

**Bold and underlined text** indicates proposed added language  
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**RULE 32(A)**

**WIND-DOWN OF THE CORPORATION**

**Section 1. Defined Terms**

**(a) For purposes of this Rule 32(A):**

**“Bridge Entity” has the meaning given to such term in the definition of “Transferee” in this Section 1(a).**

**“Business” means the Critical Services and any Non-Critical Services of the Corporation included in a Transfer.**

**“Cede” means Cede & Co., a New York general partnership that is the record owner of the financial assets held by the Corporation in fungible bulk for Participants of the Corporation.**

**“Comparability Period” means a period of time following the Transfer, to be agreed between the Corporation and a Transferee, during which the Business transferred from the Corporation to the Transferee shall be operated by the Transferee in a manner comparable to the manner in which the Business was previously operated by the Corporation, as more specifically set forth in Section 9 of this Rule 32(A).**

**“Critical Services” means the services of the Corporation described in the Rules and Procedures of the Corporation that have been identified as critical services in the Recovery and Wind-down Plan.**

**“Delinquent Participant” means a Participant of the Corporation that is delinquent in the performance of any of its obligations to the Corporation (as determined by the Corporation).**

**“DRS Agent” means a transfer agent that participates in the direct registration service of the Corporation or a transfer agent that participates in the direct registration service of the Transferee, as the context requires.**

**“DRS Agent Agreement” means the form of agreement between a DRS Agent and the Corporation or between a DRS Agent and the Transferee, as the context requires, providing, *inter alia*, for the DRS Agent to be bound by**

the Rules and Procedures of the Corporation or the Rules and Procedures of the Transferee, as applicable to such DRS Agent.

“DTCC” means The Depository Trust & Clearing Corporation.

“Eligible Participant” means a Participant of the Corporation other than a Non-Eligible Participant.

“Failover Entity” has the meaning given to such term in the definition of “Transferee” in this Section 1(a).

“FAST Agent” means a transfer agent that holds balance certificates for the Corporation or a transfer agent that holds balance certificates for the Transferee, as the context requires.

“FAST Agent Agreement” means the form of agreement between a FAST Agent and the Corporation or between a FAST Agent and the Transferee, as the context requires, providing, *inter alia*, for the FAST Agent to be bound by the Rules and Procedures of the Corporation or the Rules and Procedures of the Transferee, as applicable to such FAST Agent.

“Last Activity Date” has the meaning given to such term in Section 2(c)(2) of this Rule 32(A).

“Non-Critical Services” means the services of the Corporation described in the Rules and Procedures of the Corporation other than the Critical Services.

“Non-Eligible Participant” means a Participant of the Corporation that is a Delinquent Participant or Withdrawing Participant.

“Participant” means a Participant of the Corporation or a Participant of the Transferee, as the context requires.

“Participant Agreement” means the form of agreement between a Participant and the Corporation or between a Participant and the Transferee, as the context requires, providing, *inter alia*, for the Participant to be bound by the Rules and Procedures of the Corporation or the Rules and Procedures of the Transferee, as applicable to such Participant.

“Pledgee” means a Pledgee for the pledge of securities at the Corporation or a Pledgee for the pledge of securities at the Transferee, as the context requires.

“Pledgee Agreement” means the form of agreement between a Pledgee and the Corporation or between a Pledgee and the Transferee, as the context requires, providing, *inter alia*, for the Pledgee to be bound by the Rules and Procedures of the Corporation or the Rules and Procedures of the Transferee, as applicable to such Pledgee.

