherwise suited to trade through the facilities of LTSE. Such securities will be evaluated for listing against the following criteria:

(A) The Company shall have assets in excess of $100 million and stockholders' equity of at least $10 million. In the case of a Company which is unable to satisfy the income criteria set forth in LTSE Rule 14.310(b)(1), LTSE generally will require the Company to have the following:

(i) assets in excess of $200 million and stockholders' equity of at least $10 million; or

(ii) assets in excess of $100 million and stockholders' equity of at least $20 million.

(B) For equity securities, there must be:

(i) a minimum of 400 holders of the security; and

(ii) a minimum public distribution of 1,000,000 trading units.

However, if the instrument is redeemable at the option of the holders thereof on at least a weekly basis, these requirements shall not apply.

(C) The aggregate market value/principal amount of the security shall be at least $4 million.

(2) Issuers of securities listed pursuant to this LTSE Rule 14.316 must be listed on LTSE, the NASDAQ Global Market, NASDAQ Global Select Market or the New York Stock Exchange (NYSE) or be an affiliate of a Company listed on LTSE, the

NASDAQ Global Market, NASDAQ Global Select Market or the NYSE; provided, however, that the provisions of LTSE Rule 14.300 will be applied to sovereign issuers of "other" securities on a case-by-case basis.

(3) Prior to the commencement of trading of securities listed pursuant to this paragraph, LTSE will evaluate the nature and complexity of the issue and, if appropriate, distribute a circular to the membership providing guidance regarding LTSE Member compliance responsibilities and requirements when handling transactions in such securities.

(b) Continued Listing Requirements

Except as otherwise provided in these rules, the aggregate market value or principal amount of publicly-held units must be at least $1 million.

**Rule 14.320. Continued Listing Requirements and Standards for Primary Equity Securities**

A Company that has its Primary Equity Security listed on the Exchange must continue to meet all of the requirements set forth in paragraph (a) below and at least one of the Standards in paragraph (b) below. Failure to meet any of the continued listing requirements will be processed in accordance with the provisions set forth in LTSE Rule 14.500.

(a) Continued Listing Requirements for Primary Equity Securities:

(1) Minimum bid price of $1 per share ; and

(2) At least 400 Total Holders.

(b) Continued Listing Standards for Primary Equity Securities:

(1) Equity Standard

(A) Stockholders' equity of at least $10 million;

(B) At least 750,000 Publicly Held Shares;

(C) Market Value of Publicly Held Shares of at least $5 million; and

(D) At least two registered and active Market Makers

(2) Market Value Standard

(A) Market Value of Listed Securities of at least $50 million;

(B) At least 1,100,000 Publicly Held Shares;

(C) Market Value of Publicly Held Shares of at least $15 million; and

(D) At least four registered and active Market Makers

(3) Total Assets/Total Revenue Standard

(A) Total assets and total revenue of at least $50 million each for the most recently completed fiscal year or two of the three most recently completed fiscal years;

(B) At least 1,100,000 Publicly Held Shares;

(C) Market Value of Publicly Held Shares of at least $15 million; and

(D) At least four registered and active Market Makers

**Rule 14.330. Continued Listing Requirements for Rights and Warrants**

For continued listing, the rights or warrants must meet all the requirements below:

(a) The underlying security must continue to be listed on the Exchange or be a Covered Security; and

(b) There must be at least two registered and active Market Makers, one of which may be a Market Maker entering a stabilizing bid.

**Rule 14.340. Continued Listing Requirements for Preferred Stock and Secondary Classes of Common Stock**

(a) When the Company's Primary Equity Security of the Company is listed on the Exchange or is a Covered Security, the preferred stock or secondary class of common stock must meet all of the requirements set forth in (1) through (5) below.

(1) At least 100,000 Publicly Held Shares;

(2) A Market Value of Publicly Held Shares of at least $1,000,000;

(3) Minimum bid price of at least $1 per share;

(4) At least 100 Public Holders; and

(5) At least two registered and active Market Makers

(b) When the Primary Equity Security of the Company is not listed on the Exchange or a Covered Security, the preferred stock and/or secondary class of common stock may continue to be listed on the Exchange so long as it satisfies the continued listing criteria for Primary Equity Securities set forth in LTSE Rule 14.320.

**Rule 14.350. Unlisted Trading Privileges**

(a) General Provisions and Unlisted Trading Privileges.

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.

(b) UTP Exchange Traded Product.

Exchange Traded Product: The term "Exchange Traded Product" means a security that meets the definition of "derivative securities product" in Rule 19b-4(e) under the Exchange Act.

UTP Exchange Traded Product: The term "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-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.

Any UTP Security that is a UTP Exchange Traded Product will be subject to the additional following rules:

(1) 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.

(2) Product Description.

(A) Prospectus Delivery Requirements.

Members 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.

(B) Written Description of Terms and Conditions.

(i)The Exchange will inform Members of the application of the provisions of this subparagraph to UTP Exchange Traded Products by means of an information circular. The Exchange requires that Members 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, Members 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 Members 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 carrying an omnibus account for a non-Member is required to inform such non-Member 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 to make such written description available to its customers on the same terms as are directly applicable to the Member under this Rule.

(C) Customer Requests for a Prospectus.

Upon request of a customer, a Member will also provide a prospectus for the particular UTP Exchange Traded Product.

(3) Trading Halts.

The Exchange will halt trading in a UTP Exchange Traded Product as provided for in Rule 11.271. 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.

(4) Market Maker Restrictions.

The following restrictions will apply to each Member 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").

(A) The Member 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 acting as a registered Market Maker on the Exchange may have or over which it may exercise investment discretion. No Member 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 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 14.350.

(B) 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:

(i) in which the Market Maker holds an interest;

(ii) over which it has investment discretion; or

(iii) 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 14.350.

(C) 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.

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

(5) 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.

*(Added by SR-LTSE-2020-06 eff. March 11, 2020)*

## Rule Series 14.400. Corporate Governance Requirements

### Rule 14.401. Background

(a) In addition to meeting applicable quantitative requirements in LTSE Rule Series 14.300, Companies applying to list and listed on the Exchange must meet the qualitative requirements outlined in this LTSE Rule Series 14.400. These requirements include rules relating to a Company's board of directors, including audit committees and Independent Director oversight of executive compensation and the director nomination process; code of conduct; shareholder meetings, including proxy solicitation and quorum; review of related party transactions; and shareholder approval, including voting rights. Exemptions to these rules are set forth in LTSE Rule 14.407 below.

(b) The Exchange maintains a website that provides guidance on the applicability of the corporate governance requirements by FAQs and published summaries of anonymous versions of previously issued staff interpretative letters. Companies are encouraged to contact LTSE Regulation to discuss any complex issues or

transactions. Companies can also submit a request for a written interpretation pursuant to paragraph (c) below.

(c) Listed companies may request from LTSE a written interpretation of the Rules contained in Chapter 14. A response to such request will generally be provided within one-week following receipt by LTSE Regulation of all information necessary to respond to the request.

**Rule 14.405. Board of Directors and Committees**

(a) Definitions

(1) "Executive Officer" means those officers covered in Rule 16a-1(f) under the Act.

(2) "Independent Director" means a person other than an Executive Officer or employee of the Company or any other individual having a relationship which, in the opinion of the Company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. For purposes of this LTSE Rule, "Family Member" means a person's spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and anyone (other than domestic employees) who shares such person's home. The following persons shall not be considered independent:

(A) a director who is, or at any time during the past three years was, employed by the Company;

(B) a director who accepted or who has a Family Member who accepted any compensation from the Company in excess of $120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than the following:

(i) compensation for board or board committee service;

(ii) compensation paid to a Family Member who is an employee (other than an Executive Officer) of the Company; or

(iii) benefits under a tax-qualified retirement plan, or non-discretionary compensation.

Provided, however, that in addition to the requirements contained in this paragraph (B), audit committee members are also subject to additional, more stringent requirements under LTSE Rule 14.405(c)(2).

(C) a director who is a Family Member of an individual who is, or at any time during the past three years was, employed by the Company as an Executive Officer;

(D) a director who is, or has a Family Member who is, a partner in, or a controlling Shareholder or an Executive Officer of, any organization to which the Company made, or from which the Company received, payments for

property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or $200,000, whichever is more, other than the following:

(i) payments arising solely from investments in the Company's securities; or

(ii) payments under non-discretionary charitable contribution matching programs.

(E) a director of the Company who is, or has a Family Member who is, employed as an Executive Officer of another entity where at any time during the past three years any of the Executive Officers of the Company serve on the compensation committee of such other entity; or

(F) a director who is, or has a Family Member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the past three years.

(G) in the case of an investment company, in lieu of paragraphs (A)-(F), a director who is an "interested person" of the Company as defined in Section 2(a)(19) of the Investment Company Act of 1940, other than in his or her capacity as a member of the board of directors or any board committee.

(H) in the case of a Company whose Dually-Listed securities are primary-listed on the NYSE, in lieu of paragraph (D) the following provision shall apply: the director is a current employee, or a Family Member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million or 2% of such other company's consolidated gross revenues. This provision is subject to related Supplementary Material as noted below.

(*Amended by SR-LTSE-2021-04 eff. August 19, 2021*)

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*** * * * * *Supplementary Material* * * * ***

***.01 Definition of Independence***

*It is important for investors to have confidence that individuals serving as Independent Directors do not have a relationship with the listed Company that would impair their independence. The board has a responsibility to make an affirmative determination that no such relationships exist through the application of LTSE Rule 14.405(a). LTSE Rule 14.405(a) also provides a list of certain relationships that preclude a board finding of independence. These objective measures provide transparency to investors and Companies, facilitate uniform application of the rules, and ease administration. Because LTSE does not believe that ownership of Company stock by itself would preclude a board finding of independence, it is not included in the aforementioned objective factors. It should be noted that there are additional, more stringent requirements that apply to directors serving on audit committees, as specified in LTSE Rule 14.405(c).*

*The Rule's reference to the "Company" includes any parent or subsidiary of the Company. The term "parent or subsidiary" is intended to cover entities the Company controls and consolidates with the Company's financial statements as filed with the Commission (but not if the Company reflects such entity solely as an investment in its financial statements). The reference to Executive Officer means those officers covered in Rule 16a-1(f) under the Act. In the context of the definition of Family Member under LTSE Rule 14.405(a)(2), the reference to marriage is intended to capture relationships specified in the Rule (parents, children and siblings) that arise as a result of marriage, such as "in-law" relationships.*

*The three year look-back periods referenced in paragraphs (A), (C), (E) and (F) of the Rule commence on the date the relationship ceases. For example, a director employed by the Company is not independent until three years after such employment terminates.*

*For purposes of paragraph (A) of the Rule, employment by a director as an Executive Officer on an interim basis shall not disqualify that director from being considered independent following such employment, provided the interim employment did not last longer than one year. A director would not be considered independent while serving as an interim officer. Similarly, for purposes of paragraph (B) of the Rule, compensation received by a director for former service as an interim Executive Officer need not be considered as compensation in determining independence after such service, provided such interim employment did not last longer than one year. Nonetheless, the Company's board of directors still must consider whether such former employment and any compensation received would interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director. In addition, if the director participated in the preparation of the Company's financial statements while serving as an interim Executive Officer LTSE Rule 14.405(c)(2)(A)(iii) would preclude service on the audit committee for three years.*

*Paragraph (B) of the Rule is generally intended to capture situations where a compensation is made directly to (or for the benefit of) the director or a Family Member of the director. For example, consulting or personal service contracts with a director or Family Member of the director would be analyzed under paragraph (B) of the Rule. In addition, political contributions to the campaign of a director or a Family Member of the director would be considered indirect compensation under paragraph (B). Non-preferential payments made in the ordinary course of providing business services (such as payments of interest or proceeds related to banking services or loans by a Company that is a financial institution or payment of claims on a policy by a Company that is an insurance company), payments arising solely from investments in the Company's securities and loans permitted under Section 13(k) of the Act will not preclude a finding of director independence as long as the payments are non-compensatory in nature. Depending on the circumstances, a loan or payment could be compensatory if, for example, it is not on terms generally available to the public.*

*Paragraph (D) of the Rule is generally intended to capture payments to an entity with which the director or Family Member of the director is affiliated by serving as a partner, controlling Shareholder or Executive Officer of such entity. Under exceptional circumstances, such as where a director has direct, significant business holdings, it may be appropriate to apply the corporate measurements in paragraph (D), rather than the individual measurements of paragraph (B). Issuers should contact LTSE Regulation if they wish to apply the Rule in this manner. The reference to a partner in paragraph (D) is not intended to include limited partners. It should be noted that the independence requirements of paragraph (D) of the Rule are broader than Rule 10A-3(e)(8) under the Act.*

*Under paragraph (D), a director who is, or who has a Family Member who is, an Executive Officer of a charitable organization may not be considered independent if the Company makes payments to*

*the charity in excess of the greater of 5% of the charity's revenues or $200,000. However, LTSE encourages Companies to consider other situations where a director or their Family Member and the Company each have a relationship with the same charity when assessing director independence.*

*Under paragraph (D), for purposes of determining whether a lawyer is eligible to serve on an audit committee, Rule 10A-3 under the Act generally provides that any partner in a law firm that receives payments from the issuer is ineligible to serve on that issuer's audit committee. In determining whether a director may be considered independent for purposes other than the audit committee, payments to a law firm would generally be considered under LTSE Rule 14.405(a)(2), which looks to whether the payment exceeds the greater of 5% of the recipient's gross revenues or $200,000; however, if the firm is a sole proprietorship, LTSE Rule 14.405(a)(2)(B), which looks to whether the payment exceeds $120,000, applies.*

*Paragraph (G) of the Rule provides a different measurement for independence for investment companies in order to harmonize with the Investment Company Act of 1940. In particular, in lieu of paragraphs (A)-(F), a director who is an "interested person" of the Company as defined in Section 2(a)(19) of the Investment Company Act of 1940, other than in his or her capacity as a member of the board of directors or any board committee, shall not be considered independent.*

*Solely for purposes of paragraph (H) of the Rule, the following Commentary and Disclosure requirements shall apply to a Company whose Dually-Listed securities are primary-listed on the NYSE. Issuers should contact LTSE Regulation with any questions regarding the application of these provisions.*

*Commentary: In applying the test in paragraph (H), both the payments and the consolidated gross revenues to be measured shall be those reported in the last completed fiscal year of such other company. The look-back provision for this test applies solely to the financial relationship between the Company and the director or Family Member's current employer; a listed company need not consider former employment of the director or Family Member.*

*Disclosure Requirement: Contributions to tax exempt organizations shall not be considered payments for purposes of paragraph (H), provided however that a Company shall disclose either on or through its website or in its annual proxy statement, or if the Company does not file an annual proxy statement, in the Company's annual report on Form 10-K filed with the SEC, any such contributions made by the Company to any tax exempt organization in which any independent director serves as an executive officer if, within the preceding three years, contributions in any single fiscal year from the Company to the organization exceeded the greater of $1 million, or 2% of such tax exempt organization's consolidated gross revenues. If this disclosure is made on or through the Company's website, the Company must disclose that fact in its annual proxy statement or annual report, as applicable, and provide the website address.*

(*Amended by SR-LTSE-2021-04 eff. August 19, 2021*)

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(b) Independent Directors

(1) Majority Independent Board

A majority of the board of directors must be comprised of Independent Directors as defined in LTSE Rule 14.405(a)(2). The Company, other than a Foreign Private Issuer, must comply with the disclosure requirements set forth in Item 407(a) of Regulation S-K. A Foreign Private Issuer must disclose in its next annual report (e.g., Form 20-F or 40-F) those directors that the board of directors has determined to be independent under LTSE Rule 14.405(a)(2).

(A) Cure Period for Majority Independent Board

If a Company fails to comply with this requirement due to one vacancy, or one director ceases to be independent due to circumstances beyond their reasonable control, the Company shall regain compliance with the requirement by the earlier of its next annual shareholders meeting or one year from the occurrence of the event that caused the failure to comply with this requirement; provided, however, that if the annual shareholders meeting occurs no later than 180 days following the event that caused the failure to comply with this requirement, the Company shall instead have 180 days from such event to regain compliance. A Company relying on this provision shall provide notice to LTSE immediately upon learning of the event or circumstance that caused the noncompliance.

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*** * * * * *Supplementary Material* * * * ***

***.02 Majority Independent Board***

*Independent Directors (as defined in LTSE Rule 14.405(a)(2)) play an important role in assuring investor confidence. Through the exercise of independent judgment, they act on behalf of investors to maximize shareholder value in the Companies they oversee and guard against conflicts of interest. Requiring that the board be comprised of a majority of Independent Directors empowers such directors to carry out more effectively these responsibilities.*

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(2) Executive Sessions

Independent Directors must have regularly scheduled meetings at which only Independent Directors are present ("executive sessions").

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*** * * * * *Supplementary Material* * * * ***

***.03 Executive Sessions of Independent Directors***

*Regularly scheduled executive sessions encourage and enhance communication among Independent Directors. It is contemplated that executive sessions will occur at least twice a year, and perhaps more frequently, in conjunction with regularly scheduled board meetings.*

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(c) Audit Committee Requirements

(1) Audit Committee Charter

Each Company must certify that it has adopted a formal written audit committee charter and that the audit committee will review and reassess the adequacy of the formal written charter on an annual basis. The charter must specify:

(A) the scope of the audit committee's responsibilities, and how it carries out those responsibilities, including structure, processes and membership requirements;
(B) the audit committee's responsibility for ensuring its receipt from the outside auditors of a formal written statement delineating all relationships between the auditor and the Company, actively engaging in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor and for taking, or recommending that the full board take, appropriate action to oversee the independence of the outside auditor;
(C) the committee's purpose of overseeing the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company; and
(D) the specific audit committee responsibilities and authority set forth in LTSE Rule 14.405(c)(3).

