



NATIONAL  
SECURITIES  
CLEARING  
CORPORATION

RULES & PROCEDURES

TEXT OF PROPOSED RULE CHANGE

**Bold and underlined** text indicates proposed added language.

**~~Bold and strikethrough~~** text indicates proposed deleted language.

### RULE 3. LISTS TO BE MAINTAINED

SEC. 1. (a) The Corporation shall maintain a list of the securities which may be the subject of contracts cleared through the Corporation (hereinafter referred to as "Cleared Securities"), and may from time to time add securities to such list or remove securities therefrom. Unless the Corporation shall otherwise determine, Cleared Securities may only be those issues of securities the issuer of which is subject to, or regularly complies with, Rule 10b-17 of the Securities and Exchange Commission, promulgated pursuant to the Securities Exchange Act of 1934, as amended. The Corporation shall accept an issue of securities as a Cleared Security only upon a determination by the Corporation that it has the existing operational capability to do so and to continue successfully to provide its services to Members.

A Cleared Security that the Corporation in its discretion determines no longer meets the requirements imposed pursuant to this Section 1 shall cease to be a Cleared Security. In addition, the Corporation may determine that a Cleared Security shall cease to be a Cleared Security in the event that: (1) such Cleared Security shall have been suspended from trading in the over-the-counter market or on any national securities exchange by the Securities and Exchange Commission pursuant to Section 12(k) **or (j)** of the Securities Exchange Act of 1934, as amended, or has been suspended from trading by another regulatory authority or by a self-regulatory organization (as defined in Section 3(a)(26) of the Securities Exchange Act of 1934, as amended), which has authority to suspend such activity; or (2) the Corporation finds that the level of activity in the security during the period of three consecutive months preceding that determination is insufficient to produce benefits commensurate with the costs to the Members arising from its continued inclusion as a Cleared Security; or (3) the Corporation determines that there may exist a legal impediment to the validity or legality of the issuance or continued transfer or delivery of the security; or (4) the Corporation determines, after discussion with the appropriate marketplace regulator, where possible, that continued clearance and settlement by the Corporation presents unacceptable risks to the Corporation and/or its participants; or (5) the Corporation determines that the location of the transfer agent(s) for the security or such transfer agent's capability for reissuing certificates for the security is such as to impair the efficient operation of clearing procedures.

(b) The Corporation shall also maintain a list of Cleared Securities that are eligible for book-entry transfer on the books of each Qualified Securities Depository and are subject to clearance and settlement in the CNS System and may from time to time add Cleared Securities to such list or remove Cleared Securities therefrom.

**A Cleared Security shall be removed from the list of CNS Securities upon receipt by the Corporation of written notice from a Qualified Securities Depository that the security is no longer eligible under its rules for transfer by book-entry. A Cleared Security may be removed from the list of CNS Securities, for example, if in the judgment of the Corporation Members may lose important rights or additional risk may be presented to the Corporation or its Members by reason of**

**its continued status as a CNS Security. Any such removal shall be promptly communicated to all Members by the Corporation.**

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## RULE 9. ENVELOPE SETTLEMENT SERVICE

### SEC. 1. General

The Corporation may, at its facilities (at those locations as it may determine from time to time as announced via Important Notice) offer a service, to be known as the Envelope Settlement Service (“ESS”), through which it may receive envelopes, of the type approved by the Corporation, from Members (each, a “delivering Member”) addressed to Members (each, a “receiving Member”) on business days. The services offered by the Corporation through ESS will include the processing and settlement of: (a) security deliveries and receives and associated charges, (b) money-only settlement-related charges, and (c) claims for dividends and interest, each of which has been submitted by Members in accordance with the provisions of these Rules. Such envelopes will be sorted and made available, at the same facility where received by the Corporation, to the authorized representatives of the Members to whom they are addressed as provided in this Section 1. The delivery of envelopes and the related processing of payments by the Corporation are not guaranteed services of the Corporation and are subject to reversal as provided in Section 4 of this Rule.

1. Deliveries of envelopes to the Corporation shall be made in accordance with the schedule from time to time specified by the Corporation.
2. An envelope delivered to the Corporation shall contain only such securities as permitted by the Corporation from time to time; tickets relating to such securities contained in the envelope; or such other items as the Corporation may from time to time permit, including but not limited to, documentation by a delivering Member necessary for the receiving Member to identify the reason for a money-only charge, and notices of intent and claim forms associated with claims for dividends and interest. ~~Envelopes which contain items.~~ Envelopes which contain securities other than as permitted by the Corporation are subject to return by the Corporation to the delivering Member and the related credit and debit of the payment amount therefor may be reversed in accordance with Section 4 of this Rule.
3. The envelopes shall be accompanied by a credit list, ~~in duplicate~~, in such form prescribed by the Corporation. The credit list shall list each of the envelopes delivered with it and shall show the number of the Member to whom each envelope is addressed and the total money value, if any, of the items contained in that envelope, and each credit list shall be totaled. In addition, the envelopes must be accompanied, in such format as prescribed by the Corporation, with an indicator as to whether or not the envelope contains a security. Where an envelope contains a security, the delivering Member must provide the Corporation with identifying information with respect to the security (including CUSIP or ISIN), and quantity.