**“Procedures” means the service guides, operational arrangements and other procedures of the Corporation or the service guides, operational arrangements and other procedures of the Transferee, as the context requires.**

**“Recovery and Wind-down Plan” means the plan for the recovery and orderly wind-down of the Corporation necessitated by credit losses, liquidity shortfalls, losses from general business risk or any other losses, adopted by the Corporation pursuant to Rule 17Ad-22(e)(3)(ii) under the Exchange Act.**

**“Recovery Plan” means the portion of the Recovery and Wind-down Plan addressing recovery.**

**“Rules” means the Rules of the Corporation or the Rules of the Transferee, as the context requires.**

**“Settling Bank” means a Settling Bank for Participants and Pledges of the Corporation or a Settling Bank for Participants and Pledges of the Transferee, as the context requires.**

**“Settling Bank Agreement” means the form of agreement between a Settling Bank and the Corporation or between a Settling Bank and the Transferee, as the context requires, providing, *inter alia*, for the Settling Bank to be bound by the Rules and Procedures of the Corporation or the Rules and Procedures of the Transferee, as applicable to such Settling Bank.**

**“Third Party Entity” has the meaning given to such term in the definition of “Transferee” in this Section 1(a).**

**“Transfer” means a transfer of the Business of the Corporation pursuant to the Wind-down Plan.**

**“Transferee” means an entity to which the Business of the Corporation is transferred pursuant to the Wind-down Plan, and may include (i) a failover entity established by DTCC (a “Failover Entity”), (ii) a then-existing or newly-established third party entity (a “Third Party Entity”) or (iii) a bridge entity formed to operate the Business on an interim basis (a “Bridge Entity”). The Transferee shall be an entity that is legally, financially and operationally qualified to continue to operate the Business that is to be transferred from the Corporation to the Transferee.**

**“Transferee Documents” means the Rules and Procedures, Participant Agreement, Transition Period Securities Account Agreement, Pledge Agreement, DRS Agent Agreement, FAST Agent Agreement and Settling Bank Agreement of the Transferee.**

**“Transfer Notice” has the meaning given to such term in Section 3 of this Rule 32(A).**

**“Transfer Time” has the meaning given to such term in Section 2(c)(1) of this Rule 32(A).**

**“Transition Period” means a period of time following the Transfer, to be agreed between the Corporation and a Transferee, during which the Transferee shall maintain Transition Period Securities Accounts for Transition Period Securities Account Holders, as more specifically set forth in Section 5(b) of this Rule 32(A).**

**“Transition Period Securities Account” means a transition period securities account maintained by the Transferee on its books, as more specifically described in Section 5(b) of this Rule 32(A).**

**“Transition Period Securities Account Agreement” means a transition period securities account agreement of the Transferee, as more specifically described in Section 5(b) of this Rule 32(A).**

**“Transition Period Securities Account Holder” means the holder of a Transition Period Securities Account.**

**“Wind-down Plan” means the portion of the Recovery and Wind-down Plan addressing wind-down.**

**“Withdrawing Participant” means a Participant of the Corporation that has given notice to the Corporation of its election to withdraw as a Participant but that, at the Transfer Time, has not yet ceased to be a Participant (as determined by the Corporation).**

- (b) Capitalized terms that are used in this Rule 32(A) but not defined in Section 1(a) above shall have the meanings given to such terms in other Rules and Procedures of the Corporation.**

**Section 2. Initiation of Wind-down Plan**

- (a) The Board of Directors may authorize the initiation of the Wind-down Plan and a transfer of the Business from the Corporation to a Transferee if the Board of Directors determines, in the exercise of its business judgment and subject to its fiduciary duties:**

**(1) that the application of some or all of the recovery tools set forth in the Recovery Plan, necessitated by credit losses, liquidity shortfalls, losses from general business risk or any other losses:**

- A. has not restored the Corporation to viability as a going concern, able to continue to provide its Critical Services to Participants and Pledgees of the Corporation in a safe and efficient manner; or**

B. will not likely restore the Corporation to viability as a going concern, able to continue to provide its Critical Services to Participants and Pledges of the Corporation in a safe and efficient manner; and

(2) that the implementation of the Wind-down Plan and a Transfer of the Business from the Corporation to a Transferee is in the best interests of the Corporation, its shareholders and creditors, Participants and Pledges and the US financial markets.