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*** * * * * *Supplementary Material* * * * ***

***.04 Audit Committee Charter***

*Each Company is required to adopt a formal written charter that specifies the scope of its responsibilities and the means by which it carries out those responsibilities; the outside auditor's accountability to the audit committee; and the audit committee's responsibility to ensure the independence of the outside auditor. Consistent with this, the charter must specify all audit committee responsibilities set forth in Rule 10A-3(b)(2), (3), (4), and (5) under the Act. Rule 10A - 3(b)(3)(ii) under the Act requires that each audit committee must establish procedures for the confidential, anonymous submission by employees of the listed Company of concerns regarding questionable accounting or auditing matters. The rights and responsibilities as articulated in the audit committee charter empower the audit committee and enhance its effectiveness in carrying out its responsibilities.*

*LTSE Rule 14.405(c)(3) imposes additional requirements for investment company audit committees that must also be set forth in audit committee charters for these Companies.*

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(2) Audit Committee Composition

(A) Each Company must have, and certify that it has and will continue to have, an audit committee of at least three members, each of whom must: (i) be an Independent Director as defined under LTSE Rule 14.405(a)(2); (ii) meet the

criteria for independence set forth in Rule 10A-3(b)(1) under the Act (subject to the exemptions provided in Rule 10A-3(c) under the Act); (iii) not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years; and (iv) be able to read and understand fundamental financial statements, including a Company's balance sheet, income statement, and cash flow statement. Additionally, each Company must certify that it has, and will continue to have, at least one member of the audit committee who has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

(B) Non-Independent Director for Exceptional and Limited Circumstances

Notwithstanding paragraph (2)(A)(i), one director who: (i) is not an Independent Director as defined in LTSE Rule 14.405(a)(2); (ii) meets the criteria set forth in Section 10A(m)(3) under the Act and the rules thereunder; and (iii) is not currently an Executive Officer or employee or a Family Member of an Executive Officer, may be appointed to the audit committee, if the board, under exceptional and limited circumstances, determines that membership on the committee by the individual is required by the best interests of the Company and its Shareholders. A Company, other than a Foreign Private Issuer, that relies on this exception must comply with the disclosure requirements set forth in Item 407(d)(2) of Regulation S-K. A Foreign Private Issuer that relies on this exception must disclose in its next annual report (e.g., Form 20-F or 40-F) the nature of the relationship that makes the individual not independent and the reasons for the board's determination. A member appointed under this exception may not serve longer than two years and may not chair the audit committee.

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**** * * * * Supplementary Material * * * ****

***.05 Audit Committee Composition***

*Audit committees are required to have a minimum of three members and be comprised only of Independent Directors. In addition to satisfying the Independent Director requirements under LTSE Rule 14.405(a)(2), audit committee members must meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Act (subject to the exemptions provided in Rule 10A-3(c) under the Act): they must not accept any consulting, advisory, or other compensatory fee from the Company other than for board service, and they must not be an affiliated person of the Company. As described in Rule 10A-3(d)(1) and (2), a Company must disclose reliance on certain exceptions from Rule 10A-3 and disclose an assessment of whether, and if so, how, such reliance would materially adversely affect the ability of the audit committee to act independently and to satisfy the other requirements of Rule 10A-3. It is recommended also that a Company disclose in its annual proxy (or, if the Company does not file a proxy, in its Form 10-K or 20-F) if any director is deemed eligible to serve on the audit committee but falls outside the safe harbor provisions of Rule 10A-3(e)(1)(ii) under the Act. A director who qualifies as an audit committee financial expert under Item 407(d)(5)(ii) and (iii) of Regulation S-K is presumed to qualify as a financially sophisticated audit committee member under LTSE Rule 14.405(c)(2)(A).*

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(3) Audit Committee Responsibilities and Authority

The audit committee must have the specific audit committee responsibilities and authority necessary to comply with Rule 10A-3(b)(2), (3), (4), and (5) under the Act (subject to the exemptions provided in Rule 10A-3(c) under the Act), concerning responsibilities relating to: (i) registered public accounting firms, (ii) complaints relating to accounting, internal accounting controls or auditing matters, (iii) authority to engage advisers, and (iv) funding as determined by the audit committee. Audit committees for investment companies must also establish procedures for the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters by employees of the investment adviser, administrator, principal underwriter, or any other provider of accounting related services for the investment company, as well as employees of the investment company.

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* * * * * ***Supplementary Material*** * * * *

***.06 The Audit Committee Responsibilities and Authority***

*Audit committees must have the specific audit committee responsibilities and authority necessary to comply with Rule 10A-3(b)(2), (3), (4), and (5) under the Act (subject to the exemptions provided in Rule 10A-3(c) under the Act), concerning responsibilities relating to registered public accounting firms; complaints relating to accounting; internal accounting controls or auditing matters; authority to engage advisers; and funding. Audit committees for investment companies must also establish procedures for the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters by employees of the investment adviser, administrator, principal underwriter, or any other provider of accounting related services for the investment company, as well as employees of the investment company.*

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(4) Cure Periods for Audit Committee

(A) If a Company fails to comply with the audit committee composition requirement under Rule 10A-3(b)(1) under the Act and LTSE Rule 14.405(c)(2)(A) because an audit committee member ceases to be independent for reasons outside the member's reasonable control, the audit committee member may remain on the audit committee until the earlier of its next annual shareholders meeting or one year from the occurrence of the event that caused the failure to comply with this requirement. A Company relying on this provision must provide notice to LTSE immediately upon learning of the event or circumstance that caused the noncompliance.

(B) If a Company fails to comply with the audit committee composition requirement under LTSE Rule 14.405(c)(2)(A) due to one vacancy on the audit committee, and the cure period in paragraph (A) is not otherwise being relied upon for another member, the Company will have until the earlier of the next annual shareholders meeting or one year from the occurrence of the event that caused the failure to comply with this requirement; provided, however, that if the annual shareholders meeting occurs no later than 180 days following the event that caused the vacancy, the Company shall instead have 180 days from such event to regain compliance. A Company relying on this provision must provide notice to LTSE immediately upon learning of the event or circumstance that caused the noncompliance.

(5) Exception

At any time when a Company has a class of common equity securities (or similar securities) that is listed on another national securities exchange or national securities association subject to the requirements of Rule 10A- 3 under the Act, the listing of classes of securities of a direct or indirect consolidated subsidiary or an at least 50% beneficially owned subsidiary of the Company (except classes of equity securities, other than non- convertible, non-participating preferred securities, of such subsidiary) shall not be subject to the requirements of LTSE Rule 14.405(c).

(d) Compensation Committee Requirements

(1) Compensation Committee Charter

Each Company must certify that it has adopted a formal written compensation committee charter and that the compensation committee will review and reassess the adequacy of the formal written charter on an annual basis. The charter must specify:

(A) the scope of the compensation committee's responsibilities, and how it carries out those responsibilities, including structure, processes and membership requirements;
(B) the compensation committee's responsibility for determining, or recommending to the board for determination, the compensation of the chief executive officer and all other Executive Officers of the Company;
(C) that the chief executive officer may not be present during voting or deliberations on his or her compensation; and
(D) the specific compensation committee responsibilities and authority set forth in LTSE Rule 14.405(d)(3).

(2) Compensation Committee Composition

(A) Each Company must have, and certify that it has and will continue to have, a compensation committee of at least two members. Each committee member must be an Independent Director as defined under LTSE Rule 14.405(a)(2). In addition, in affirmatively determining the independence of any director who

will serve on the compensation committee of a board of directors, the board of directors must consider all factors specifically relevant to determining whether a director has a relationship to the Company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including, but not limited to:

(i) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director; and

(ii) whether such director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company.

(B) Non-Independent Committee Member under Exceptional and Limited Circumstances

Notwithstanding LTSE Rule 14.405(d)(2)(A) above, if the compensation committee is comprised of at least three members, one director who does not meet the requirements of LTSE Rule 14.405(d)(2)(A) and is not currently an Executive Officer or employee or a Family Member of an Executive Officer, may be appointed to the compensation committee if the board, under exceptional and limited circumstances, determines that such individual's membership on the committee is required by the best interests of the Company and its Shareholders. A Company that relies on this exception must disclose either on or through the Company's website or in the proxy statement for the next annual meeting subsequent to such determination (or, if the Company does not file a proxy, in its Form 10-K or 20-F), the nature of the relationship and the reasons for the determination. In addition, the Company must provide any disclosure required by Instruction 1 to Item 407(a) of Regulation S-K regarding its reliance on this exception. A member appointed under this exception may not serve longer than two years.

(3) Compensation Committee Responsibilities and Authority

As required by Rule 10C-1(b)(2), (3) and (4)(i)-(vi) under the Act, the compensation committee must have the following specific responsibilities and authority.

(A) The compensation committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser.
(B) The compensation committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel and other adviser retained by the compensation committee.
(C) The Company must provide for appropriate funding, as determined by the compensation committee, for payment of reasonable compensation to a

compensation consultant, legal counsel or any other adviser retained by the compensation committee.

(D) The compensation committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to the compensation committee, other than in-house legal counsel, only after taking into consideration the following factors:

(i) the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;

(ii) the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;

(iii) the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;

(iv) any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the compensation committee;

(v) any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and

(vi) any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an Executive Officer of the Company.

Nothing in this LTSE Rule shall be construed: (i) to require the compensation committee to implement or act consistently with the advice or recommendations of the compensation consultant, legal counsel or other adviser to the compensation committee; or (ii) to affect the ability or obligation of a compensation committee to exercise its own judgment in fulfillment of the duties of the compensation committee.

The compensation committee is required to conduct the independence assessment outlined in this LTSE Rule with respect to any compensation consultant, legal counsel or other adviser that provides advice to the compensation committee, other than in-house legal counsel. However, nothing in this LTSE Rule requires a compensation consultant, legal counsel or other compensation adviser to be independent, only that the compensation committee consider the enumerated independence factors before selecting, or receiving advice from, a compensation

adviser. Compensation committees may select, or receive advice from, any compensation adviser they prefer, including ones that are not independent, after considering the six independence factors outlined above.

For purposes of this LTSE Rule, the compensation committee is not required to conduct an independence assessment for a compensation adviser that acts in a role limited to the following activities for which no disclosure is required under Item 407(e)(3)(iii) of Regulation S-K: (a) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of Executive Officers or directors of the Company, and that is available generally to all salaried employees; and/or (b) providing information that either is not customized for a particular issuer or that is customized based on parameters that are not developed by the adviser, and about which the adviser does not provide advice.

(4) Cure Period for Compensation Committee

If a Company fails to comply with the compensation committee composition requirement under LTSE Rule 14.405(d)(2)(A) due to one vacancy, or one compensation committee member ceases to be independent due to circumstances beyond the member's reasonable control, the Company shall regain compliance with the requirement by the earlier of its next annual shareholders meeting or one year from the occurrence of the event that caused the failure to comply with this requirement; provided, however, that if the annual shareholders meeting occurs no later than 180 days following the event that caused the failure to comply with this requirement, the Company shall instead have 180 days from such event to regain compliance. A Company relying on this provision shall provide notice to LTSE immediately upon learning of the event or circumstance that caused the noncompliance.

(5) Smaller Reporting Companies

A Smaller Reporting Company, as defined in Rule 12b-2 under the Act, is not subject to the requirements of LTSE Rule 14.405(d), except that a Smaller Reporting Company must have, and certify that it has and will continue to have, a compensation committee of at least two members, each of whom must be an Independent Director as defined under LTSE Rule 14.405(a)(2). A Smaller Reporting Company may rely on the exception in LTSE Rule 14.405(d)(2)(B) and the cure period in LTSE Rule 14.405(d)(4). In addition, a Smaller Reporting Company must certify that it has adopted a formal written compensation committee charter or board resolution that specifies the content set forth in LTSE Rule 14.405(d)(1)(A) through (C). A Smaller Reporting Company does not need to include in its formal written compensation committee charter or board resolution the

specific compensation committee responsibilities and authority set forth in LTSE Rule 14.405(d)(3).

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*** * * * * *Supplementary Material* * * * ***

***.07 Independent Director Oversight of Executive Compensation***

*Independent oversight of executive officer compensation helps assure that appropriate incentives are in place, consistent with the board's responsibility to act in the best interests of the corporation. Compensation committees are required to have a minimum of two members and be comprised only of Independent Directors as defined under LTSE Rule 14.405(a)(2).*

*In addition, LTSE Rule 14.405(d)(2)(A) includes an additional independence test for compensation committee members. When considering the sources of a director's compensation for this purpose, the board should consider whether the director receives compensation from any person or entity that would impair the director's ability to make independent judgments about the Company's executive compensation. Similarly, when considering any affiliate relationship a director has with the Company, a subsidiary of the Company, or an affiliate of a subsidiary of the Company, in determining independence for purposes of compensation committee service, the board should consider whether the affiliate relationship places the director under the direct or indirect control of the Company or its senior management, or creates a direct relationship between the director and members of senior management, in each case of a nature that would impair the director's ability to make independent judgments about the Company's executive compensation. In that regard, while a board may conclude differently with respect to individual facts and circumstances, LTSE does not believe that ownership of Company stock by itself, or possession of a controlling interest through ownership of Company stock by itself, precludes a board finding that it is appropriate for a director to serve on the compensation committee. In fact, it may be appropriate for certain affiliates, such as representatives of significant stockholders, to serve on compensation committees since their interests are likely aligned with those of other stockholders in seeking an appropriate executive compensation program.*

*For purposes of the additional independence test for compensation committee members described in LTSE Rule 14.405(d)(2)(A), any reference to the "Company" includes any parent or subsidiary of the Company. The term "parent or subsidiary" is intended to cover entities the Company controls and consolidates with the Company's financial statements as filed with the Commission (but not if the Company reflects such entity solely as an investment in its financial statements).*

*A Smaller Reporting Company must have a compensation committee with a minimum of two members. Each compensation committee member must be an Independent Director as defined under LTSE Rule 14.405(a)(2). In addition, each Smaller Reporting Company must have a formal written compensation committee charter or board resolution that specifies the committee's responsibilities and authority set forth in LTSE Rule 14.405(d)(1)(A)-(C). However, in recognition of the fact that Smaller Reporting Companies may have fewer resources than larger Companies, Smaller Reporting Companies are not required to adhere to the additional compensation committee eligibility requirements in LTSE Rule 14.405(d)(2)(A), or to incorporate into their formal written compensation committee charter or board resolution the specific compensation committee responsibilities and authority set forth in LTSE Rule 14.405(d)(3).*

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(e) Independent Director Oversight of Director Nominations

(1) Director nominees must either be selected, or recommended for the Board's selection, either by:

(A) Independent Directors constituting a majority of the Board's Independent Directors in a vote in which only Independent Directors participate, or

(B) a nominations committee comprised solely of Independent Directors.

(2) Each Company must certify that it has adopted a formal written charter or board resolution, as applicable, addressing the nominations process and such related matters as may be required under the federal securities laws.

(3) Non-Independent Committee Member under Exceptional and Limited Circumstances

Notwithstanding LTSE Rule 14.405(e)(1)(B) above, if the nominations committee is comprised of at least three members, one director, who is not an Independent Director as defined in LTSE Rule 14.405(a)(2) and is not currently an Executive Officer or employee or a Family Member of an Executive Officer, may be appointed to the nominations committee if the board, under exceptional and limited circumstances, determines that such individual's membership on the committee is required by the best interests of the Company and its Shareholders. A Company that relies on this exception must disclose either on or through the Company's website or in the proxy statement for next annual meeting subsequent to such determination (or, if the Company does not file a proxy, in its Form 10-K or 20-F), the nature of the relationship and the reasons for the determination. In addition, the Company must provide any disclosure required by Instruction 1 to Item 407(a) of Regulation S-K regarding its reliance on this exception. A member appointed under this exception may not serve longer than two years.

(4) Independent Director oversight of director nominations shall not apply in cases where the right to nominate a director legally belongs to a third party. However, this does not relieve a Company's obligation to comply with the committee composition requirements under LTSE Rules 14.405(c), (d), and (e).

(5) This LTSE Rule 14.405(e) is not applicable to a Company if the Company is subject to a binding obligation that requires a director nomination structure inconsistent with this LTSE Rule and such obligation pre-dates the approval date of this LTSE Rule.

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* * * * * ***Supplementary Material*** * * * *

***.08 Independent Director Oversight of Director Nominations***

*Independent Director oversight of nominations enhances investor confidence in the selection of well-qualified director nominees, as well as independent nominees as required by the rules. This LTSE Rule is also intended to provide flexibility for a Company to choose an appropriate board structure and reduce resource burdens, while ensuring that Independent Directors approve all nominations.*

*This LTSE Rule does not apply in cases where the right to nominate a director legally belongs to a third party. For example, investors may negotiate the right to nominate directors in connection with an investment in the Company, holders of preferred stock may be permitted to nominate or appoint directors upon certain defaults, or the Company may be a party to a shareholder's agreement that allocates the right to nominate some directors. Because the right to nominate directors in these cases does not reside with the Company, Independent Director approval would not be required. This LTSE Rule is not applicable if the Company is subject to a binding obligation that requires a director nomination structure inconsistent with the rule and such obligation pre-dates the approval date of this LTSE Rule.*

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**Rule 14.406. Code of Conduct**

Each Company shall adopt a code of conduct applicable to all directors, officers and employees, which shall be publicly available. A code of conduct satisfying this LTSE Rule must comply with the definition of a "code of ethics" set out in Section 406(c) of the Sarbanes-Oxley Act of 2002 (“the Sarbanes-Oxley Act") and any regulations promulgated thereunder by the Commission. See 17 C.F.R. 228.406 and 17 C.F.R. 229.406. In addition, the code must provide for an enforcement mechanism. Any waivers of the code for directors or Executive Officers must be approved by the Board. Companies, other than Foreign Private Issuers, shall disclose such waivers within four business days by filing a current report on Form 8-K with the Commission or, in cases where a Form 8-K is not required, by distributing a press release. Foreign Private Issuers shall disclose such waivers either by distributing a press release or including disclosure in a Form 6-K or in the next Form 20-F or 40-F. Alternatively, a Company, including a Foreign Private Issuer, may disclose waivers on the Company's website in a manner that satisfies the requirements of Item 5.05(c) of Form 8-K.

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* * * * * ***Supplementary Material*** * * * *

***.01 Code of Conduct***

*Ethical behavior is required and expected of every corporate director, officer and employee whether or not a formal code of conduct exists. The requirement of a publicly available code of conduct applicable to all directors, officers and employees of a Company is intended to demonstrate to investors that the board and management of LTSE Companies have carefully considered the requirement of ethical dealing and have put in place a system to ensure that they become aware of and take prompt action against any questionable behavior. For Company personnel, a code of conduct with enforcement provisions provides assurance that reporting of questionable behavior is protected and encouraged, and fosters an atmosphere of self-awareness and prudent conduct.*

*LTSE Rule 14.406 requires Companies to adopt a code of conduct complying with the definition of a "code of ethics" under Section 406(c) of the Sarbanes-Oxley Act of 2002 ("the Sarbanes-Oxley Act") and any regulations promulgated thereunder by the Commission. See 17 C.F.R. 228.406 and 17 C.F.R. 229.406. Thus, the code must include such standards as are reasonably necessary to promote the ethical handling of conflicts of interest, full and fair disclosure, and compliance with laws, rules and regulations, as specified by the Sarbanes-Oxley Act. However, the code of conduct required by Rule 14.406 must apply to all directors, officers, and employees. Companies can satisfy this obligation by adopting one or more codes of conduct, such that all directors, officers and employees are subject to a code that satisfies the definition of a "code of ethics."*

*As the Sarbanes-Oxley Act recognizes, investors are harmed when the real or perceived private interest of a director, officer or employee is in conflict with the interests of the Company, as when the individual receives improper personal benefits as a result of his or her position with the Company, or when the individual has other duties, responsibilities or obligations that run counter to his or her duty to the Company. Also, the disclosures a Company makes to the Commission are the essential source of information about the Company for regulators and investors — there can be no question about the duty to make them fairly, accurately and timely. Finally, illegal action must be dealt with swiftly and the violators reported to the appropriate authorities. Each code of conduct must require that any waiver of the code for Executive Officers or directors may be made only by the board and must be disclosed to Shareholders, along with the reasons for the waiver. All Companies, other than Foreign Private Issuers, must disclose such waivers within four business days by filing a current report on Form 8-K with the Commission, providing website disclosure that satisfies the requirements of Item 5.05(c) of Form 8-K, or, in cases where a Form 8-K is not required, by distributing a press release. Foreign Private Issuers must disclose such waivers either by providing website disclosure that satisfies the requirements of Item 5.05(c) of Form 8-K, by including disclosure in a Form 6-K or in the next Form 20-F or 40-F or by distributing a press release. This disclosure requirement provides investors the comfort that waivers are not granted except where they are truly necessary and warranted, and that they are limited and qualified so as to protect the Company and its Shareholders to the greatest extent possible.*

*Each code of conduct must also contain an enforcement mechanism that ensures prompt and consistent enforcement of the code, protection for persons reporting questionable behavior, clear and objective standards for compliance, and a fair process by which to determine violations.*

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**Rule 14.407. Exemptions from Certain Corporate Governance Requirements**

This LTSE Rule provides the exemptions from the corporate governance rules afforded to certain types of Companies, and sets forth the phase-in schedules for initial public offerings, Companies emerging from bankruptcy, Companies transferring from other markets and Companies ceasing to be Smaller Reporting Companies. This LTSE Rule also describes the applicability of the corporate governance rules to Controlled Companies and sets forth the phase-in schedule afforded to Companies ceasing to be Controlled Companies.

(g) Exemptions to the Corporate Governance Requirements

(1) Asset-backed Issuers and Other Passive Issuers

The following are exempt from the requirements related to Majority Independent Board (LTSE Rule 14.405(b)), Audit Committee (LTSE Rule 14.405(c)), Compensation Committee (LTSE Rule 14.405(d)), Director Nominations (LTSE Rule 14.405(e)), the Controlled Company Exemption (LTSE Rule 14.407(c)(2)) and Code of Conduct (LTSE Rule 14.406):

(A) asset-backed issuers; and

(B) issuers, such as unit investment trusts, including Portfolio Depository Receipts, which are organized as trusts or other unincorporated associations that do not have a board of directors or persons acting in a similar capacity and whose activities are limited to passively owning or holding (as well as administering and distributing amounts in respect of) securities, rights, collateral or other assets on behalf of or for the benefit of the holders of the listed securities.

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*** * * * * *Supplementary Material* * * * ***

***.01 Asset-backed Issuers Supplemental***

*Because of their unique attributes, LTSE Rules 14.405 (b), (c), (d), (e), and 14.406 do not apply to asset-backed issuers and issuers, such as unit investment trusts, that are organized as trusts or other unincorporated associations that do not have a board of directors or persons acting in a similar capacity and whose activities are limited to passively owning or holding (as well as administering and distributing amounts in respect of) securities, rights, collateral or other assets on behalf of or for the benefit of the holders of the listed securities.*

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(2) Cooperatives

Cooperative entities, such as agricultural cooperatives, that are structured to comply with relevant state law and federal tax law and that do not have a publicly traded class of common stock are exempt from LTSE Rules 14.405 (b), (d), (e), and 14.407(c)(2). However, such entities must comply with all federal securities laws, including without limitation those rules required by Section 10A(m) of the Act and Rule 10A-3 thereunder.

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*** * * * * *Supplementary Material* * * * ***

***.02 Cooperatives Supplemental***

*Certain member-owned cooperatives that list their preferred stock are required to have their common stock owned by their members. Because of their unique structure and the fact that they do not have a publicly traded class of common stock, such entities are exempt from LTSE Rule 14.405(b), (d), and (e).*

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(3) Foreign Private Issuers

(A) A Foreign Private Issuer may follow its home country practice in lieu of the requirements of the LTSE Rule 14.400 Series, the requirement to disclose third-party director and nominee compensation set forth in LTSE Rule 14.207(b)(3), and the requirement to distribute annual and interim reports set forth in LTSE Rule 14.207(d), provided, however, that such a Company shall: comply with the Notification of Noncompliance requirement (LTSE Rule 14.410), the Voting Rights requirement (LTSE Rule 14.413), have an audit committee that satisfies LTSE Rule 14.405(c)(3), and ensure that such audit committee's members meet the independence requirement in LTSE Rule 14.405(c)(2)(A)(ii). Except as provided in this paragraph, a Foreign Private Issuer must comply with the requirements of Chapter 14.

(B) Disclosure Requirements

(i) A Foreign Private Issuer that follows a home country practice in lieu of one or more of the LTSE Listing Rules shall disclose in its annual reports filed with the Commission each requirement that it does not follow and describe the home country practice followed by the Company in lieu of such requirements. Alternatively, a Foreign Private Issuer that is not required to file its annual report with the Commission on Form 20-F may make this disclosure only on its website. A Foreign Private Issuer that follows a home country practice in lieu of the requirement in LTSE Rule 14.405(d)(2) to have an independent compensation committee must disclose in its annual reports filed with the Commission the reasons why it does not have such an independent committee.

(ii) A Foreign Private Issuer making its initial public offering or first U.S. listing on LTSE shall disclose in its registration statement or on its website each requirement that it does not follow and describe the home country practice followed by the Company in lieu of such requirements.

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*** * * * * *Supplementary Material* * * * ***

***.03 Foreign Private Issuer Supplemental***

*A Foreign Private Issuer (as defined in LTSE Rule 14.002) listed on LTSE may follow the practice in such Company's home country (as defined in General Instruction F of Form 20-F) in lieu of the*

*provisions of the LTSE Rule Series 14.400 and LTSE Rule 14.207(d), subject to several important exceptions. First, such an issuer shall comply with LTSE Rule 14.410 (Notification of Noncompliance). Second, such a Company shall have an audit committee that satisfies LTSE Rule 14.405(c)(3). Third, members of such audit committee shall meet the criteria for independence referenced in LTSE Rule 14.405(c)(2)(A)(ii) (the criteria set forth in Rule 10A-3(b)(1) under the Act, subject to the exemptions provided in Rule 10A-3(c) under the Act). Finally, a Foreign Private Issuer that elects to follow home country practice in lieu of a requirement of LTSE Rules 14.400 or 14.207(d) shall submit to LTSE a written statement from an independent counsel in such Company's home country certifying that the Company's practices are not prohibited by the home country's laws. In the case of new listings, this certification is required at the time of listing. For existing Companies, the certification is required at the time the Company seeks to adopt its first noncompliant practice. In the interest of transparency, the rule requires a Foreign Private Issuer to make appropriate disclosures in the Company's annual filings with the Commission (typically Form 20-F or 40-F), and at the time of the Company's original listing in the United States, if that listing is on LTSE, in its registration statement (typically Form F-1, 20-F, or 40-F); alternatively, a Company that is not required to file an annual report on Form 20-F may provide these disclosures in English on its website in addition to, or instead of, providing these disclosures on its registration statement or annual report. The Company shall disclose each requirement that it does not follow and include a brief statement of the home country practice the Company follows in lieu of these corporate governance requirement(s). If the disclosure is only available on the website, the annual report and registration statement should so state and provide the web address at which the information may be obtained. Companies that must file annual reports on Form 20-F are encouraged to provide these disclosures on their websites, in addition to the required Form 20- F disclosures, to provide maximum transparency about their practices.*

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(4) Limited Partnerships

A limited partnership is not subject to the requirements of the LTSE Rule Series 14.400, except as provided in this LTSE Rule 14.407(a)(4). A limited partnership may request a written interpretation pursuant to LTSE Rule 14.401(c).

(A) No provision of this LTSE Rule shall be construed to require any foreign Company that is a partnership to do any act that is contrary to a law, rule or regulation of any public authority exercising jurisdiction over such Company or that is contrary to generally accepted business practices in the Company's country of domicile. LTSE shall have the ability to provide exemptions from applicability of these provisions as may be necessary or appropriate to carry out this intent.

(B) Corporate General Partner

Each Company that is a limited partnership shall maintain a corporate general partner or co-general partner, which shall have the authority to manage the day-to-day affairs of the partnership.

(C) Independent Directors/Audit Committee

The corporate general partner or co-general partner shall maintain a sufficient number of Independent Directors on its board to satisfy the audit committee requirements set forth in LTSE Rule 14.405(c).

(D) Partner Meetings

A Company that is a limited partnership shall not be required to hold an annual meeting of limited partners unless required by statute or regulation in the state in which the limited partnership is formed or doing business or by the terms of the partnership's limited partnership agreement.

(E) Quorum

In the event that a meeting of limited partners is required pursuant to paragraph (D), the quorum for such meeting shall be not less than 33-1/3 percent of the limited partnership interests outstanding.

(F) Solicitation of Proxies

In the event that a meeting of limited partners is required pursuant to paragraph (D), the Company shall provide all limited partners with proxy or information statements and if a vote is required, shall solicit proxies thereon.

(G) Review of Related Party Transactions

Each Company that is a limited partnership shall conduct an appropriate review of all related party transactions on an ongoing basis and shall utilize the Audit Committee or a comparable body of the Board of Directors for the review of potential material conflict of interest situations where appropriate.

(H) Shareholder Approval

Each Company that is a limited partnership must obtain shareholder approval when a stock option or purchase plan is to be established or materially amended or other equity compensation arrangement made or materially amended, pursuant to which stock may be acquired by officers, directors, employees, or consultants, as would be required under LTSE Rule 14.412(c) and Supplementary Material .01 to LTSE Rule 14.412(c)

(I) Auditor Registration

Each Company that is a limited partnership must be audited by an independent public accountant that is registered as a public accounting firm

with the Public Company Accounting Oversight Board, as provided for in Section 102 of the Sarbanes-Oxley Act of 2002 [15 U.S.C. 7212].

(J) Notification of Noncompliance.

Each Company that is a limited partnership must provide LTSE with prompt notification after an Executive Officer of the Company, or a person performing an equivalent role, becomes aware of any noncompliance by the Company with the requirements of this LTSE Rule Series 14.400.

(5) Management Investment Companies

Management investment companies (including business development companies) are subject to all the requirements of the Rule 14.400 Series, except that management investment companies registered under the Investment Company Act of 1940 are exempt from the Independent Directors requirement, the Compensation Committee requirement, the Independent Director Oversight of Director Nominations requirement, and the Code of Conduct requirement, set forth in LTSE Rules 14.405(b), (d), and (e) and 14.406, respectively.

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* * * * * ***Supplementary Material*** * * * *

***.04 Management Investment Companies Supplemental***

*Management investment companies registered under the Investment Company Act of 1940 are already subject to a pervasive system of federal regulation in certain areas of corporate governance covered by the LTSE Rule Series 14.400. In light of this, the Exchange exempts from LTSE Rules 14.405(b), (d), and (e) and 14.406 management investment companies registered under the Investment Company Act of 1940. Business development companies, which are a type of closed-end management investment company defined in Section 2(a)(48) of the Investment Company Act of 1940 that are not registered under that Act, are required to comply with all of the provisions of the Rule 14.400 Series. Management investment companies that are Index Fund Shares and Managed Fund Shares are exempt from the Audit Committee requirements set forth in LTSE Rule 14.405(c), except for the applicable requirements of SEC Rule 10A-3.*

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(h) Phase-In Schedules

(1) Initial Public Offerings

A Company listing in connection with its initial public offering shall be permitted to phase in its compliance with the independent committee requirements set forth in LTSE Rules 14.405(d)(2) and (e)(1)(B) on the same schedule as it is permitted to phase in its compliance with the independent audit committee requirement

pursuant to Rule 10A-3(b)(1)(iv)(A) under the Act. Accordingly, a Company listing in connection with its initial public offering shall be permitted to phase in its compliance with the committee composition requirements set forth in LTSE Rule 14.405(d)(2) and (e)(1)(B) as follows: (1) one member must satisfy the requirement at the time of listing; (2) a majority of members must satisfy the requirement within 90 days of listing; and (3) all members must satisfy the requirement within one year of listing. Furthermore, a Company listing in connection with its initial public offering shall have twelve months from the date of listing to comply with the majority independent board requirement in LTSE Rule 14.405(b). It should be noted, however, that pursuant to Rule 10A-3(b)(1)(iii) under the Act investment companies are not afforded the exemptions under Rule 10A-3(b)(1)(iv) under the Act. Companies may choose not to adopt a nomination committee and may instead rely upon a majority of the Independent Directors to discharge responsibilities under LTSE Rule 14.405(b). For purposes of the LTSE Rule Series 14.400 other than LTSE Rules 14.405(c)(2)(A)(ii) and 14.410, a Company shall be considered to be listing in conjunction with an initial public offering if, immediately prior to listing, it does not have a class of common stock registered under the Act. For purposes of LTSE Rule 14.405(c)(2)(A)(ii) and LTSE Rule 14.410, a Company shall be considered to be listing in conjunction with an initial public offering only if it meets the conditions in Rule 10A-3(b)(1)(iv)(A) under the Act, namely, that the Company was not, immediately prior to the effective date of a registration statement, required to file reports with the Commission pursuant to Section 13(a) or 15(d) of the Act.

(2) Companies Emerging from Bankruptcy

Companies that are emerging from bankruptcy shall be permitted to phase-in independent nomination and compensation committees and majority independent boards on the same schedule as Companies listing in conjunction with their initial public offering.

(3) Transfers from other Markets

Companies transferring from other markets with a substantially similar requirement shall be afforded the balance of any grace period afforded by the other market. Companies transferring from other listed markets that do not have a substantially similar requirement shall be afforded one year from the date of listing on LTSE. This transition period is not intended to supplant any applicable requirements of Rule 10A-3 under the Act.

(4) Phase-In Schedule for a Company Ceasing to be a Smaller Reporting Company

Pursuant to Rule 12b-2 under the Act, a Company tests its status as a Smaller Reporting Company on an annual basis as of the last business day of its most recently completed second fiscal quarter (for purposes of this LTSE Rule, the "Determination Date"). A Company with a public float of $75 million or more as of the Determination Date will cease to be a Smaller Reporting Company as of the beginning of the fiscal year following the Determination Date (the "Start Date").

By six months from the Start Date, a Company must comply with Rule 14.405(d)(3) and certify to LTSE that: (i) it has complied with the requirement in LTSE Rule 14.405(d)(1) to adopt a formal written compensation committee charter including the content specified in LTSE Rule 14.405(d)(1)(A) through (D); and (ii) it has complied, or within the applicable phase-in schedule will comply, with the additional requirements in LTSE Rule 14.405(d)(2)(A) regarding compensation committee composition.

A Company shall be permitted to phase in its compliance with the additional compensation committee eligibility requirements of LTSE Rule 14.405(d)(2)(A) relating to compensatory fees and affiliation as follows: (i) one member must satisfy the requirements by six months from the Start Date; (ii) a majority of members must satisfy the requirements by nine months from the Start Date; and (iii) all members must satisfy the requirements by one year from the Start Date.

Since a Smaller Reporting Company is required to have a compensation committee comprised of at least two Independent Directors, a Company that has ceased to be a Smaller Reporting Company may not use the phase- in schedule for the requirements of LTSE Rule 14.405(d)(2)(A) relating to minimum committee size or that the committee consist only of Independent Directors as defined under LTSE Rule 14.405(a)(2).

During this phase-in schedule, a Company that has ceased to be a Smaller Reporting Company must continue to comply with Rule 14.405(d)(5).

(h) How the Rules Apply to a Controlled Company

(1) Definition

A Controlled Company is a Company of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company.

(2) Exemptions Afforded to a Controlled Company

A Controlled Company is exempt from the requirements of LTSE Rules 14.405(b), (d), and (e), except for the requirements of subsection (b)(2) which pertain to executive sessions of Independent Directors. A Controlled Company, other than a Foreign Private Issuer, relying upon this exemption must comply with the disclosure requirements set forth in Instruction 1 to Item 407(a) of Regulation S-K. A Foreign Private Issuer must disclose in its next annual report (e.g., Form 20-F or 40-F) that it is a Controlled Company and the basis for that determination.

(3) Phase-In Schedule for a Company Ceasing to be a Controlled Company

A Company that has ceased to be a Controlled Company within the meaning of LTSE Rule 14.407(c)(1) shall be permitted to phase-in its independent nomination and compensation committees and majority independent board on the same schedule as Companies listing in conjunction with their initial public offering. It should be noted, however, that a Company that has ceased to be a Controlled Company within the meaning of LTSE Rule 14.407(c)(1) must comply with the audit committee requirements of LTSE Rule 14.405(c) as of the date it ceased to be a Controlled Company. Furthermore, the executive sessions requirement of LTSE Rule 14.405(b)(2) applies to Controlled Companies as of the date of listing and continues to apply after it ceases to be controlled.