(b) The Board of Directors shall identify:

(1) the Critical Services and any Non-Critical Services that shall be transferred from the Corporation to the Transferee at the Transfer Time; and

(2) any Non-Critical Services that shall not be transferred from the Corporation to the Transferee.

The Critical Services and any Non-Critical Services that are transferred from the Corporation to the Transferee at the Transfer Time shall be provided by the Transferee following the Transfer Time. Any Non-Critical Services that are not transferred from the Corporation to the Transferee shall be terminated at the Transfer Time.

(c) The Board of Directors shall establish:

(1) the date and time (the “Transfer Time”) of the Transfer; and

(2) the last day that instructions in respect of securities and other financial products (e.g., instructions in respect of transfers, pledges, deposits, withdrawals and other transactions) may be effectuated through the facilities of the Corporation (the “Last Activity Date”).

The Corporation shall not accept any transactions for settlement after the Last Activity Date. All transactions to be settled after the Transfer Time shall be submitted to the Transferee in accordance with the Rules and Procedures of the Transferee, and the Corporation shall have no responsibility for such transactions.

### Section 3. Notice of Transfer of the Business

If the Board of Directors determines to implement a Transfer of the Business from the Corporation to a Transferee in accordance with this Rule 32(A) and the terms and conditions of the Wind-down Plan, the Corporation shall, in such manner as may be provided by the Rules and Procedures of the Corporation and subject to any required regulatory or judicial approval or consent:

- (a) provide Participants, Pledgees, DRS Agents, FAST Agents and Settling Banks with a notice (a “Transfer Notice”) setting forth:**
- (1) the decision taken by the Board of Directors to Transfer the Business from the Corporation to the Transferee and a brief statement of the reasons therefor;**
  - (2) the name of the Transferee and basic information about the Transferee;**
  - (3) a description of the material financial and operational terms of the Transfer;**
  - (4) the (i) Transfer Time and (ii) Last Activity Date;**
  - (5) a summary of the matters described in Sections 4 through 8 of this Rule 32(A);**
  - (6) a list setting forth (i) which Participants of the Corporation are Eligible Participants and (ii) which Participants of the Corporation are Non-Eligible Participants; and**
  - (7) a list setting forth (i) the Critical Services and any Non-Critical Services that will be transferred from the Corporation to the Transferee at the Transfer Time and (ii) any Non-Critical Services that will not be transferred from the Corporation to the Transferee; and**
- (b) make available to Participants, Pledgees, DRS Agents, FAST Agents and Settling Banks a copy of the Transferee Documents.**

**No delay or failure on the part of the Corporation to provide a Transfer Notice or make available a copy of the Transferee Documents to any Participant, Pledgee, DRS Agent, FAST Agent or Settling Bank shall alter the timing or effectiveness of the Transfer. The Corporation shall also furnish the Transfer Notice and a copy of the Transferee Documents to its regulators.**

**Section 4. Transfer of Participants, Pledgees, DRS Agents, FAST Agents and Settling Banks**

**Prior to the Transfer Time, the Corporation shall enter into arrangements with a Transferee that is a Failover Entity, or shall use commercially reasonable efforts to enter into arrangements with a Transferee that is a Third Party Entity or Bridge Entity, providing in either case that, at the Transfer Time, by operation of this Rule 32(A) and with no further action required by any party:**

- (a) each Eligible Participant of the Corporation shall become (i) a Participant of the Transferee and (ii) a party to a Participant Agreement with the Transferee;**
- (b) each Non-Eligible Participant of the Corporation shall become (i) a Transition Period Securities Account Holder of the Transferee and (ii) a party to a Transition Period Securities Account Agreement with the Transferee;**
- (c) each Pledgee of the Corporation shall become (i) a Pledgee of the Transferee and (ii) a party to a Pledgee Agreement with the Transferee;**
- (d) each DRS Agent of the Corporation shall become (i) a DRS Agent of the Transferee and (ii) a party to a DRS Agent Agreement with the Transferee;**
- (e) each FAST Agent of the Corporation shall become (i) a FAST Agent of the Transferee and (ii) a party to a FAST Agent Agreement with the Transferee; and**
- (f) each Settling Bank for Participants and Pledgees of the Corporation shall become (i) a Settling Bank for Participants and Pledgees of the Transferee and (ii) a party to a Settling Bank Agreement with the Transferee.**

**Section 5. Status of Participants, Pledgees, DRS Agents, FAST Agents and Settling Banks**

**Prior to the Transfer Time, the Corporation shall enter into arrangements with a Transferee that is a Failover Entity, or shall use commercially reasonable efforts to enter into arrangements with a Transferee that is a Third Party Entity or Bridge Entity, providing in either case that, from and after the Transfer Time:**

- (a) An Eligible Participant of the Corporation that has become a Participant of the Transferee shall have all of the rights and be subject to all of the obligations of a Participant set forth in the Rules and Procedures of the Transferee, including the legal, financial, operational and collateral requirements of the Transferee applicable to such Participant.**
- (b) A Non-Eligible Participant of the Corporation that has become a Transition Period Securities Account Holder of the Transferee shall have the rights and be subject to the obligations of a Transition Period Securities Account Holder set forth in special provisions of the Rules and Procedures of the Transferee applicable to such Transition Period Securities Account Holder. Pursuant to such special provisions, a Transition Period Securities Account Holder must, *inter alia*, within the Transition Period, instruct the Transferee to transfer the financial assets credited to its Transition Period Securities Account (i) to a Participant of the Transferee through the facilities of the Transferee or (ii) to a recipient outside the facilities of the Transferee. No additional financial assets may be delivered versus payment to a Transition**

Period Securities Account during the Transition Period. At the end of the Transition Period, the Transition Period Securities Account Holder shall cease to be a Transition Period Securities Account Holder and its business relationship with the Transferee as a Transition Period Securities Account Holder shall be terminated, subject to any continuing obligations of such Transition Period Securities Account Holder to the Transferee set forth in the Rules and Procedures of the Transferee.

- (c) A Pledgee of the Corporation that has become a Pledgee of the Transferee shall have all of the rights and be subject to all of the obligations of a Pledgee set forth in the Rules and Procedures of the Transferee, including the legal, financial and operational requirements of the Transferee applicable to such Pledgee.
- (d) A DRS Agent of the Corporation that has become a DRS Agent of the Transferee shall have all of the rights and be subject to all of the obligations of a DRS Agent set forth in the Rules and Procedures of the Transferee, including the operational requirements of the Transferee applicable to such DRS Agent.
- (e) A FAST Agent of the Corporation that has become a FAST Agent of the Transferee shall have all of the rights and be subject to all of the obligations of a FAST Agent set forth in the Rules and Procedures of the Transferee, including the operational requirements of the Transferee applicable to such FAST Agent.
- (f) A Settling Bank for Participants and Pledgees of the Corporation that has become a Settling Bank for Participants and Pledgees of the Transferee shall have all of the rights and be subject to all of the obligations of a Settling Bank set forth in the Rules and Procedures of the Transferee, including the operational requirements of the Transferee applicable to such Settling Bank.

Section 6. Right of Non-Eligible Participants to Apply to the Transferee

Nothing contained in this Rule 32(A) shall preclude a Non-Eligible Participant of the Corporation from applying after the Transfer Time to become a Participant of the Transferee in accordance with such eligibility requirements and procedures as may be prescribed by the Transferee, but such Non-Eligible Participant shall not have the benefit of the automatic admission arrangements set forth in Section 4(a) of this Rule 32(A).