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* * * * * ***Supplementary Material*** * * * *

***.05 Controlled Company Exemption***

*This exemption recognizes that majority Shareholders, including parent companies, have the right to select directors and control certain key decisions, such as executive officer compensation, by virtue of their ownership rights. In order for a group to exist for purposes of this LTSE Rule, the Shareholders must have publicly filed a notice that they are acting as a group (e.g., a Schedule 13D). A Controlled Company not relying upon this exemption need not provide any special disclosures about its controlled status. It should be emphasized that this controlled company exemption does not extend to the audit committee requirements under LTSE Rule 14.405(c) or the requirement for executive sessions of Independent Directors under LTSE Rule 14.405(b)(2).*

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**Rule 14.408. Meetings of Shareholders**

(a) Each Company listing common stock or voting preferred stock, and their equivalents, shall hold an annual meeting of Shareholders no later than one year after the end of

the Company's fiscal year-end, unless such Company is a limited partnership that meets the requirements of LTSE Rule 14.407(a)(4)(D).

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* * * * * ***Supplementary Material*** * * * *

***.01 Meetings of Shareholders or Partners***

*LTSE Rule 14.408 requires that each Company listing common stock or voting preferred stock, and their equivalents, hold an annual meeting of Shareholders within one year of the end of each fiscal year. At each such meeting, Shareholders must be afforded the opportunity to discuss Company affairs with management and, if required by the Company's governing documents, to elect directors. A new listing that was not previously subject to a requirement to hold an annual meeting is required to hold its first meeting within one-year after its first fiscal year-end following listing. Of course, LTSE's meeting requirement does not supplant any applicable state or federal securities laws concerning annual meetings.*

*This requirement is not applicable as a result of a Company listing securities listed pursuant to LTSE Rule 14.316 (such as Trust Preferred Securities and Contingent Value Rights), unless the listed security is a common stock or voting preferred stock equivalent (e.g., a callable common stock). Notwithstanding, if the Company also lists common stock or voting preferred stock, or their equivalent, the Company must still hold an annual meeting for the holders of that common stock or voting preferred stock, or their equivalent.*

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(b) Proxy Solicitation

Each Company that is not a limited partnership shall solicit proxies and provide proxy statements for all meetings of Shareholders and shall provide copies of such proxy solicitation to the Exchange. Limited partnerships that are required to hold an annual meeting of partners are subject to the requirements of LTSE Rule 14.407(a)(4)(F).

(c) Quorum

Each Company that is not a limited partnership shall provide for a quorum as specified in its by- laws for any meeting of the holders of common stock; provided, however, that in no case shall such quorum be less than 33 1/3 % of the outstanding shares of the Company's common voting stock. Limited partnerships that are required to hold an annual meeting of partners are subject to the requirements of LTSE Rule 14.407(a)(4)(E).

## Rule 14.410. Notification of Noncompliance

A Company must provide the Exchange with prompt notification after an Executive Officer of the Company becomes aware of any noncompliance by the Company with the requirements of this LTSE Rule Series 14.400.

### Rule 14.411. Review of Related Party Transactions

(a) Each Company that is not a limited partnership shall conduct an appropriate review and oversight of all related party transactions for potential conflict of interest situations on an ongoing basis by the Company's audit committee or another independent body of the board of directors. For purposes of this LTSE Rule, the term "related party transaction" shall refer to transactions required to be disclosed pursuant to Item 404 of Regulation S-K under the Act. However, in the case of non-U.S. issuers, the term "related party transactions" shall refer to transactions required to be disclosed pursuant to Form 20-F, Item 7.B.

(b) Limited partnerships shall comply with the requirements of LTSE Rule 14.407(a)(4)(G).

### Rule 14.412. Shareholder Approval

This LTSE Rule sets forth the circumstances under which shareholder approval is required prior to an issuance of securities in connection with: (1) the acquisition of the stock or assets of another company; (2) a change of control; (3) equity-based compensation of officers, directors, employees, or consultants; and (4) private placements. General provisions relating to shareholder approval are set forth in LTSE Rule 14.412(e), and the financial viability exception to the shareholder approval requirement is set forth in LTSE Rule 14.412(f). Exchange-listed Companies and their representatives are encouraged to use the interpretative letter process described in LTSE Rule 14.401(c).

(a) Acquisition of Stock or Assets of Another Company

Shareholder approval is required prior to the issuance of securities in connection with the acquisition of the stock or assets of another company if:

(1) where, due to the present or potential issuance of common stock, including shares issued pursuant to an earn- out provision or similar type of provision, or securities convertible into or exercisable for common stock, other than a public offering for cash:

(A) the common stock has or will have upon issuance voting power equal to or in excess of 20% of the voting power outstanding before the issuance of stock or securities convertible into or exercisable for common stock; or

(B) the number of shares of common stock to be issued is or will be equal to or in excess of 20% of the number of shares of common stock outstanding before the issuance of the stock or securities; or

(2) any director, officer or Substantial Shareholder (as defined by LTSE Rule 14.412(e)(3)) of the Company has a 5% or greater interest (or such persons collectively have a 10% or greater interest), directly or indirectly, in the Company

or assets to be acquired or in the consideration to be paid in the transaction or series of related transactions and the present or potential issuance of common stock, or securities convertible into or exercisable for common stock, could result in an increase in outstanding common shares or voting power of 5% or more.

(b) Change of Control

Shareholder approval is required prior to the issuance of securities when the issuance or potential issuance will result in a change of control of the Company.

(c) Equity Compensation

Shareholder approval is required prior to the issuance of securities when a stock option or purchase plan is to be established or materially amended or other equity compensation arrangement made or materially amended, pursuant to which stock may be acquired by officers, directors, employees, or consultants, except for:

(1) warrants or rights issued generally to all security holders of the Company or stock purchase plans available on equal terms to all security holders of the Company (such as a typical dividend reinvestment plan);
(2) tax qualified, non-discriminatory employee benefit plans (e.g., plans that meet the requirements of Section 401(a) or 423 of the Internal Revenue Code) or parallel nonqualified plans, provided such plans are approved by the Company's independent compensation committee or a majority of the Company's Independent Directors; or plans that merely provide a convenient way to purchase shares on the open market or from the Company at Market Value;
(3) plans or arrangements relating to an acquisition or merger as permitted under Supplementary Material .01 to LTSE Rule 14.412; or
(4) issuances to a person not previously an employee or director of the Company, or following a bona fide period of non-employment, as an inducement material to the individual's entering into employment with the Company, provided such issuances are approved by either the Company's independent compensation committee or a majority of the Company's Independent Directors. Promptly following an issuance of any employment inducement grant in reliance on this exception, a Company must disclose in a press release the material terms of the grant, including the recipient(s) of the grant and the number of shares involved.

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*** * * * * *Supplementary Material* * * * ***

***.01 Shareholder Approval for Stock Option Plans or Other Equity Compensation Arrangements***

*Employee ownership of Company stock can be an effective tool to align employee interests with those of other Shareholders. Stock option plans or other equity compensation arrangements can also assist in the recruitment and retention of employees, which is especially critical to young, growing Companies, or Companies with insufficient cash resources to attract and retain highly qualified employees. However, these plans can potentially dilute shareholder interests. LTSE Rule 14.412(c) ensures that Shareholders have a voice in these situations, given this potential for dilution.*

*LTSE Rule 14.412(c) requires shareholder approval when a plan or other equity compensation arrangement is established or materially amended. For these purposes, a material amendment would include, but not be limited to, the following:*

*(1) any material increase in the number of shares to be issued under the plan (other than to reflect a reorganization, stock split, merger, spinoff or similar transaction);*

*(2) any material increase in benefits to participants, including any material change to: (i) permit a repricing (or decrease in exercise price) of outstanding options, (ii) reduce the price at which shares or options to purchase shares may be offered, or (iii) extend the duration of a plan;*

*(3) any material expansion of the class of participants eligible to participate in the plan; and*

*(4) any expansion in the types of options or awards provided under the plan.*

*While general authority to amend a plan would not obviate the need for shareholder approval, if a plan permits a specific action without further shareholder approval, then no such approval would generally be required. However, if a plan contains a formula for automatic increases in the shares available (sometimes called an "evergreen formula"), or for automatic grants pursuant to a dollar-based formula (such as annual grants based on a certain dollar value, or matching contributions based upon the amount of compensation the participant elects to defer), such plans cannot have a term in excess of ten years unless shareholder approval is obtained every ten years. However, plans that do not contain a formula and do not impose a limit on the number of shares available for grant would require shareholder approval of each grant under the plan. A requirement that grants be made out of treasury shares or repurchased shares will not alleviate these additional shareholder approval requirements.*

*As a general matter, when preparing plans and presenting them for shareholder approval, Companies should strive to make plan terms easy to understand. In that regard, it is recommended that plans meant to permit repricing use explicit terminology to make this clear.*

*LTSE Rule 14.412(c) provides an exception to the requirement for shareholder approval for warrants or rights offered generally to all Shareholders. In addition, an exception is provided for tax qualified, non-discriminatory employee benefit plans as well as parallel nonqualified plans as these plans are regulated under the Internal Revenue Code and Treasury Department regulations. An equity compensation plan that provides non-U.S. employees with substantially the same benefits as a comparable tax qualified, non- discriminatory employee benefit plan or parallel nonqualified plan that the Company provides to its U.S. employees, but for features necessary to comply with applicable foreign tax law, is also exempt from shareholder approval under this section.*

*Further, the rule provides an exception for inducement grants to new employees because in these cases a Company has an arm's length relationship with the new employees. Inducement grants for these purposes include grants of options or stock to new employees in connection with a merger or acquisition. The rule requires that such issuances be approved by the Company's independent compensation committee or a majority of the Company's Independent Directors. The rule further requires that promptly following an issuance of any employment inducement grant in reliance on this exception, a Company must disclose in a press release the material terms of the grant, including the recipient(s) of the grant and the number of shares involved.*

*In addition, plans or arrangements involving a merger or acquisition do not require shareholder approval in two situations. First, shareholder approval will not be required to convert, replace or adjust outstanding options or other equity compensation awards to reflect the transaction. Second,*

*shares available under certain plans acquired in acquisitions and mergers may be used for certain post-transaction grants without further shareholder approval. This exception applies to situations where the party which is not a listed company following the transaction has shares available for grant under pre-existing plans that meet the requirements of this LTSE Rule 14.412(c). These shares may be used for post-transaction grants of options and other equity awards by the listed Company (after appropriate adjustment of the number of shares to reflect the transaction), either under the pre-existing plan or arrangement or another plan or arrangement, without further shareholder approval, provided: (1) the time during which those shares are available for grants is not extended beyond the period when they would have been available under the pre-existing plan, absent the transaction, and (2) such options and other awards are not granted to individuals who were employed by the granting company or its subsidiaries at the time the merger or acquisition was consummated. LTSE would view a plan or arrangement adopted in contemplation of the merger or acquisition transaction as not pre-existing for purposes of this exception. This exception is appropriate because it will not result in any increase in the aggregate potential dilution of the combined enterprise. In this regard, any additional shares available for issuance under a plan or arrangement acquired in connection with a merger or acquisition would be counted by LTSE in determining whether the transaction involved the issuance of 20% or more of the Company's outstanding common stock, thus triggering the shareholder approval requirements under LTSE Rule 14.412(a).*

*Inducement grants, tax qualified non-discriminatory benefit plans, and parallel nonqualified plans are subject to approval by either the Company's independent compensation committee or a majority of the Company's Independent Directors. It should also be noted that a Company would not be permitted to use repurchased shares to fund option plans or grants without prior shareholder approval.*

*For purposes of LTSE Rule 14.412(c) and Supplementary Material .01, the term "parallel nonqualified plan" means a plan that is a "pension plan" within the meaning of the Employee Retirement Income Security Act ("ERISA"), 29 U.S.C. §1002 (1999), that is designed to work in parallel with a plan intended to be qualified under Internal Revenue Code Section 401(a), to provide benefits that exceed the limits set forth in Internal Revenue Code Section 402(g) (the section that limits an employee's annual pre-tax contributions to a 401(k) plan), Internal Revenue Code Section 401(a)(17) (the section that limits the amount of an employee's compensation that can be taken into account for plan purposes) and/or Internal Revenue Code Section 415 (the section that limits the contributions and benefits under qualified plans) and/or any successor or similar limitations that may thereafter be enacted. However, a plan will not be considered a parallel nonqualified plan unless: (i) it covers all or substantially all employees of an employer who are participants in the related qualified plan whose annual compensation is in excess of the limit of Code Section 401(a)(17) (or any successor or similar limitation that may hereafter be enacted); (ii) its terms are substantially the same as the qualified plan that it parallels except for the elimination of the limitations described in the preceding sentence; and, (iii) no participant receives employer equity contributions under the plan in excess of 25% of the participant's cash compensation.*

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(d) Private Placements

Shareholder approval is required prior to the issuance of securities in connection with a transaction other than a public offering involving:

(1) the sale, issuance or potential issuance by the Company of common stock (or securities convertible into or exercisable for common stock) at a price less than the greater of book or market value which together with sales by officers, directors or Substantial Shareholders of the Company equals 20% or more of common stock or 20% or more of the voting power outstanding before the issuance; or
(2) the sale, issuance or potential issuance by the Company of common stock (or securities convertible into or exercisable common stock) equal to 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance for less than the greater of book or market value of the stock.

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**** * * * * Supplementary Material * * * * ***

***.02 Interpretative Material Regarding the Use of Share Caps to Comply with Rule 14.412***

*LTSE Rule 14.412 limits the number of shares or voting power that can be issued or granted without shareholder approval prior to the issuance of certain securities. (An exception to this LTSE Rule is available to Companies when the delay in securing stockholder approval would seriously jeopardize the financial viability of the enterprise as set forth in LTSE Rule 14.412(f). However, a share cap is not permissible in conjunction with the financial viability exception provided in LTSE Rule 14.412(f), because the application to the Exchange and the notice to Shareholders required in the rule must occur prior to the issuance of any common stock or securities convertible into or exercisable for common stock.) Generally, this limitation applies to issuances of 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance. (While the Exchange notes that this issue is generally implicated with respect to these situations, it may also arise with respect to the 5% threshold set forth in LTSE Rule 14.412(a)(2)). Companies sometimes comply with the 20% limitation by placing a "cap" on the number of shares that can be issued in the transaction, such that there cannot, under any circumstances, be an issuance of 20% or more of the common stock or voting power previously outstanding without prior shareholder approval. If a Company determines to defer a shareholder vote in this manner, shares that are issuable under the cap (in the first part of the transaction) must not be entitled to vote to approve the remainder of the transaction. In addition, a cap must apply for the life of the transaction, unless shareholder approval is obtained. For example, caps that no longer apply if a Company is not listed on the Exchange are not permissible under the Rule. Of course, if shareholder approval is not obtained, then the investor will not be able to acquire 20% or more of the common stock or voting power outstanding before the transaction and would continue to hold the balance of the original security in its unconverted form.*

*Companies have also attempted to cap the issuance of shares at below 20% but have also provided an alternative outcome based upon whether shareholder approval is obtained, including, but not limited to a "penalty" or a "sweetener." Instead, if the terms of a transaction can change based upon the outcome of the shareholder vote, no common shares may be issued prior to the approval of the Shareholders. Companies that engage in transactions with defective caps may be subject to delisting. For example, a Company issues a convertible preferred stock or debt instrument that provides for conversions of up to 20% of the total shares outstanding with any further conversions subject to shareholder approval. However, the terms of the instrument provide that if Shareholders reject the transaction, the coupon or conversion ratio will increase or the Company will be penalized by a specified monetary payment, including a rescission of the transaction. Likewise, a transaction may provide for improved terms if shareholder approval is obtained. The Exchange believes that in such situations the cap is defective because the presence of the alternative outcome has a coercive*

*effect on the shareholder vote, and thus may deprive Shareholders of their ability to freely exercise their vote. Accordingly, the Exchange will not accept a cap that defers the need for shareholder approval in such situations.*

*Companies having questions regarding this policy are encouraged to contact LTSE Regulation, which will provide a written interpretation of the application of LTSE Rules to a specific transaction, upon prior written request of the Company.*

***.2 Definition of a Public Offering***

*LTSE Rule 14.412(d) provides that shareholder approval is required for the issuance of common stock (or securities convertible into or exercisable for common stock) equal to 20 percent or more of the common stock or 20 percent or more of the voting power outstanding before the issuance for less than the greater of book or market value of the stock. Under this LTSE Rule, however, shareholder approval is not required for a "public offering."*

*Companies are encouraged to consult with LTSE Regulation in order to determine if a particular offering is a "public offering" for purposes of the shareholder approval rules. Generally, a firm commitment underwritten securities offering registered with the Securities and Exchange Commission will be considered a public offering for these purposes. Likewise, any other securities offering which is registered with the Securities and Exchange Commission and which is publicly disclosed and distributed in the same general manner and extent as a firm commitment underwritten securities offering will be considered a public offering for purposes of the shareholder approval rules. However, the Exchange staff will not treat an offering as a "public offering" for purposes of the shareholder approval rules merely because they are registered with the Commission prior to the closing of the transaction.*

*When determining whether an offering is a "public offering" for purposes of these rules, LTSE Regulation will consider all relevant factors, including but not limited to:*

*(a) the type of offering (including whether the offering is conducted by an underwriter on a firm commitment basis, or an underwriter or placement agent on a best-efforts basis, or whether the offering is self-directed by the Company);*

*(b) the manner in which the offering is marketed (including the number of investors offered securities, how those investors were chosen, and the breadth of the marketing effort);*

*(c) the extent of the offering's distribution (including the number and identity of the investors who participate in the offering and whether any prior relationship existed between the Company and those investors);*

*(d) the offering price (including the extent of any discount to the market price of the securities offered); and*

*(e) the extent to which the Company controls the offering and its distribution.*

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(e) Definitions and Computations Relating to the Shareholder Approval Requirements

(1) For purposes of making any computation in this paragraph, when determining the number of shares issuable in a transaction, all shares that could be issued are

included, regardless of whether they are currently treasury shares. When determining the number of shares outstanding, only shares issued and outstanding are considered. Treasury shares, shares held by a subsidiary, and unissued shares reserved for issuance upon conversion of securities or upon exercise of options or warrants are not considered outstanding.

(2) Voting power outstanding as used in this LTSE Rule refers to the aggregate number of votes which may be cast by holders of those securities outstanding which entitle the holders thereof to vote generally on all matters submitted to the Company's security holders for a vote.