Section 7. Right to Withdraw from the Transferee

Nothing contained in this Rule 32(A) shall:

- (a) preclude an Eligible Participant of the Corporation that has become a Participant of the Transferee pursuant to Section 4(a) of this Rule 32(A) from electing to withdraw as a Participant from the Transferee at any time



after the Transfer Time, subject to the Rules and Procedures of the Transferee;

- (b) preclude a Non-Eligible Participant of the Corporation that has become a Transition Period Securities Account Holder of the Transferee pursuant to Section 4(b) of this Rule 32(A) from electing to withdraw as a Transition Period Securities Account Holder from the Transferee at any time after the Transfer Time, subject to the Rules and Procedures of the Transferee;
- (c) preclude a Pledgee of the Corporation that has become a Pledgee of the Transferee pursuant to Section 4(c) of this Rule 32(A) from electing to withdraw as a Pledgee from the Transferee at any time after the Transfer Time, subject to the Rules and Procedures of the Transferee;
- (d) preclude a DRS Agent of the Corporation that has become a DRS Agent of the Transferee pursuant to Section 4(d) of this Rule 32(A) from electing to withdraw as a DRS Agent from the Transferee at any time after the Transfer Time, subject to the Rules and Procedures of the Transferee;
- (e) preclude a FAST Agent of the Corporation that has become a FAST Agent of the Transferee pursuant to Section 4(e) of this Rule 32(A) from electing to withdraw as a FAST Agent from the Transferee at any time after the Transfer Time, subject to the Rules and Procedures of the Transferee; or
- (f) preclude a Settling Bank for Participants and Pledges of the Corporation that has become a Settling Bank for Participants and Pledges of the Transferee pursuant to Section 4(f) of this Rule 32(A) from electing to withdraw as a Settling Bank from the Transferee at any time after the Transfer Time, subject to the Rules and Procedures of the Transferee.

**Section 8. Transfer of Inventory of Financial Assets**

Prior to the Transfer Time, the Corporation shall enter into arrangements with a Transferee that is a Failover Entity, or shall use commercially reasonable efforts to enter into arrangements with a Transferee that is a Third Party Entity or Bridge Entity, providing in either case that, at the Transfer Time:

- (a) The Corporation shall transfer to the Transferee (i) its rights with respect to Cede (and thereby its rights with respect to the financial assets owned of record by Cede), (ii) the financial assets held by the Corporation at the Federal Reserve Bank of New York, (iii) the financial assets held by the Corporation at other central securities depositories, (iv) the financial assets held in custody for the Corporation with FAST Agents of the Corporation, (v) the financial assets held in custody for the Corporation with other custodians and (vi) the financial assets held in physical custody by the Corporation.

- (b) The Transferee shall establish security entitlements on its books for Eligible Participants of the Corporation that become Participants of the Transferee that replicate the security entitlements that the Corporation maintained on its books immediately prior to the Transfer Time for such Eligible Participants, and the Corporation shall simultaneously eliminate such security entitlements from its books. As a result, there shall be no interruption in the right that a Participant has to give entitlement orders for the transfer or redemption of financial assets between the time that security entitlements with respect to such financial assets are established on the books of the Transferee and the time that security entitlements with respect to such financial assets are eliminated from the books of the Corporation.**
- (c) The Transferee shall establish security entitlements on its books for Non-Eligible Participants of the Corporation that become Transition Period Securities Account Holders of the Transferee that replicate the security entitlements that the Corporation maintained on its books immediately prior to the Transfer Time for such Non-Eligible Participants, and the Corporation shall simultaneously eliminate such security entitlements from its books. As a result, there shall be no interruption in the right that a Transition Period Securities Account Holder has to give entitlement orders for the transfer or redemption of financial assets between the time that security entitlements with respect to such financial assets are established on the books of the Transferee and the time that security entitlements with respect to such financial assets are eliminated from the books of the Corporation.**
- (d) The Transferee shall establish pledges on its books in favor of Pledges of the Corporation that become Pledges of the Transferee that replicate the pledges that the Corporation maintained on its books immediately prior to the Transfer Time in favor of such Pledges, and the Corporation shall simultaneously eliminate such pledges from its books. As a result, there shall be no interruption in the control that a Pledgee has over financial assets between the time that pledges with respect to such financial assets are established on the books of the Transferee and the time that pledges with respect to such financial assets are eliminated from the books of the Corporation.**