(3) An interest consisting of less than either 5% of the number of shares of common stock or 5% of the voting power outstanding of a Company or party shall not be considered a substantial interest or cause the holder of such an interest to be regarded as a "Substantial Shareholder."

(4) Where shareholder approval is required, the minimum vote that will constitute shareholder approval shall be a majority of the total votes cast on the proposal. These votes may be cast in person, by proxy at a meeting of Shareholders or by written consent in lieu of a special meeting to the extent permitted by applicable state and federal law and rules (including interpretations thereof), including, without limitation, Regulations 14A and 14C under the Act. Nothing contained in this LTSE Rule 14.412(e)(4) shall affect a Company's obligation to hold an annual meeting of Shareholders as required by LTSE Rule 14.408.

(5) Shareholder approval shall not be required for any share issuance if such issuance is part of a court-approved reorganization under the federal bankruptcy laws or comparable foreign laws.

(f) Financial Viability Exception

An exception applicable to a specified issuance of securities may be made upon prior written application to LTSE Regulation when:

(1) the delay in securing stockholder approval would seriously jeopardize the financial viability of the enterprise; and

(2) reliance by the Company on this exception is expressly approved by the audit committee or a comparable body of the board of directors comprised solely of independent, disinterested directors. LTSE Regulation shall respond to each application for such an exception in writing.

A Company that receives such an exception must mail to all Shareholders not later than ten days before issuance of the securities a letter alerting them to its omission to seek the shareholder approval that would otherwise be required. Such notification shall disclose the terms of the transaction (including the number of shares of common stock that could be issued and the consideration received), the fact that the Company is relying on a financial viability exception to the stockholder approval rules, and that the audit committee or a comparable body of the board of directors comprised solely of independent, disinterested directors has expressly approved reliance on the exception. The Company shall also make a public announcement by filing a Form 8-K, where required by SEC rules, or by issuing a press release disclosing the same information as promptly as possible, but no later than ten days before the issuance of the securities.

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**** * * * * Supplementary Material * * * ****

***.03 Interpretive Material Regarding Future Priced Securities and Other Securities with Variable Conversion Terms***

*Summary*

*Provisions of this Supplementary Material .03 would apply to any security with variable conversion terms. For example, Future Priced Securities are private financing instruments which were created as an alternative means of quickly raising capital for Companies. The security is generally structured in the form of a convertible security and is often issued via a private placement. Companies will typically receive all capital proceeds at the closing. The conversion price of the Future Priced Security is generally linked to a percentage discount to the market price of the underlying common stock at the time of conversion and accordingly the conversion rate for Future Priced Securities floats with the market price of the common stock. As such, the lower the price of the Company's common stock at the time of conversion, the more shares into which the Future Priced Security is convertible. The delay in setting the conversion price is appealing to Companies who believe that their stock will achieve greater value after the financing is received. However, the issuance of Future Priced Securities may be followed by a decline in the common stock price, creating additional dilution to the existing holders of the common stock. Such a price decline allows holders to convert the Future Priced Security into large amounts of the Company's common stock. As these shares are issued upon conversion of the Future Priced Security, the common stock price may tend to decline further.*

*For example, a Company may issue $10 million of convertible preferred stock (the Future Priced Security), which is convertible by the holder or holders into $10 million of common stock based on a conversion price of 80% of the closing price of the common stock on the date of conversion. If the closing price is $5 on the date of conversion, the Future Priced Security holders would receive 2,500,000 shares of common stock. If, on the other hand, the closing price is $1 on the date of conversion, the Future Priced Security holders would receive 12,500,000 shares of common stock.*

*Unless the Company carefully considers the terms of the securities in connection with several LTSE Rules, the issuance of Future Priced Securities could result in a failure to comply with the Exchange listing standards and the concomitant delisting of the Company's securities from the Exchange. The Exchange understands that Companies do not always appreciate this potential consequence. The LTSE Rules that bear upon the continued listing qualification of a Company and that must be considered when issuing Future Priced Securities include:*

*(a) the shareholder approval rules [see LTSE Rule 14.412]*

*(b) the voting rights rules [see LTSE Rule 14.413)]*

*(c) the bid price requirement [see LTSE Rule 14.320(a)(1)]*

*(d) the listing of additional shares rules [see LTSE Rule 14.207(e)(2)]*

*(e) the change in control rules [see LTSE Rules 14.102 and 14.412(b)]*

*(f) the Exchange's discretionary authority rules [see LTSE Rule Series 14.100]*

*It is important for Companies to clearly understand that failure to comply with any of these rules could result in the delisting of the Company's securities.*

*This notice is intended to be of assistance to Companies considering financings involving Future Priced Securities. By adhering to the above requirements, Companies can avoid unintended listing qualifications problems. Companies having any questions about this notice should contact LTSE Regulation. The Exchange will provide a Company with a written interpretation of the application of the LTSE Rules to a specific transaction, upon request of the Company.*

*How the Rules Apply Shareholder Approval*

*LTSE Rule 14.412(d) provides, in part: Each Company shall require shareholder approval prior to the issuance of securities in connection with a transaction other than a public offering involving the sale, issuance or potential issuance by the issuer of common stock (or securities convertible into or exercisable for common stock) at a price less than the greater of book or market value which together with sales by officers, directors or Substantial Shareholders of the Company equals 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance.*

*(The Exchange may make exceptions to this requirement when the delay in securing stockholder approval would seriously jeopardize the financial viability of the enterprise and reliance by the Company on this exception is expressly approved by the Audit Committee or a comparable body of the Board of Directors.)*

*When the Exchange staff is unable to determine the number of shares to be issued in a transaction, it looks to the maximum potential issuance of shares to determine whether there will be an issuance of 20 percent or more of the common stock outstanding. In the case of Future Priced Securities, the actual conversion price is dependent on the market price at the time of conversion and so the number of shares that will be issued is uncertain until the conversion occurs. Accordingly, staff will look to the maximum potential issuance of common shares at the time the Future Priced Security is issued. Typically, with a Future Priced Security, the maximum potential issuance will exceed 20 percent of the common stock outstanding because the Future Priced Security could, potentially, be converted into common stock based on a share price of one cent per share, or less. Further, for purposes of this calculation, the lowest possible conversion price is below the book or market value of the stock at the time of issuance of the Future Priced Security.*

*Therefore, shareholder approval must be obtained prior to the issuance of the Future Priced Security. Companies should also be cautioned that obtaining shareholder ratification of the transaction after the issuance of a Future Priced Security does not satisfy the shareholder approval requirements.*

*Some Future Priced Securities may contain features to obviate the need for shareholder approval by: (1) placing a cap on the number of shares that can be issued upon conversion, such that the holders of the Future Priced Security cannot, without prior shareholder approval, convert the security into 20% or more of the common stock or voting power outstanding before the issuance of the Future Priced Security (See Supplementary Material .02 to LTSE Rule 14.412, Interpretative Material Regarding the Use of Share Caps to Comply with LTSE Rule 14.412), or (2) placing a floor on the conversion price, such that the conversion price will always be at least as high as the greater of book or market value of the common stock prior to the issuance of the Future Priced Securities. Even when a Future Priced Security contains these features, however, shareholder approval is still required under LTSE Rule 14.412(b) if the issuance will result in a change of control. Additionally, discounted issuances of common stock to officers, directors, employees or consultants require shareholder approval pursuant to LTSE Rule 14.412(c).*

*Voting Rights*

*LTSE Rule 14.413 provides:*

*Voting rights of existing Shareholders of publicly traded common stock registered under Section 12 of the Act cannot be disparately reduced or restricted through any corporate action or issuance.*

*Supplementary Material .01 to LTSE Rule 14.413 also provides rules relating to voting rights of the Exchange Companies.*

*Under the voting rights rules, a Company cannot create a new class of security that votes at a higher rate than an existing class of securities or take any other action that has the effect of restricting or reducing the voting rights of an existing class of securities. The voting rights rules are typically implicated when the holders of the Future Priced Security are entitled to vote on an as-converted basis or when the holders of the Future Priced Security are entitled to representation on the Board of Directors. The percentage of the overall vote attributable to the Future Priced Security holders and the Future Priced Security holders' representation on the board of directors must not exceed their relative contribution to the Company based on the Company's overall book or market value at the time of the issuance of the Future Priced Security. Staff will consider whether a voting rights violation exists by comparing the Future Priced Security holders' voting rights to their relative contribution to the Company based on the Company's overall book or market value at the time of the issuance of the Future Priced Security. If the voting power or the board percentage exceeds that percentage interest, a violation exists because a new class of securities has been created that votes at a higher rate than an already existing class. Future Priced Securities that vote on an as-converted basis also raise voting rights concerns because of the possibility that, due to a decline in the price of the underlying common stock, the Future Priced Security holder will have voting rights disproportionate to its investment in the Company.*

*It is important to note that compliance with the shareholder approval rules prior to the issuance of a Future Priced Security does not affect whether the transaction is in violation of the voting rights rule. Furthermore, Shareholders can not otherwise agree to permit a voting rights violation by the Company. Because a violation of the voting rights requirement can result in delisting of the Company's securities from the Exchange, careful attention must be given to this issue to prevent a violation of the rule.*

*The Bid Price Requirement*

*The bid price requirement establishes a minimum bid price for issues listed on the Exchange. The LTSE Rules provide that, for an issue to be eligible for continued listing on the Exchange, the minimum bid price per share shall be $1. An issue is subject to delisting from the Exchange, as described in LTSE Rule Series 14.500 if its bid price falls below $1.*

*The bid price rules must be thoroughly considered because the characteristics of Future Priced Securities often exert downward pressure on the price of the Company's common stock. Specifically, dilution from the discounted conversion of the Future Priced Security may result in a significant decline in the price of the common stock. Furthermore, there appear to be instances where short selling has contributed to a substantial price decline, which, in turn, could lead to a failure to comply with the bid price requirement. (If used to manipulate the price of the stock, short selling by the holders of the Future Priced Security is prohibited by the antifraud provisions of the securities laws and by the LTSE Rules and may be prohibited by the terms of the placement.)*

*Listing of Additional Shares*

*LTSE Rule 14.207(e)(2)provides:*

*The Company shall be required to notify the Exchange on the appropriate form no later than 15 calendar days prior to: establishing or materially amending a stock option plan, purchase plan or*

*other equity compensation arrangement pursuant to which stock may be acquired by officers, directors, employees, or consultants without shareholder approval; issuing securities that may potentially result in a change of control of the Company; issuing any common stock or security convertible into common stock in connection with the acquisition of the stock or assets of another company, if any officer or director or Substantial Shareholder of the Company has a 5% or greater interest (or if such persons collectively have a 10% or greater interest) in the Company to be acquired or in the consideration to be paid; or entering into a transaction that may result in the potential issuance of common stock (or securities convertible into common stock) greater than 10% of either the total shares outstanding or the voting power outstanding on a pre- transaction basis.*

*Companies should be cognizant that under this LTSE Rule notification is required at least 15 days prior to issuing any security (including a Future Priced Security) convertible into shares of a class of securities already listed on the Exchange. Failure to provide such notice can result in a Company's removal from the Exchange.*

*Public Interest Concerns*

*LTSE Rule 14.101 provides:*

*The Exchange is entrusted with the authority to preserve and strengthen the quality of and public confidence in its market. The Exchange stands for integrity and ethical business practices in order to enhance investor confidence, thereby contributing to the financial health of the economy and supporting the capital formation process. The Exchange Companies, from new public Companies to Companies of international stature, are publicly recognized as sharing these important objectives.*

*The Exchange, therefore, in addition to applying the enumerated criteria set forth in the Listing Rules, has broad discretionary authority over the initial and continued listing of securities in the Exchange in order to maintain the quality, transparency and integrity of and public confidence in its market; to prevent fraudulent and manipulative acts and practices; to promote just and equitable principles of trade; and to protect investors and the public interest; and to protect the safety and security of the Exchange and its employees. The Exchange may use such discretion to deny initial listing, apply additional or more stringent criteria for the initial or continued listing of particular securities, or suspend or delist particular securities based on any event, condition, or circumstance that exists or occurs that makes initial or continued listing of the securities on the Exchange inadvisable or unwarranted in the opinion of the Exchange, even though the securities meet all enumerated criteria for initial or continued listing on the Exchange.*

*The returns on Future Priced Securities may become excessive compared with those of public investors in the Company's common securities. In egregious situations, the use of a Future Priced Security may raise public interest concerns under LTSE Rule 14.101. In addition to the demonstrable business purpose of the transaction, other factors that the Exchange staff will consider in determining whether a transaction raises public interest concerns include: (1) the amount raised in the transaction relative to the Company's existing capital structure; (2) the dilutive effect of the transaction on the existing holders of common stock; (3) the risk undertaken by the Future Priced Security investor; (4) the relationship between the Future Priced Security investor and the Company; (5) whether the transaction was preceded by other similar transactions; and (6) whether the transaction is consistent with the just and equitable principles of trade.*

*Some Future Priced Securities may contain features that address the public interest concerns. These features tend to provide incentives to the investor to hold the security for a longer time period and limit the number of shares into which the Future Priced Security may be converted.*

*Such features may limit the dilutive effect of the transaction and increase the risk undertaken by the Future Priced Security investor in relationship to the reward available.*

*Business Combinations with non-LTSE Entities Resulting in a Change of Control LTSE Rule 14.102(a) provides:*

*A Company must apply for initial listing in connection with a transaction whereby the Company combines with, or into, an entity that is not an LTSE Company, resulting in a change of control of the Company and potentially allowing such entity to obtain an Exchange Listing. In determining whether a change of control has occurred, the Exchange shall consider all relevant factors including, but not limited to, changes in the management, board of directors, voting power, ownership, and financial structure of the Company. The Exchange shall also consider the nature of the businesses and the relative size of the LTSE Company and entity that is not an LTSE Company. The Company must submit an application for the post-transaction entity with sufficient time to allow the Exchange to complete its review before the transaction is completed. If the Company's application for initial listing has not been approved prior to consummation of the transaction, the Exchange will issue a Staff Determination Letter as set forth in LTSE Rule 14.501 and begin delisting proceedings pursuant to LTSE Rule 14.500.*

*This provision, which applies regardless of whether the Company obtains shareholder approval for the transaction, requires Companies to qualify under the initial listing standards in connection with a combination that results in a change of control. It is important for Companies to realize that in certain instances, the conversion of a Future Priced Security may implicate this provision. For example, if there is no limit on the number of common shares issuable upon conversion, or if the limit is set high enough, the exercise of conversion rights under a Future Priced Security could result in the holders of the Future Priced Securities obtaining control of the listed Company. In such event, a Company may be required to re-apply for initial listing and satisfy all initial listing requirements.*

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## Rule 14.413. Voting Rights

Voting rights of existing Shareholders of publicly traded common stock registered under Section 12 of the Act cannot be disparately reduced or restricted through any corporate action or issuance. Examples of such corporate action or issuance include, but are not limited to, the adoption of time-phased voting plans, the adoption of capped voting rights plans, the issuance of super-voting stock, or the issuance of stock with voting rights less than the per share voting rights of the existing common stock through an exchange offer.

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*** * * * * *Supplementary Material* * * * ***

***.01 Voting Rights Policy***

*The following Voting Rights Policy is based upon, but more flexible than, former Rule 19c-4 under the Act. Accordingly, the Exchange will permit corporate actions or issuances by the Exchange Companies that would have been permitted under former Rule 19c-4, as well as other actions or*

*issuances that are not inconsistent with this policy. In evaluating such other actions or issuances, the Exchange will consider, among other things, the economics of such actions or issuances and the voting rights being granted. The Exchange's interpretations under the policy will be flexible, recognizing that both the capital markets and the circumstances and needs of the Exchange Companies change over time. The text of the Exchange Voting Rights Policy is as follows:*

*Companies with Dual Class Structures.*

*The restriction against the issuance of super voting stock is primarily intended to apply to the issuance of a new class of stock, and Companies with existing dual class capital structures would generally be permitted to issue additional shares of the existing super voting stock without conflict with this policy.*

*Consultation with the Exchange.*

*Violation of the Exchange Voting Rights Policy could result in the loss of a Company's Exchange or public trading market. The policy can apply to a variety of corporate actions and securities issuances, not just super voting or so-called "time phase" voting common stock. While the policy will continue to permit actions previously permitted under former Rule 19c-4, it is extremely important that the LTSE Companies communicate their intentions to their Exchange representatives as early as possible before taking any action or committing to take any action that may be inconsistent with the policy. The Exchange urges Companies listed on the Exchange not to assume, without first discussing the matter with the Exchange staff, that a particular issuance of common or preferred stock or the taking of some other corporate action will necessarily be consistent with the policy. It is suggested that copies of preliminary proxy or other material concerning matters subject to the policy be furnished to the Exchange for review prior to formal filing.*

*Review of Past Voting Rights Activities.*

*In reviewing an application for initial qualification for listing of a security in the Exchange, the Exchange will review the Company's past corporate actions to determine whether another self-regulatory organization (SRO) has found any of the Company's actions to have been a violation or evasion of the SRO's voting rights policy. Based on such review, the Exchange may take any appropriate action, including the denial of the application or the placing of restrictions on such listing. The Exchange will also review whether a Company seeking initial listing of a security in the Exchange has requested a ruling or interpretation from another SRO regarding the application of that SRO's voting rights policy with respect to a proposed transaction. If so, the Exchange will consider that fact in determining its response to any ruling or interpretation that the Company may request on the same or similar transaction.*

*Non-U.S. Companies.*

*The Exchange will accept any action or issuance relating to the voting rights structure of a non-U.S. Company that is in compliance with the Exchange's requirements for domestic Companies or that is not prohibited by the Company's home country law.*

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**Rule 14.414. Internal Audit Function**

(a) Each Company must establish and maintain an internal audit function to provide management and the audit committee with ongoing assessments of the Company's risk management process and system of internal control. The Company may choose to outsource this function to a third party service provider other than its independent auditor. The audit committee must meet periodically with the internal auditors (or other personnel responsible for this function) and assist the Board in its oversight of the performance of this function. The audit committee should also discuss with the outside auditor the responsibilities, budget and staffing of the internal audit function.

(b) Transition Periods

(1) A Company listing in conjunction with its initial public offering or a spin-off transaction must comply with the requirements of LTSE Rule 14.414(a) within one year of the listing date.