**Section 9. Certain Ex Ante Matters**

**Prior to the Transfer Time, the Corporation shall enter into arrangements with a Transferee that is a Failover Entity, or shall use commercially reasonable efforts to enter into arrangements with a Transferee that is a Third Party Entity or Bridge Entity, providing in either case that, with respect to the Critical Services and any Non-Critical Services that are transferred from the Corporation to the Transferee, for at least the duration of the Comparability Period, in order to facilitate a smooth Transfer of the Business from the Corporation to the Transferee:**

- (a) the Rules and Procedures, Participant Agreement, Pledgee Agreement, DRS Agent Agreement, FAST Agent Agreement and Settling Bank Agreement of the Transferee shall be comparable in substance and effect to the Rules and Procedures, Participant Agreement, Pledgee Agreement, DRS Agent Agreement, FAST Agent Agreement and Settling Bank Agreement of the Corporation;**
- (b) the rights and obligations of Participants, Pledgees, DRS Agents, FAST Agents and Settling Banks of the Transferee under the Rules and Procedures of the Transferee shall be comparable in substance and effect to the rights and obligations of Participants, Pledgees, DRS Agents, FAST Agents and Settling Banks of the Corporation under the Rules and Procedures of the Corporation; and**
- (c) the Critical Services and any Non-Critical Services provided by the Transferee shall be provided in a manner that is comparable in substance and effect to the manner in which such Critical Services and Non-Critical Services were provided by the Corporation.**

**Section 10. Subordination of Claims**

**In the event of any insolvency of the Corporation following the commencement of any Event Period (as defined in Rule 4), the unsecured claims (if any) of Participants of the Corporation that failed to pay or perform any obligation to the Corporation or elected to withdraw as Participants from and after such time shall (i) rank *pari passu* with each other and (ii) be subordinate to the claims of other unsecured creditors of the Corporation.**

**Section 11. Further Assurances; Additional Powers; Miscellaneous Matters**

- (a) Participants, Pledgees, DRS Agents, FAST Agents and Settling Banks of the Corporation shall assist and cooperate with the Corporation to effectuate any Transfer of the Business from the Corporation to a Transferee, including without limitation (i) by complying with the terms and conditions of this Rule 32(A) and their obligations hereunder and (ii) by providing the Corporation and the Transferee with such financial and operational information as they may request. The Corporation may provide to a Transferee any financial and operational information it has with respect to Participants, Pledgees, DRS Agents, FAST Agents and Settling Banks of the Corporation as may be necessary and appropriate to effectuate an orderly Transfer of the Business from the Corporation to the Transferee.**
- (b) The Corporation may take such other actions and enter into such other arrangements (on behalf of itself and its Participants, Pledgees, DRS Agents, FAST Agents and Settling Banks) as may be necessary and appropriate to effectuate an orderly Transfer of the Business from the Corporation to a Transferee, and otherwise accomplish the purposes of the Wind-down Plan.**