(2) A Company previously registered pursuant to Section 12(b) of the Exchange Act must satisfy the requirements of LTSE Rule 14.414(a) within one year of the listing date to the extent the national securities exchange on which it was listed did not have the same requirement. If the other exchange had a substantially similar requirement and the company was afforded a transition period that had not expired, the company will have the same transition period as would have been available to it on the other exchange.

**Rule 14.425. Long-Term Policies**

(a) Each Company must adopt and publish the following policies:

(1) Long-Term Stakeholder Policy: a policy explaining how the Company operates its business to consider all of the stakeholders critical to its long-term success, including:

(A) which stakeholder groups the Company considers critical to long-term success;

(B) the Company’s impact on the environment and its community;

(C) the Company’s approach to diversity and inclusion;

(D) the Company’s approach to investing in its employees; and

(E) the Company’s approach to rewarding its employees and other stakeholders for contributing to the Company’s long-term success.

(2) Long-Term Strategy Policy: a policy explaining how the Company prioritizes long-term strategic decision-making and long-term success, including discussion of:

(A) what time horizon the Company considers long-term;

(B) how this time horizon relates to the Company’s strategic plans;

(C) how the Company aligns success metrics with its long-term time horizon; and

(D) how the Company implements long-term prioritization throughout the organization.

(3) Long-Term Compensation Policy: a policy explaining the Company's alignment of executive compensation and board compensation with the Company's long-term success and long-term success metrics.

(4) Long-Term Board Policy: a policy explaining the engagement of the Company's board of directors in the Company's long-term focus, including discussion of whether the board and/or which board committee(s), if any, have explicit oversight of and responsibility for long-term strategy and success metrics.

(5) Long-Term Investor Policy: a policy explaining how the Company engages with long-term investors.

(b) Companies will have flexibility in developing what they believe to be appropriate policies for their businesses; however, each of the policies required in Section 14.425(a) must be consistent with the following principles:

(1) Long-term focused companies should consider a broader group of stakeholders and the critical role they play in one another's success;

(2) Long-term focused companies should measure success in years and decades and prioritize long-term decision-making;

(3) Long-term focused companies should align executive compensation and board compensation with long-term performance;

(4) Boards of directors of long-term focused companies should be engaged in and have explicit oversight of long-term strategy; and

(5) Long-term focused companies should engage with their long-term shareholders.

(c) Each Company must review the policies required by this Rule 14.425 at least annually and make such policies available publicly and free of charge on or through its website. In addition, each Company must disclose in its annual proxy statement or, if it does not file an annual proxy statement, in its annual report on Form 10-K (or in the case of a foreign private issuer, Form 20-F) filed with the SEC, that these policies are available on or through its website and provide the website address.

*(Adopted by SR-LTSE-2019-01 eff. August 21, 2019)*

## Rule 14.500. Failure to Meet Listing Standards

(a) Securities of a Company that does not meet the listing standards set forth in Chapter 14 are subject to delisting from the Exchange. This Section sets forth procedures for the independent review, suspension, and delisting of Companies that fail to satisfy one or more standards for continued listing and thus are "deficient" with respect to the listing standards.

LTSE Regulation is responsible for identifying deficiencies that may lead to delisting; notifying the Company of the deficiency; and issuing Staff Delisting Determinations and Public Reprimand Letters. Rule 14.501 contains provisions regarding LTSE Regulation's process for notifying Companies of different types of deficiencies and their corresponding consequences.

The Listings Review Committee, upon timely request by a Company, will review a Staff Delisting Determination or Public Reprimand Letter at an oral or written hearing,

and issue a Decision that may, among other things, grant an "exception" to the Exchange's listing standards or affirm a delisting. Rule 14.502 contains provisions relating to the hearings process.

Procedures related to SEC notification of the Exchange's final Delisting Determinations are discussed in LTSE Rule 14.503. Rules applicable to the Listings Review Committee and Advisors are provided in LTSE Rule 14.504 and general information relating to the adjudicatory process is provided in LTSE Rule 14.505.

A Company's failure to maintain compliance with the applicable provisions of Chapter 14 will result in the termination of the listing unless an exception is granted to the Company, as described below. The termination of the Company's listing will become effective in accordance with the procedures set forth herein, including LTSE Rule 14.503.

(b) Definitions

(1) "Advisor" means an individual employed by the Exchange who is advising the Listings Review Committee with respect to a proceeding under this section.

(2) "Decision" means a written decision of an Adjudicatory Body.

(3) "LTSE Regulation" is the department of the Exchange responsible for evaluating Company compliance with quantitative and qualitative listing standards and determining eligibility for initial and continued listing of a Company's securities.

(4) The "Listings Review Committee" is the committee designated by the Exchange's Board of Directors to review Company appeals of Staff Delisting Determinations and Public Reprimand Letters. The Listings Review Committee shall be composed of at least five members. Any action by the Listings Review Committee shall require a quorum, which shall be at least three members.

(5) "Public Reprimand Letter" means a letter issued by Staff or a Decision of the Listings Review Committee in cases where the Company has violated an Exchange corporate governance or notification listing standard (other than one required by Rule 10A-3 or Rule 10D-1 under the Act) and Staff or the Listings Review Committee determines that delisting is an inappropriate sanction. In determining whether to issue a Public Reprimand Letter, Staff or the Listings Review Committee will consider whether the violation was inadvertent, whether the violation materially adversely affected shareholders' interests, whether the violation has been cured, whether the Company reasonably relied on an independent advisor and whether the Company has demonstrated a pattern of violations.

(6) "Staff" refers to employees of LTSE Regulation.

(7) "Staff Delisting Determination" or "Delisting Determination" is a written determination by LTSE Regulation to delist a listed Company's securities for failure to meet a continued listing standard.

**Rule 14.501. Notification of Deficiency by LTSE Regulation**

(a) When LTSE Regulation determines that a Company does not meet a listing standard set forth in Chapter 14, it will immediately notify the Company of the deficiency. As explained in more detail below, deficiency notifications are of four types:

(1) Staff Delisting Determinations, which are notifications of deficiencies that, unless appealed, subject the Company to immediate suspension and delisting;

(2) notifications of deficiencies for which a Company may submit a plan of compliance for staff review;

(3) notifications of deficiencies for which a Company is entitled to an automatic cure or compliance period; and

(4) Public Reprimand Letters, except such notification type is not available for unresolved deficiencies from the standards of Rules 14.207(c) {Obligation to File Periodic Financial Reports}, 14.207(f) {Recovery of Erroneously Awarded Compensation to Executive Officers}, 14.407(a)(4)(D) {Partner Meetings of Limited Partnerships} and 14.408(a) {Meetings of Shareholders}.

Notifications of deficiencies that allow for submission of a compliance plan or an automatic cure or compliance period may result, after review of the compliance plan or expiration of the cure or compliance period, in issuance of a Staff Delisting Determination or a Public Reprimand Letter, subject to the exceptions above..

(b) Information Contained in Deficiency Notification and Delisting Determination

Deficiency notifications and Delisting Determinations will:

(1) inform the Company of the factual bases for Staff's determination of deficiency or delisting, and the quantitative or qualitative standard the Company has failed to satisfy;

(2) provide the Company with instructions regarding its obligations to disclose the deficiency under Exchange Listing Rules; and

(3) inform the Company:

(A) in the case of a Staff Delisting Determination, that the Company's securities will be suspended as of a date certain; the Company has a right to request review of the Delisting Determination by the Listings Review Committee; and that a request for review within seven days (as set forth in LTSE Rule 14.502(a)(1)) will stay the suspension;

(B) in the case of a deficiency for which the Company may submit a plan of compliance for review by Staff, the deadline by which a plan must be submitted;

(C) in the case of a deficiency for which the Company is entitled to an automatic cure or compliance period, the expiration date of the cure or compliance period; and

(D) in the case of a Public Reprimand Letter, an explanation of why Staff concluded the letter is appropriate and the Company's right to request review of the Letter by Listings Review Committee.

(c) Company Disclosure Obligations

A Company that receives a notification of deficiency, Staff Delisting Determination, or Public Reprimand Letter is required to make a public announcement disclosing receipt of the notification and the Rule(s) upon which the deficiency is based. A Company that receives a notification of deficiency or Staff Delisting Determination related to the requirement to file a periodic report contained in LTSE Rule 14.207(c)(1) or (2) is required to make the public announcement by issuing a press release disclosing receipt of the notification and the Rule(s) upon which the deficiency is based, in addition to filing any Form 8-K required by SEC rules. In all other cases, the Company may make the public announcement either by filing a Form 8-K, where required by SEC rules, or by issuing a press release. As described in LTSE Rule 14.207(b)(1) and Supplementary Material .01 to LTSE Rule 14.207 (Disclosure of Material Information), the Company must notify LTSE Regulation about the announcement through the electronic disclosure submission system available on the Exchange's Web site, except in emergency situations when notification may instead be provided by telephone or facsimile. If the public announcement is made during System Hours (as defined in LTSE Rule 1.160), the Company must notify LTSE Regulation at least ten minutes prior to the announcement. If the public announcement is made outside of System Hours (as defined in LTSE Rule 1.160), the Company must notify LTSE Regulation of the announcement at least 10 minutes prior to the start of System Hours (as defined in LTSE Rule 1.160). The Company should make the public announcement as promptly as possible but not more than four business days following receipt of the notification.

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*** * * * * *Supplementary Material* * * * ***

***.01 Disclosure of Written Notice of Staff Determination***

*LTSE Rule 14.501(c) requires that a Company make a public announcement by filing a Form 8-K, where required by SEC rules, or by issuing a press release disclosing the receipt of (i) a notice that the Company does not meet a listing standard set forth in Chapter 14, (ii) a Staff Delisting Determination to limit or prohibit continued listing of the Company's securities under LTSE Rule 14.501 as a result of the Company's failure to comply with the continued listing requirements, or (iii) a Public Reprimand Letter; provided, however, that if the notification relates to a failure to meet the requirements of LTSE Rules 14.207(c)(1) or (2), the Company must make the public announcement by issuing a press release. Such public announcement shall be made as promptly as possible, but not more than four business days following the receipt of the notification, Staff Delisting Determination, or Public Reprimand Letter, as applicable. In addition to containing all disclosure required by Form 8-K, if applicable, the public announcement must describe each specific basis and concern identified by LTSE Regulation in its determination that the Company does not meet the listing standard and identify the Rules upon which the deficiency is based. For example, if the LTSE Regulation determines to delist a Company based on its discretionary authority under LTSE Rule 14.101, the Company must include in its public announcement the specific concerns cited in the Staff Delisting Determination. In addition, a Company may provide its own analysis of the issues raised in the Staff Delisting Determination.*

*If the public announcement is not made by the Company within the time allotted or does not include all of the required information, trading of its securities shall be halted (if not already halted), even if the Company appeals the Staff Delisting Determination or Public Reprimand Letter as set forth in LTSE Rule 14.502, and LTSE Regulation may make a public announcement with the required*

*information. If the company's failure to make this public announcement is the only basis for a trading halt, LTSE would ordinarily resume trading if LTSE Regulation makes the public announcement. If the Company fails to make the public announcement by the time that the Hearings Panel issues its Decision, that Decision will also determine whether to delist the Company's securities for failure to make the public announcement.*

*LTSE Rule 14.501(c) does not relieve a Company of its disclosure obligation under the federal securities laws, nor should it be construed as providing a safe harbor under the federal securities laws. It is suggested that the Company consult with corporate/securities counsel in assessing its disclosure obligations under the federal securities laws.*

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(d) Types of Deficiencies and Notifications

The type of deficiency at issue determines whether the Company will be immediately suspended and delisted, or whether it may submit a compliance plan for review or is entitled to an automatic cure or compliance period before a Staff Delisting Determination is issued. In the case of a deficiency not specified below, Staff will issue the Company a Staff Delisting Determination or a Public Reprimand Letter.

(1) Deficiencies that Immediately Result in a Staff Delisting Determination.

Staff's notice will inform the Company that its securities are immediately subject to suspension and delisting when:

(A) a Company fails to timely solicit proxies; or

(B) Staff has determined, under its discretionary authority in LTSE Rule 14.101, that the Company's continued listing raises a public interest concern.

(2) Deficiencies for which a Company may Submit a Plan of Compliance for Staff Review.

(A) Submission of Plan of Compliance. Unless the Company is currently under review by the Listings Review Committee for a Staff Delisting Determination, LTSE Regulation may accept and review a plan to regain compliance when a Company is deficient with respect to one of the standards listed in subsections (i) through (v) below. In accordance with Rule 14.501(d)(2)(C), plans provided pursuant to subsections (i) through (iv) below must be provided generally within 45 calendar days, and in accordance with Rule 14.501(d)(2)(F), plans provided pursuant to subsection (v) must be provided generally within 60 calendar days.

(i) all quantitative deficiencies from standards that do not provide a compliance period;

(ii) deficiencies from the standards of LTSE Rules 14.405 (Board of Directors and Committees) or 14.407(a)(4)(C) (Independent Directors/Audit Committee of Limited Partnerships) where the cure period of the Rule is not applicable;

(iii) deficiencies from the standards of LTSE Rules 14.408(a) {Meetings of Shareholders}, 14.408(c) {Quorum}, 14.411{Review of Related Party

Transactions}, 14.412 {Shareholder Approval}, 14.207(c)(3) {Auditor Registration}, 14.208(a) {Direct Registration Program}, 14.207(f) {Recovery of Erroneously Awarded Compensation}, 14.406 {Code of Conduct}, 14.407(a)(4)(D) {Partner Meetings of Limited Partners}, 14.407(a)(4)(E) {Quorum of Limited Partnerships}, 14.407(a)(4)(G) {Related Party Transactions of Limited Partnerships}, 14.413 {Voting Rights}, 14.414 {Internal Audit Function}, or 14.425 {Long-Term Policies}; or

(iv) failure to make the disclosure required by LTSE Rule 14.207(b)(3); or

(v) failure to file periodic reports as required by LTSE Rule 14.207(c)(1) or (2).

(B) Staff Alternatives Upon Review of Plan. Staff may request such additional information from the Company as is necessary to make a determination, as described below. In cases other than filing delinquencies and annual meeting deficiencies, which are governed by LTSE Rule 14.501(d)(2)(F) and 14.501(d)(2)(G) respectively, upon review of a plan of compliance, Staff may either:

(i) grant an extension of time to regain compliance not greater than 180 calendar days from the date of Staff's initial notification, unless the Company is currently under review by the Listings Review Committee for a Staff Delisting Determination. If Staff grants an extension, it will inform the Company in writing of the basis for granting the extension and the terms of the extension;

(ii) issue a Staff Delisting Determination letter that includes a description of the basis for denying the extension; or

(iii) issue a Public Reprimand Letter, as defined in LTSE Rule 14.500(b)(5).

(C) Timeline for Submission of Compliance Plans. Except for deficiencies from the standards of LTSE Rule 14.207(c)(1) or (2), Staff's notification of deficiencies that allow for compliance plan review will inform the Company that it has 45 calendar days to submit a plan to regain compliance with the Exchange's listing standard(s). Staff may extend this deadline for up to an additional 5 calendar days upon good cause shown and may request such additional information from the Company as is necessary to make a determination regarding whether to grant such an extension.

(D) Restrictions on Compliance Plans for Certain Deficiencies. Staff will not accept a plan to achieve compliance with deficiencies in total assets and total revenue, since compliance requires stated levels of assets and revenues during completed fiscal years and therefore can only be demonstrated through audited financial statements. Similarly, a Company may not submit a plan relying on partial-year performance to demonstrate compliance with these standards. A Company may, however, submit a plan that demonstrates current or near-term compliance with the listing requirement relating to stockholders' equity or Market Value of Listed Securities.

(E) Failure to Meet the Terms of a Staff Extension. If the Company does not regain compliance within the time period provided by all applicable Staff extensions, Staff will immediately issue a Staff Delisting Determination indicating the date on which the Company's securities will be suspended unless it requests review by a Hearings Panel.

(F) Filing Delinquencies. In the case of deficiencies from the standards of LTSE Rule 14.207(c)(1) or (2):

(i) Staff's notice shall provide the Company with 60 calendar days to submit a plan to regain compliance with the listing standard; provided, however, that the Company shall not be provided with an opportunity to submit such a plan if review under LTSE Rule 14.500 of a prior Staff Delisting Determination with respect to the Company is already pending. Staff may extend this deadline for up to an additional 15 calendar days upon good cause shown and may request such additional information from the Company as is necessary to make a determination regarding whether to grant such an extension.

(ii) The maximum additional time provided by all exceptions granted by Staff for a deficiency described in paragraph (i) above is 180 calendar days from the due date of the first late periodic report (as extended by Rule 12b-25 under the Act, if applicable). In determining whether to grant an exception, and the length of any such exception, Staff will consider, and the Company should address in its plan of compliance, the Company's specific circumstances, including the likelihood that the filing can be made within the exception period, the Company's past compliance history, the reasons for the late filing, corporate events that may occur within the exception period, the Company's general financial status, and the Company's disclosures to the market. This review will be based on information provided by a variety of sources, which may include the Company, its audit committee, its outside auditors, the staff of the SEC and any other regulatory body.

(G) Annual Meeting. In the case of deficiencies from the standards of Rules 14.408(a) and 14.407(a)(4)(D):

(i) Staff’s notice shall provide the Company with 45 calendar days to submit a plan to regain compliance with the listing standard; provided, however, that the Company shall not be provided with an opportunity to submit such a plan if review under the Rule Series 14.500 of a prior Staff Delisting Determination with respect to the Company is already pending. Staff may extend this deadline for up to an additional 15 calendar days upon good cause shown and may request such additional information from the Company as is necessary to make a determination regarding whether to grant such an extension.

(ii) The maximum additional time provided by all exceptions granted by Staff is 180 calendar days from the deadline to hold the annual meeting (one year after the end of the Company’s fiscal year). In determining whether to grant an exception, and the length of any such exception, Staff will consider, and the Company should address in its

plan of compliance, the Company's specific circumstances, including the likelihood that the Company would be able to hold an annual meeting within the exception period, the Company's past compliance history, the reasons for the failure to hold the annual meeting timely, corporate events that may occur within the exception period, the Company's general financial status, and the Company's disclosures to the market. This review will be based on information provided by a variety of sources, which may include the Company, its audit committee, its outside auditors, the staff of the SEC and any other regulatory body.

(3) Deficiencies for which the Rules Provide a Specified Cure or Compliance Period.

With respect to deficiencies related to the standards listed in (A) - (E) below, Staff's notification will inform the Company of the applicable cure or compliance period provided by these Rules and discussed below. If the Company does not regain compliance within the specified cure or compliance period, LTSE Regulation will immediately issue a Staff Delisting Determination letter.

(A) Bid Price Requirement. A failure to meet the continued listing requirement for minimum bid price shall be determined to exist only if the deficiency continues for a period of 30 consecutive business days. Upon such failure, the Company shall be notified promptly and shall have a period of 180 calendar days from such notification to achieve compliance. Compliance can be achieved during any compliance period by meeting the applicable standard for a minimum of 10 consecutive business days during the applicable compliance period, unless Staff exercises its discretion to extend this 10 day period as discussed in LTSE Rule 14.501(d)(3)(F).

(B) Market Makers. A failure to meet the continued listing requirement for a number of Market Makers shall be determined to exist only if the deficiency continues for a period of 10 consecutive business days. Upon such failure, the Company shall be notified promptly and shall have a period of 30 calendar days from such notification to achieve compliance. Compliance can be achieved by meeting the applicable standard for a minimum of 10 consecutive business days during the 30 day compliance period.

(C) Market Value of Listed Securities. A failure to meet the continued listing requirements for Market Value of Listed Securities shall be determined to exist only if the deficiency continues for a period of 30 consecutive business days. Upon such failure, the Company shall be notified promptly and shall have a period of 180 calendar days from such notification to achieve compliance. Compliance can be achieved by meeting the applicable standard for a minimum of 10 consecutive business days during the 180 day compliance period.

(D) Market Value of Publicly Held Shares. A failure to meet the continued listing requirement for Market Value of Publicly Held Shares shall be determined to exist only if the deficiency continues for a period of 30 consecutive business days. Upon such failure, the Company shall be notified promptly and shall have a period of 180 calendar days from such notification to achieve compliance. Compliance can be achieved by meeting the applicable standard

for a minimum of 10 consecutive business days during the 180 day compliance period.

(E) Independent Director and Audit Committee Rules. If a Company fails to meet the majority board independence requirement in LTSE Rule 14.405(b)(1) due to one vacancy, or because one director ceases to be independent for reasons beyond his/her reasonable control, LTSE Regulation will promptly notify the Company and inform it has until the earlier of its next annual shareholders meeting or one year from the event that caused the deficiency to cure the deficiency. However, if the Company's next annual shareholders' meeting is held sooner than 180 days after the event that caused the deficiency, then the Company has 180 days from the event that caused the deficiency to cure it.

If a Company fails to meet the audit committee composition requirements in LTSE Rule 14.405(c)(2) because an audit committee member ceases to be independent for reasons outside his/her control, LTSE Regulation will promptly notify the Company and inform it that has until the earlier of its next annual shareholders meeting or one year from the occurrence of the event that caused the failure, to cure the deficiency. If the Company fails to meet the audit committee composition requirement due to one vacancy on the audit committee, and the Company is not relying upon a cure period for another member, LTSE Regulation will promptly notify the Company and inform it that it has until the earlier of its next annual shareholders meeting or one year from the event that caused the failure to cure the deficiency. However, if the Company's next annual shareholders' meeting is held sooner than 180 days after the event that caused the deficiency, then the Company has 180 days from the event that caused the deficiency to cure it.

(F) Staff Discretion Relating to the Price-based Requirements. If a Company fails to meet the Market Value of Listed Securities, Market Value of Publicly Held Shares, or Bid Price requirements, each of which is related to the Company's security price and collectively called the "Price-based Requirements," compliance is generally achieved by meeting the requirement for a minimum of ten consecutive business days. However, Staff may, in its discretion, require a Company to satisfy the applicable Price-based Requirement for a period in excess of ten consecutive business days, but generally no more than 20 consecutive business days, before determining that the Company has demonstrated an ability to maintain long-term compliance. In determining whether to require a Company to meet the applicable Price-based- requirement beyond ten business days, Staff may consider all relevant facts and circumstances, including without limitation:

(i) the margin of compliance (the amount by which a Company exceeds the applicable Price-based requirement);

(ii) the trading volume (a lack of trading volume may indicate a lack of bona fide market interest in the security at the posted bid price);

(iii) the Market Maker quoting activity (the number of Market Makers quoting at or above $1.00 or the minimum price necessary to satisfy another Price-based Requirement; and the size of their quotes); and

(iv) the trend of the stock price (is it up or down).

(4) Public Reprimand Letter.

Staff's notification may be in the form of a Public Reprimand Letter in cases where the Company has violated an Exchange corporate governance or notification listing standard (other than one required by Rule 10A-3 or Rule 10D-1 under the Act) and Staff determines that delisting is an inappropriate sanction. In determining whether to issue a public reprimand letter, LTSE Regulation will consider whether the violation was inadvertent, whether the violation materially adversely affected shareholders' interests, whether the violation has been cured, whether the Company reasonably relied on an independent advisor and whether the Company has demonstrated a pattern of violations.

(e) Additional Deficiencies

LTSE Regulation continues to evaluate the compliance of Companies while they are under review by the Listings Review Committee and may identify additional deficiencies. Upon identification of an additional deficiency, Staff will issue an additional notification of deficiency to the Company and send a copy to the Listings Review Committee.

(1) Staff's notification of the additional deficiency will conform to the requirements set forth in LTSE Rule 14.501(b) if:

(A) the matter under review by the Listings Review Committee is a Public Reprimand Letter; or

(B) the additional deficiency identified is one that has an automatic cure or compliance period. If the additional deficiency is one that would in the normal course result in immediate suspension and delisting, or one for which the Company may submit a compliance plan to Staff for review, Staff's notification will instruct the Company to address the issue to the Listings Review Committee at its hearing, unless the hearing for the original deficiency has already taken place. If the hearing has already taken place, Staff's notification will instruct the Company to provide in writing, within a specified time period, a submission that addresses the deficiency to the Listings Review Committee before which its matter is pending.

*(Amended by SR-LTSE-2019-04 eff. December 5, 2019; amended by SR-LTSE-2021-01 eff. March 10, 2021; amended by SR-LTSE-2023-01 eff. October 2, 2023).*

**Rule 14.502. Review of Staff Determinations by the Listings Review Committee**

When a Company receives a Staff Delisting Determination or a Public Reprimand Letter issued by LTSE Regulation it may request in writing that the Listings Review Committee review the matter in a written or an oral hearing. This section sets forth the procedures for requesting a hearing before the Listings Review Committee, describes the Listings Review Committee and the possible outcomes of a hearing, and sets forth Listings Review Committee procedures.

(a) Procedures for Requesting and Preparing for a Hearing

(1) Timely Request Stays Delisting

(A) A Company may, within seven calendar days of the date of the Staff Delisting Determination notification or Public Reprimand Letter request a written or oral hearing before the Listings Review Committee to review the Staff Delisting Determination or Public Reprimand Letter. Subject to the limitation in paragraph (B) below, a timely request for a hearing will stay the suspension and delisting action pending the issuance of a written Listings Review Committee Decision. Requests for hearings should be submitted in writing to the General Counsel.

(B) A request for a hearing shall ordinarily stay the delisting action pending the issuance of a Listings Review Committee Decision. However, if the Staff Delisting Determination relates to deficiencies from the standards of LTSE Rule 14.207(c)(1) or (2), which require a Company to timely file its periodic reports with the Commission, the delisting action will only be stayed for 15 calendar days from the deadline to request a hearing unless the Company specifically requests and the Listings Review Committee grants a further stay. A request for a further stay must include an explanation of why such a stay would be appropriate and should be included in the Company's request for a hearing. Based on that submission and any recommendation provided by Staff, the Listings Review Committee will determine whether to grant the Company a further stay. In determining whether to grant the stay, the Listings Review Committee will consider the Company's specific circumstances, including the likelihood that the filing can be made within any exception period that could subsequently be granted, the Company's past compliance history, the reasons for the late filing, corporate events that may occur within the exception period, the Company's general financial status, and the Company's disclosures to the market. The Listings Review Committee will notify the Company of its conclusion as soon as is practicable, but in no event more than 15 calendar days following the deadline to request the hearing. In the event the Listings Review Committee determines not to grant the Company a stay, the Company's securities will be immediately suspended and will remain suspended unless the Listings Review Committee Decision issued after the hearing determines to reinstate the securities.

(2) Failure to Request Results in Immediate Delisting

If a Company fails to request in writing a hearing within seven calendar days, it waives its right to request review of a Delisting Determination or Public Reprimand Letter. In that event, LTSE Regulation will take action to suspend trading of the securities and follow procedures to delist the securities.

(3) Fees

Within 15 calendar days of the date of the Staff Delisting Determination or Public Reprimand Letter the Company must submit a hearing fee to the Exchange, to cover the cost of the hearing, as follows:

(A) when the Company has requested a written hearing, $1,000; or

(B) when the Company has requested an oral hearing, whether in person or by telephone, $5,000.

(4) Scheduling of Hearings

The General Counsel will schedule hearings to take place, to the extent practicable, within 45 days of the request for a hearing, at a location determined by the General Counsel. The General Counsel will send written acknowledgment of the Company's hearing request and inform the Company of the date, time, and location of the hearing, and deadlines for written submissions to the Listings Review Committee. The Company will be provided at least ten calendar days' notice of the hearing unless the Company waives such notice.

(5) Submissions from Company

The Company may submit to the General Counsel a written plan of compliance and request that the Listings Review Committee grant an exception to the listing standards for a limited time period, as permitted by LTSE Rule 14.502(b)(1)(A) or may set forth specific grounds for the Company's contention that the issuance of a Staff Delisting Determination or Public Reprimand Letter was in error, and may also submit public documents or other written material in support of its position, including any information not available at the time of the Staff Determination. The Listings Review Committee will review the written record, as described in LTSE Rule 14.505(a), before the hearing.

(6) Presentation at Hearing

At an oral hearing, the Company may make such presentation as it deems appropriate, including the appearance by its officers, directors, accountants, counsel, investment bankers, or other persons, and the Listings Review Committee may question any representative appearing at the hearing. Hearings are generally scheduled to last one hour, but the Hearings Panel may extend the time. The General Counsel or his or her designee will arrange for and keep on file a transcript of oral hearings.

(b) Scope of the Listing Review Committee's Discretion

(1) The Listing Review Committee may, where it deems appropriate:

(A) grant an exception to the continued listing standards for a period not to exceed 180 days from the date of the Staff Delisting Determination with respect to the deficiency for which the exception is granted;

(B) suspend and delist the Company's securities;

(C) issue a Decision that serves as a Public Reprimand Letter in cases where the Company has violated an Exchange corporate governance or notification listing standard (other than one required by Rule 10A-3 or Rule 10D-1 under the Act) and the Listings Review Committee determines that delisting is an inappropriate sanction. In determining whether to issue a Public Reprimand Letter, the Listings Review Committee will consider whether the violation was inadvertent, whether the violation materially adversely affected shareholders' interests, whether the violation has been cured, whether the Company reasonably relied on an independent advisor and whether the Company has demonstrated a pattern of violations;

(D) find the Company in compliance with all applicable listing standards; or

(E) in the case of a Company that fails to file a periodic report (e.g., Form 10-K, 10-Q, 20-F, 40-F, or N-CSR), the Listings Review Committee may grant an exception for a period not to exceed 360 days from the due date of the first such late periodic report. The Company can regain compliance with the requirement by filing that periodic report and any other delinquent reports with due dates falling before the end of the exception period. In determining whether to grant an exception, and the length of any such exception, the Listings Review Committee will consider the Company's specific circumstances, including the likelihood that the filing can be made within the exception period, the Company's past compliance history, the reasons for the late filing, corporate events that may occur within the exception period, the Company's general financial status, and the Company's disclosures to the market. This review will be based on information provided by a variety of sources, which may include the Company, its audit committee, its outside auditors, the staff of the SEC and any other regulatory body.

(F) In the case of a Company or Limited Partnership that fails to hold an annual meeting, the Listings Review Committee may grant an exception for a period not to exceed 360 days from the deadline to hold the annual meeting (one year after the end of the Company’s fiscal year).

(2) The Listings Review Committee may consider any failure to meet any quantitative or qualitative standard for continued listing, including failures previously not considered by Staff. The Company will be given written notice of such consideration and an opportunity to respond.

(3) Under the authority described in LTSE Rule 14.101, the Listings Review Committee may subject the Company to additional or more stringent criteria for the continued listing of particular securities based on any event, condition, or circumstance that exists or occurs that makes continued listing of the securities inadvisable or unwarranted in its opinion, even though the securities meet all enumerated criteria for continued listing on the Exchange.

(c) Listings Review Committee Procedures

(1) Decision

After the hearing, the General Counsel, on behalf of the Listings Review Committee, will issue a Decision that meets the requirements of LTSE Rule 14.505(c) and has been approved by at least a majority of the members of the Listings Review Committee in attendance. The Listings Review Committee Decision shall be promptly provided to the Company, and is effective immediately upon issuance, unless it specifies to the contrary. If the Listings Review Committee is deadlocked, the Chair's vote shall count twice, or if the Chair is not in attendance, the vote of the next most senior member of the Listings Review Committee shall count twice.

(2) Form 25 Notification of Delisting

If the Listings Review Committee issues a Decision to delist the Company's securities, LTSE Regulation will immediately take action to suspend trading of the securities, unless the Decision specifies to the contrary, and the Exchange will follow the procedures described in LTSE Rule 14.503 to submit an application on Form 25 to the SEC to strike the security from listing.

(3) Procedures Applicable for Recurring Deficiencies

(A) Listings Review Committee Monitor

The Listings Review Committee may, after a Company regains compliance with all applicable listing standards, monitor the Company's continued compliance for up to one year after the compliance date, if the Listings Review Committee concludes that there is a likelihood that the issuer will fail to maintain compliance with one or more listing standards during that period. If the Listings Review Committee or LTSE Regulation determines that a Company under Listings Review Committee monitor fails any listing standard during the monitor period, the Staff will issue a Staff Delisting Determination and the General Counsel or his or her designee will promptly schedule a new hearing. The hearing may be oral or written, at the Company's election.

Notwithstanding LTSE Rule 14.501(d)(2), the Company will not be permitted to provide LTSE Regulation with a plan of compliance with respect to any deficiency that arises during the monitor period, and LTSE Regulation will not be permitted to grant additional time for the Company to regain compliance with respect to any deficiency. The Listings Review Committee will consider the Company's compliance history when rendering its Decision.

(B) No Listings Review Committee Monitor

If the Listings Review Committee has not opted to monitor a Company that has regained compliance with the listing standards requiring the Company to maintain certain levels of stockholders' equity or to timely file periodic reports, and within one year of the date the Company regained compliance with such listing standard, LTSE Regulation finds the Company again out of compliance with the requirement that was the subject of the exception, then, notwithstanding LTSE Rule 14.501(d)(2), LTSE Regulation will not allow the Company to provide it with a plan of compliance or grant additional time for the Company to regain compliance. Rather, LTSE Regulation will promptly issue a Staff Delisting Determination, and the Company may request review by the Listings Review Committee. The Listings Review Committee will consider the Company's compliance history when rendering its Decision.

(4) Request for Listings Review Committee Reconsideration

A Company may request, in writing, that the Listings Review Committee reconsider a Listings Review Committee Decision only upon the basis that a mistake of material fact existed at the time of the Listings Review Committee Decision. The Company's request for reconsideration shall be made within seven calendar days of the date of issuance of the Listings Review Committee Decision. A Company's request for reconsideration will not stay a delisting determination or suspension of trading of the Company's securities, unless the Listings Review Committee, before

the scheduled date for suspension, issues a written determination staying the suspension and/or reversing the determination to delist.

If the Listings Review Committee grants a Company's reconsideration request, it will issue a modified Decision meeting the requirements of LTSE Rule 14.505(c) within 15 calendar days of the date of the original Listings Review Committee Decision.

**Rule 14.503. Finality of Delisting Determination**

When the Exchange has made a final determination to delist a Company's securities, it will follow procedures consistent with the Act to strike the security from listing. The Exchange's determination to delist a Company's securities is final when, after a Delisting Determination has been issued, all available reconsideration procedures and periods available under these Rules have expired.

The Exchange will issue a press release and post a notice on its website announcing its final determination to remove a security from listing, consistent with Rule 12d2-2 under the Act. Under Rule 12d2-2, the Exchange must disseminate this public notice not less than 10 days before the delisting becomes effective and maintain the website notice until the delisting is effective. Following the public notification, the Exchange will file an application on Form 25 with the Commission to delist the security, and will promptly provide a copy of that Form 25 to the Company. The delisting of the security becomes effective 10 days after the Form 25 is filed pursuant to Rule 12d2-2(d)(1) under the Act, unless the Commission postpones the delisting pursuant to Rule 12d2-2(d)(3).

**Rule 14.504. Rules Applicable to the Listings Review Committee and Advisors**

(a) Ex Parte Communications

(1) No Ex parte Communications

No member of the staff of LTSE Regulation or its counsel, and no Company representative will make or knowingly cause to be made an ex parte communication relevant to the merits of a proceeding under this Section to the Listings Review Committee, any member thereof or any Advisor. Similarly, neither the Listings Review Committee, any member thereof nor any Advisor will make or knowingly cause to be made an ex parte communication relevant to the merits of a proceeding to a Company representative, a member of the staff of LTSE Regulation or its counsel.

(2) If an ex parte communication as described in paragraph (1) is made, received or caused to be made, the person making such ex parte communication will place a copy of it, or its substance if it is an oral communication, in the record of the proceeding. Staff of LTSE Regulation or the Company, as applicable, will be

permitted to respond to the ex parte communication, and any response will be placed in the record of the proceeding.

(b) Recusal or Disqualification

No person will participate as a member of the Listings Review Committee, the staff of LTSE Regulation, or Advisor to either thereof, in a matter as to which he or she has a conflict of interest or bias, or circumstances otherwise exist where his or her fairness might reasonably be questioned. In any such case, the person will recuse himself or herself, or will be disqualified. The Chair of the Listings Review Committee shall have authority to order the disqualification of a member of the Listings Review Committee and a majority of the Listings Review Committee excluding the Chair, shall have authority to order the disqualification of the Chair. A Company that has requested a review by the Listings Review Committee shall provide such information as determined by LTSE necessary to enable LTSE and the members of the Listing Review Committee, the staff of LTSE Regulation, or an Advisor to either thereof to determine whether he or she has a conflict of interest or bias, or circumstances otherwise existing where his or her fairness might reasonably be questioned.