- (c) As a condition to receiving, and by virtue of accepting, the continuing benefits of being Participants, Pledges, DRS Agents, FAST Agents and Settling Banks of the Corporation, such Participants, Pledges, DRS Agents, FAST Agents and Settling Banks (i) hereby expressly agree to the arrangements set forth in this Rule 32(A) relating to their becoming Participants, Transition Period Securities Account Holders, Pledges, DRS Agents, FAST Agents and Settling Banks, as the case may be, of the Transferee in the circumstances described herein and (ii) hereby expressly grant to the Corporation an irrevocable power of attorney to execute and deliver on their behalf such documents and instruments as the Transferee may request for this purpose. As Participants, Pledges, DRS Agents, FAST Agents and Settling Banks of the Corporation, such Participants, Pledges, DRS Agents, FAST Agents and Settling Banks are subject to the Rules and Procedures of the Corporation.**
- (d) No actions taken or omitted to be taken by the Corporation pursuant to this Rule 32(A) shall be deemed to constitute a default by the Corporation in the performance of any of its other obligations to Participants, Pledges, DRS Agents, FAST Agents and Settling Banks of the Corporation pursuant to any other Rules and Procedures of the Corporation.**
- (e) The Corporation shall have no liability to any Participants, Pledges, DRS Agents, FAST Agents or Settling Banks of the Corporation for any actions taken or omitted to be taken by the Corporation pursuant to this Rule 32(A).**
- (f) The Corporation shall have no liability to any third parties, including any customers or clients of any Participants, Pledges, DRS Agents, FAST Agents or Settling Banks of the Corporation, for any actions taken or omitted to be taken by the Corporation pursuant to this Rule 32(A).**
- (g) In connection with the Transfer of the Business from the Corporation to the Transferee, (i) the Corporation shall assign all of its Participant Agreements, Pledge Agreements, DRS Agent Agreements, FAST Agent Agreements and Settling Bank Agreements to the Transferee and (ii) the Transferee shall assume such Participant Agreements, Pledge Agreements, DRS Agent Agreements, FAST Agent Agreements and Settling Bank Agreements.**
- (h) All rights of the Corporation that are not assigned to the Transferee in connection with the Transfer of the Business from the Corporation to the Transferee, including any claims of the Corporation against Participants, Pledges, DRS Agents, FAST Agents and Settling Banks arising at any time prior to the Transfer Time, shall remain rights of the Corporation, enforceable by the Corporation in accordance with their terms and subject to applicable law (including insolvency law).**
- (i) All obligations and liabilities of the Corporation that are not assigned to and assumed by the Transferee in connection with the Transfer of the Business**

**from the Corporation to the Transferee shall remain obligations and liabilities of the Corporation, enforceable against the Corporation in accordance with their terms and subject to applicable law (including insolvency law).**

- (j) In the event of any conflict between the provisions of this Rule 32(A) and any other Rules and Procedures of the Corporation, the provisions of this Rule 32(A) shall prevail.**

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## RULE 38

### Market Disruption and Force Majeure

#### Section 1. Market Disruption Events

On the happening of any one or more of the events or circumstances set out below (each a “Market Disruption Event”) which, in any case, is likely to materially affect or has materially affected the business, operations, safeguarding of securities or funds, or physical functions of the Corporation, including performance by the Corporation of any obligations under these Rules and Procedures, the Corporation shall be entitled to take such action as is set out in this Rule 38:

- (a) a general suspension or limitation of trading on the New York Stock Exchange, NASDAQ, or any other exchange or market relevant to the pricing or trading of securities settled through the Corporation;
- (b) the declaration of a trading or banking moratorium in the United States or New York State;
- (c) any international organization, the government of any nation, state, or territory, or any institution or agency thereof, or any self-regulatory organization taking action of a nature likely to affect the normal course of business, including performance by the Corporation of obligations under these Rules and Procedures;
- (d) the unavailability, failure, malfunction, overload, or restriction (whether partial or total) of any payment, bank transfer or wire, or securities settlement system;
- (e) the unavailability, failure, malfunction, overload, or restriction (whether partial or total) of any cash or securities depository, custodian or clearing bank, or any material variation of such depository’s, custodian’s or clearing bank’s processing or turnaround times, whether or not occasioned by action of such depository, custodian or clearing bank; or
- (f) any Force Majeure, which shall include (without limitation) any terrorist or other criminal action, war or hostilities between any nations, national emergency, riot, civil unrest, acts of God or the public enemy, fire or other casualty, flood, accident, disaster (including any nuclear, atomic, environmental, or natural disaster), sabotage, bomb threat, labor dispute, embargo, the unavailability, failure, malfunction, or restriction of communication, computer, or data processing systems or facilities, or of software or technology, cyber attack, lack of transportation facilities, interruption (whether partial or total) of power supplies or other utility or service, or any event, situation, or circumstance beyond the reasonable control of the parties (whether or not similar to any of the foregoing), including those imminent or threatened.