**Rule 14.505. Adjudicatory Process: General Information**

(c) Record on Review

At each proceeding under this Section, the written record may consist of the following items, as applicable: correspondence between the Exchange and the Company; the Company's public filings; information released to the public by the Company; written submissions, exhibits, or requests submitted by either the Company or LTSE Regulation and responses thereto; and any additional information considered by the Listings Review Committee as part of the review process. The written record will be supplemented by the transcript of any hearings held during the review process and all Decisions issued.

At each review under this Section, the Company will be informed of the contents of the written record. The Company will be provided a copy of any documents in the record that were not provided by the Company or are not publicly available, at least three calendar days before the deadline for Company submissions, unless the Company waives this production.

If additional issues arising under Chapter 14 are considered, as permitted by LTSE Rule 14.500, the notice of such consideration and any response to such notice shall be made a part of the record.

(d) Additional Information Requested or Considered

At each proceeding under this Section, the Listings Review Committee, as part of its review:

(1) may request additional information from the Company or LTSE Regulation; and

(2) may consider additional information available from other sources it deems relevant. The Company and LTSE Regulation will be afforded written notice and an opportunity to address the significance of any information requested or

considered, and the notice, responses to the notice, and the information considered will be made part of the record.

(e) Contents of Decisions

Each Listings Review Committee written Decision will include:

(1) a statement describing the procedural history of the proceeding, including investigations or reviews undertaken by LTSE Regulation;

(2) the quantitative or qualitative standard that the Company is alleged to have failed to satisfy;

(3) a statement setting forth the findings of fact with respect to the Company;

(4) the conclusions of the Listings Review Committee as to whether the Company has failed to satisfy the quantitative or qualitative standards for initial or continued listing; and

(5) a statement of the Listings Review Committee in support of its disposition of the matter, and, if applicable, the rationale for any exception to the initial or continued listing requirements granted.

(f) Correction of Clerical Errors

The Listings Review Committee may correct clerical or other non-substantive errors in its Decisions either on their own motion or at the request of a Company. A copy of any such corrected Decision will be provided to the Company.

(g) Computation and Adjustment of Time

(1) Except as described in paragraph (B) below, in counting any time under this Section, the day of the act, event, or default from which the period of time begins to run, is not to be included. The last day of the period is included, unless it is a Saturday, Sunday, federal holiday, or Exchange holiday in which case the period runs until the end of the next day that is not a Saturday, Sunday, federal holiday or Exchange holiday.

(2) When Staff determines whether a deficiency has occurred with respect to the Price, Market Value of Listed Securities, or Market Value of Publicly Held Shares requirements, the first trading day that the Price or Market Value is below required standards is included in computing the total number of consecutive trading days of default. Similarly, when Staff determines whether a Company has regained compliance with the Price, Market Value of Listed Securities, or Market Value of Publicly Held Shares requirements, the first trading day that the Price or Market Value is at or above required standards is included in computing the total number of consecutive trading days.

(3) If the Office of General Counsel determines that notice required to be provided under this Section was not properly given or that other extenuating circumstances exist, the Office of General Counsel may adjust the periods of time provided by the rules for the filing of written submissions, the scheduling of hearings, or the performance of other procedural actions by the Company or the Listings Review Committee, as applicable, to allow the Company or the Listings Review Committee the time contemplated by these rules.

(4) A Company may waive any notice period specified in this Section.

(h) Delivery of Documents

Delivery of any document under this Section may be made by electronic delivery, hand delivery, facsimile, regular mail, or overnight courier. Delivery will be considered timely if the electronic delivery, hand delivery, fax, or overnight courier is received on or before the relevant deadline. If a Company has not specified a facsimile number, e-mail address, or street address, delivery will be made to the last known facsimile number, e-mail address, and street address. If a Company is represented by counsel or a representative, delivery may be made to the counsel or representative.

(i) Document Retention Procedures

Any document submitted to the Exchange in connection with a proceeding under this Section will be retained in accordance with applicable record retention policies.

(j) Documentation of Decisions

LTSE Regulation or the Advisor to the Listings Review Committee, as applicable, shall document the date on which a Decision with respect to a Company is implemented.

(k) Re-Listing of a Company

A Company that has been the subject of a Decision by the Listings Review Committee to delist such Company shall be required, prior to re-listing, to comply with the requirements for initial listing. A Company that has been suspended but that has not been the subject of such a Decision shall be required, prior to re-listing, to comply with requirements for continued listing.

(l) Voluntary Delisting

(1) A Company may voluntarily terminate its listing upon compliance with all requirements of Rule 12d2-2(c) under the Act. In part, Rule 12d2-2(c) requires that the Company may delist by filing an application on Form 25 with the Commission, provided that the Company: (i) complies with all applicable laws in effect in the state in which it is incorporated and with the applicable LTSE Rules; (ii) provides notice to the Exchange no fewer than 10 days before the Company files the Form 25 with the Commission, including a statement of the material facts relating to the reasons for delisting; and (iii) contemporaneous with providing notice to the Exchange, publishes notice of its intent to delist, along with its reasons therefore, via a press release and on its web site, it if has one. Any notice provided on the Company's web site pursuant to Rule 12d2-2(c) must remain available until the delisting has become effective. The Company must also provide a copy of the Form 25 to the Exchange simultaneously with its filing with the Commission. The Exchange will provide notice on its web site of the Company's intent to delist as required by Rule 12d2-2(c)(3).

(2) A Company that seeks to voluntarily delist a class of securities pursuant to LTSE Rule 14.505(j)(1) that has received notice from the Exchange, pursuant to LTSE Rule 14.500 or otherwise, that it fails to comply with one or more requirements for continued listing, or that is aware that it is below such continued listing requirements notwithstanding that it has not received such notice from the Exchange, must disclose this fact (including the specific continued listing

requirement that it is below) in: (i) its statement of all material facts relating to the reasons for withdrawal from listing provided to the Exchange along with written notice of its determination to withdraw from listing required by Rule 12d2-2(c)(2)(ii) under the Act; and (ii) its press release and web site notice required by Rule 12d2-2(c)(2)(iii) under the Act.

(m) Disclosure of Public Reprimand Letter

A Company that receives a Listings Review Committee Decision that serves as a Public Reprimand Letter must make a public announcement by filing a Form 8-K, where required by SEC rules, or by issuing a press release disclosing the receipt of the Decision, including the Rule(s) upon which the Decision was based. As described in LTSE Rule 14.207(b)(1) and Supplementary Material .01 to LTSE Rule 14.207, the Company must notify the LTSE Regulation about the announcement through the electronic disclosure submission system available on the Exchange's Web site, except in emergency situations when notification may instead be provided by telephone or facsimile. If the public announcement is made during System Hours (as defined in LTSE Rule 1.160), the Company must notify LTSE Regulation at least ten minutes prior to the announcement. If the public announcement is made outside of System Hours (as defined in LTSE Rule 1.160), the Company must notify LTSE Regulation of the announcement at least ten minutes prior to the start of System Hours (as defined in LTSE Rule 1.160). The Company should make the public announcement as promptly as possible but not more than four business days following receipt of the Decision.

(n) Disclosure by LTSE

In order to maintain the quality of and public confidence in its market and to protect investors and the public interest, LTSE may, at any level of a proceeding under this LTSE Rule 14.500, make a public announcement, including by press release, describing a notification, Public Reprimand Letter, Staff Delisting Determination, Adjudicatory Body Decision, or other event involving a Company's listing or trading on LTSE.

*(Amended by SR-LTSE-2019-04 eff. December 5, 2019)*

## Rule Series 14.600. Listed Company Fees

### Rule 14.601. Initial Listing Fees and Annual Listing Fees

(a) Primary Equity Securities

(1) Initial Listing Fee.

(i) Reporting Company Market Capitalization. If a company has been a public reporting company continuously listed on a national securities exchange for at least 12 months prior to listing on the Exchange, then its market capitalization for purposes of the Initial Listing Fee is the

unweighted average of the company's market capitalization over the prior four quarters. (Because the deadline to file a Form 10-Q or Form 10-K occurs after the end of the quarter, it is possible that a company that has been a public reporting company continuously listed on a national securities exchange for at least 12 months prior to listing on the Exchange would have made only three such filings at the time of its initial listing on the Exchange. In such a scenario, the market capitalization shall be derived from its three most recent filings.) The market capitalization for each quarter shall be determined by multiplying the basic weighted average shares outstanding as provided in a company's Form 10-Q or Form 10-K for the end of the quarter times the closing price of the security on the final trading day of such quarter as determined from the primary listing market.

(ii) If a public reporting company has not been continuously listed on a national securities exchange at least 12 months prior to listing on the Exchange, then the market capitalization for purposes of the Initial Listing Fee shall be the lesser of: (i) the number of shares of common stock outstanding after its initial public offering as provided in the final effective registration statement times the price per share at which the company's shares were sold to the underwriters pursuant to its initial public offering ("IPO Market Capitalization"), or (ii) the Reporting Company Market Capitalization method for each available quarter (i.e., one, two, or three) for which the company has filed a Form 10-Q or 10-K. (In the case of a direct offering for which there are no underwritten securities, the price of the company's securities as of the commencement of trading on the primary listing market (i.e., opening cross) shall be used in lieu of an initial public offering price.)

(iii) If a company conducts an underwritten initial public offering and commences trading on the Exchange, then the Initial Listing Fee shall be based solely on the IPO Market Capitalization method as described above.

(iv) The Initial Listing Fee shall be in the amount specified in paragraph (3)(i) and shall be prorated based on the number of remaining trading days after listing on the Exchange in that calendar year.

(2) Annual Listing Fee.

i. The Annual Listing Fee for the upcoming calendar year is calculated on December 1 (or such date of listing if after December 1), and shall be

based on the company's Form 10-Q and Form 10-K filings over the prior four fiscal quarters. Thus, the Annual Listing Fee is calculated from filings covering the fourth quarter of the prior calendar year and the first three quarters of the current calendar year. Where a company does not have filings for the prior four fiscal quarters, its Annual Listing Fee shall be the same as its Initial Listing Fee (but not at the prorated level).

ii. The Annual Listing Fee shall be in the amount specified in paragraph (3)(ii) and shall not be refunded if a company is delisted or elects to delist during the calendar year.

(3) Fee Schedule.

i. Initial Listing Fee

| Market Capitalization | Amount of Fee |
|---|---|
| Up to $1 billion | $150,000 |
| More than $1 billion and up to $3 billion | $200,000 |
| More than $3 billion and up to $5 billion | $250,000 |
| More than $5 billion and up to $10 billion | $300,000 |
| More than $10 billion and up to $15 billion | $350,000 |
| More than $15 billion and up to $30 billion | $400,000 |
| More than $30 billion and up to $50 billion | $450,000 |
| More than $50 billion | $500,000 |

ii. Annual Listing Fee

| Market Capitalization | Fee for Renewals for Calendar Year 2023 | Fee for Renewals for Calendar Years 2024 and Beyond |
|---|---|---|

| | | |
|---|---|---|
| Up to $1 billion | $90,000 | $150,000 |
| More than $1 billion and up to $3 billion | $120,000 | $200,000 |
| More than $3 billion and up to $5 billion | $150,000 | $250,000 |
| More than $5 billion and up to $10 billion | $180,000 | $300,000 |
| More than $10 billion and up to $15 billion | $210,000 | $350,000 |
| More than $15 billion and up to $30 billion | $240,000 | $400,000 |
| More than $30 billion and up to $50 billion | $270,000 | $450,000 |
| More than $50 billion | $300,000 | $500,000 |

*(Amended by SR-LTSE-2020-03 eff. January 30, 2020; amended by SR-LTSE-2021-03 eff. May 18, 2021; amended by SR-LTSE-2022-04 eff. July 27, 2022)*

**Rule 14.602. Products and Services Offered to Companies**

The Exchange offers certain complimentary products and services and access to third-party products and services to Companies.

(a) Services offered in connection with listing: In connection with a Company's approval for listing, the Exchange offers promotional services (including Company-specific web pages on the Exchange's website, press releases, articles, videos, and podcasts) and invites the Company to participate in listing ceremonies.

(b) Ongoing products and services: The Exchange also provides the following complimentary services on an ongoing basis to currently and newly listed Companies through its affiliate, LTSE Services, Inc., as discussed below: (i) periodic Capital Markets Reports that provide tailored investor and capital markets as well as sector-specific insights and analytics for each listed Company (with a retail value of approximately $5,000 per year); (ii) periodic updates to listed Company-specific web pages on the Exchange's website on an ongoing basis (with a retail value of approximately $5,000 per year); (iii) Capital Markets Solutions, which consists of both (a) the Investor Alignment Solution focused on Environmental, Social and Governance ("ESG") analysis and strategy to help identify and access long-term and ESG performance-focused investors (with a retail value of approximately $150,000 per year); and (b) the Long-Term Investor Platform, a software platform providing shareholder intelligence and utilization for long-term growth (with a retail value of approximately $150,000 per year). The following Companies will be able to utilize the products and services as discussed above:

(1) Capital Markets Reports and Company-Specific Web Page Updates

The Exchange offers all currently and newly listed Companies complimentary periodic Capital Markets Reports and Company-specific web page updates on the Exchange's website on a continual basis.

(2) Capital Markets Solutions

(A) Within 90 days of listing on LTSE, a newly listed Company has the option to request and commence receiving the Capital Markets Solutions on a complimentary basis for a four-year term. The complimentary four-year term will begin from the date of first use of Capital Markets Solutions by the newly listed Company subject to the 90-day period noted above.

(B) A currently listed Company that has commenced utilizing the Capital Markets Solutions for a three-year term as of the effective date of rule filing SR-LTSE 2025-06 has, upon the completion of its initial three-year term, the option to request and continue receiving the Capital Markets Solutions on a complimentary basis for an additional one-year term. This additional complimentary one-year term will begin from the date of the three-year anniversary of the date the currently listed Company initially commenced receiving the Capital Markets Solutions.

Each currently and newly listed Company may elect whether or not to receive the products and services discussed above.

*(Added by SR-LTSE-2020-22 eff. February 3, 2021; amended by SR-LTSE-2021-08 eff. March 18, 2022; amended by SR-LTSE-2023-02 eff. April 12, 2023; amended by SR-LTSE-2025-06 eff. April 1, 2025)*

# CHAPTER 15. DUES, FEES, ASSESSMENTS, AND OTHER CHARGES; EFFECTIVE DATE

### Rule 15.110. Authority to Prescribe Dues, Fees, Assessments, and Other Charges

(a) Generally. The Exchange may prescribe such reasonable dues, fees, assessments, or other charges as it may, in its discretion, deem appropriate. Such dues, fees, assessments, and charges may include membership dues, transaction fees, communication and technology fees, regulatory charges, listing fees, and other fees and charges as the Exchange may determine. All such dues, fees, and charges shall be equitably allocated among Members, issuers, and other persons using the Exchange's facilities.

(b) Regulatory Transaction Fee. Under Section 31 of the Act, the Exchange must pay certain fees to the Commission. To help fund the Exchange's obligations to the Commission under Section 31, this Regulatory Transaction Fee is assessed to Members. To the extent there may be any excess monies collected under this LTSE Rule 15.110, the Exchange may retain those monies to help fund its general operating expenses. Each Member engaged in executing transactions on the Exchange shall pay, in such manner and at such times as the Exchange shall direct, a Regulatory Transaction Fee equal to (i) the rate determined by the Commission to be applicable to covered sales occurring on the Exchange in accordance with Section 31 of the Act multiplied by (ii) the Member's aggregate dollar amount of covered sales occurring on the Exchange during any computational period.

(c) Trading Fees. The Exchange will provide Members with notice of all relevant dues, fees, assessments, and charges of the Exchange. Such notice may be made available to Members on the Exchange's website or by any other method deemed reasonable by the Exchange.

(d) Connection Fees. To the extent the Exchange is charged a fee by a third party that results directly from a Member cross-connecting its trading hardware to the Exchange's System from another trading center's system that is located in the same data center as the Exchange, the Exchange will pass that fee on, in full, to the Member.

### Rule 15.120. Collection of Exchange Fees and Other Claims and Billing Policy

(a) Each LTSE Member, and all applicants for registration as such, shall be required to provide a clearing account number for an account at the National Securities Clearing Corporation ("NSCC") for purposes of permitting the Exchange to debit any undisputed or final fees, fines, charges, and/or other monetary sanctions or other monies due and owing to the Exchange or other charges pursuant to LTSE Rule 15.110, including the Exchange Fee Schedule thereto; Regulatory Transaction Fees pursuant to LTSE Rule 15.110(b); dues, assessments and other charges pursuant to LTSE Rule 2.200 to the extent the Exchange were to determine to charge such fees; and fines, sanctions, and other charges pursuant to Chapters 8 and 9 of the LTSE

Rulebook, which are due and owing to LTSE. If an LTSE Member disputes an invoice, the Exchange will not include the disputed amount in the debit if the Member has provided written notification of the dispute to the LTSE Accounting Department at accounting@ltse.com by the later of the 25th of the month (or the following business day if the 25th is not a business day) or ten days after the date the electronic invoice was sent to the Member, and the amount in dispute is at least $10,000 or greater.

(b) Pricing Disputes. All pricing disputes concerning fees, which are listed in paragraph (a), billed by the Exchange must be submitted to the Exchange in writing and must be accompanied by supporting documentation. All pricing disputes must be submitted no later than sixty (60) days after receipt of a billing invoice.

(c) Billing Errors. All fees and rebates assessed by the Exchange prior to the three full calendar months before the month in which the Exchange becomes aware of a billing error shall be considered final.

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* * * * * ***Supplementary Material*** * * * *

***.01 Fees Collected by FINRA.***

*The Exchange will not debit fees due to FINRA pursuant to LTSE Rule 15.110(a), which are collected and retained by FINRA.*

***.02 The LTSE Fee Schedule details fees and rebates assessed by the Exchange.***

# CHAPTER 16. RESERVED