## **Section 2. Powers of the Corporation**

**If the Board of Directors or any officer of the Corporation listed below determines, in its, his, or her judgment that there is a Market Disruption Event, the Corporation shall be entitled to act (or refrain from acting) as prescribed in Section 3 of this Rule 38. To the extent practicable, the determination of the existence of a Market Disruption Event, and the actions to be taken in response thereto, shall be made by the Board of Directors at a meeting where a quorum is present and acting. However, if the Corporation is unable to convene a Board of Directors meeting promptly and timely in such event, then such determination may be made by either the Chief Executive Officer, the Chief Financial Officer, the Group Chief Risk Officer, or the General Counsel, or by any management committee on which all of the foregoing officers serves (an “Officer Market Disruption Event Action”), provided that the Corporation shall convene a Board of Directors meeting as soon as practicable thereafter (and in any event within 5 Business Days following such determination) to ratify, modify or rescind such Officer Market Disruption Event Action.**

## **Section 3. Authority to take Actions**

**Upon the determination that there is a Market Disruption Event, the Corporation shall be entitled, during the pendency of such Market Disruption Event, to:**

- (a) suspend the provision of any or all services of the Corporation; and**
- (b) take, or refrain from taking, or require Participants and/or Pledges (whether or not they are affected by the Market Disruption Event) to take or refrain from taking, any and all action which the Corporation considers appropriate to prevent, address, correct, mitigate or alleviate the event and facilitate the continuation of services as may be practicable, and, in that context, issue instructions to Participants and/or Pledges.**

## **Section 4. Notifications**

**4.1 Each Participant and Pledgee shall notify the Corporation immediately upon becoming aware of any Market Disruption Event.**

**4.2 The Corporation shall promptly notify Participants and Pledgees of any action the Corporation takes or intends to take pursuant to Section 3 of this Rule 38.**

**4.3 The Corporation shall attempt to consult with officials of the SEC prior to the Corporation taking any action pursuant to Section 3 of this Rule 38; provided, however, that the authority contained herein shall not be conditioned by such consultation.**

**The Corporation shall advise the SEC as soon as practicable by telephone, and confirmed in writing, of any action taken by the Corporation pursuant to Section 3 of this Rule 38, and a record of such writing shall be promptly made and filed with the Corporation’s**

records and shall be available for inspection by any Participant or Pledgee during regular business hours on Business Days.

The Corporation shall also advise the SEC as soon as practicable by telephone, and confirmed in writing, at such time it determines that there is no longer a Market Disruption Event and the Corporation terminates the actions taken by the Corporation pursuant to Section 3 of this Rule 38. A record of such writing shall be promptly made and filed with the Corporation's records and shall be available for inspection by any Participant or Pledgee during regular business hours on Business Days.

#### Section 5. Certain Miscellaneous Matters

- (a) Without limiting any other provisions in these Rules and Procedures concerning limitations on liability, none of the Corporation, its directors, officers, employees, agents, or contractors shall be liable to a Participant, Pledgee or any other person (including any customer or client thereof) for:
- (i) any failure, hindrance, interruption or delay in performance in whole or in part of the obligations of the Corporation under the Rules or Procedures, if that failure, hindrance, interruption or delay arises out of or relates to a Market Disruption Event; or
  - (ii) any loss, liability, damage, cost or expense arising from or relating in any way to any actions taken, or omitted to be taken, pursuant to this Rule 38.
- (b) The power of the Corporation to take any action pursuant to this Rule 38 also includes the power to repeal, rescind, revoke, amend, or vary any such action.
- (c) The powers of the Corporation pursuant to this Rule 38 shall be in addition to, and not in derogation of, authority granted elsewhere in these Rules and Procedures to take action as specified therein.
- (d) In the event of any conflict between the provisions of this Rule 38 and any other Rules or Procedures, the provisions of this Rule 38 shall prevail.