Securities may not be comingled in the same envelope with other items permitted by the Corporation to be processed through ESS. The Corporation may also: (a)

prohibit comingling of any variety of items in a single envelope, and (b) limit the number of envelopes that may be submitted per credit list, as it determines from time to time. However, a Member may deliver no more than one security (defined by CUSIP or ISIN) per envelope. All envelopes delivered through ESS must also be accompanied with such other information as required by the Corporation from time to time, **including, when applicable, information regarding OFAC certification.**

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## RULE 11. CNS SYSTEM

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SEC. 8. After receipt of notice by the Corporation that the issuer of a CNS Security has declared a stock or cash dividend on such security or has authorized a stock-split or a distribution of rights or other property with respect to a CNS Security, the Corporation will issue a Record Date Report which will show each Member's record date Long or Short Position in the security at the close of business on the Record Date (herein called "Record Date Position").

(a) On the payable date for a cash dividend (or, if the payable date is not a settlement day, then on the settlement day immediately following such payable date) each Member shall be obligated to pay an amount equal to the dividend on any Short Position included in the Member's Record Date Position and shall be entitled to receive an amount equal to the dividend on any Long Position included in the Member's Record Date Position. **Such amounts, when debited or credited, as appropriate, may be adjusted as provided for under Section G of Procedure VII.**

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SEC. 9. A trade in a CNS Security or Balance Order Security may be designated a Special Trade in which case it will be cleared and settled on a Member-to-Member basis; the parties to the Special Trade shall notify the Corporation at the time and in manner specified in the Procedures, and the Corporation shall issue receive and deliver security orders in respect thereof, which orders shall be settled by the parties directly. To the extent such Special Trade is for a security that is eligible for book-entry transfer on the books of **DTCa Qualified Securities Depository**, and the deliverer has filed with the Corporation a standing instruction, the Corporation will issue an instruction on file to **DTCa Qualified Securities Depository** specifying the quantity of such security to be delivered from the deliverer to the receiver and the money settlement amount related thereto. The Corporation may enter obligations arising from such Special Trades into the Obligation Warehouse service in accordance with timeframes as determined by the Corporation from time to time.

SEC. 10. ~~A CNS Security shall be removed from the list of CNS Securities upon receipt by the Corporation of written notice from a Qualified Securities Depository that the security is no longer eligible under its rules for transfer by book-entry. A CNS Security may be removed from the list of CNS Securities if in the judgment of the Corporation Members may lose important rights by reason of its continued status as a CNS Security. Any such removal shall be promptly communicated to all Members by the Corporation.~~ In ~~such the~~ event **a CNS Security is removed from the list of CNS Securities pursuant to Rule 3**, the Corporation shall, on the first settlement day on which such securities are not deliverable through the facilities of all Qualified Securities Depositories and on each subsequent settlement day for any CNS Contracts entered in the CNS Accounting Operation prior to the effective date of removal, or upon such removal, match with

respect to each such settlement day opening Short or Long Positions in such security in that manner which the Corporation in its discretion may provide, issue receive and deliver security orders in respect thereof for any such day, which orders shall have the same status as security balance orders issued in connection with the Balance Order Accounting Operation and will be subject to those provisions of these Rules pertaining to such security balance orders unless otherwise specified by the Corporation and close out such positions in the CNS System.

~~SEC. 11. (a) A Member with a long position or a long Settling Trade position in a CNS Security to which an exercise privilege attaches who wishes to exercise that privilege (the "originator") may file with the Corporation, at or before the time specified in the Procedures, a Notice of Intention to Exercise in the form prescribed by the Procedures.~~

~~(b) In the event that the securities covered by the Notice of Intention to Exercise are not received by the originator prior to the time specified in the Procedures, the Corporation will remove the position from CNS and will remove a corresponding short position(s) representing the short Member(s) with the oldest position(s). The Corporation will issue, in the time specified in the Procedures, CNS receive and deliver instructions naming a failing to receive Member and a failing to deliver Member.~~

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## PROCEDURE II. TRADE COMPARISON AND RECORDING SERVICE

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### B. Equity and Listed Debt Securities -- Locked-In Trade Input

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#### (ii) Recording of Cash, Next Day and Seller's Option Transactions

Qualified Special Representatives and Self-Regulatory Organizations on behalf of Members may submit to the Corporation, data relating to cash, next day, and seller's option transactions on securities other than securities processed under Procedure VI. Such trade data may be submitted during the timeframes specified by the Corporation from time to time and shall include such trade details as the Corporation may specify (including, if the transaction is a seller's option, the settlement date, which may be no greater than 180 days beyond the trade date). Results of this input are reported by the Corporation to Members on such reports and in such formats as determined by the Corporation from time to time, and if the securities covered by such trades are CNS-eligible, the recorded trades will be entered into the CNS accounting operation (unless otherwise provided in these Procedures). Cash trades received after such cutoff time as the Corporation designates will be recorded and reported, but may only be settled directly between the parties. Next day as-of trades received on Settlement Date prior to the Corporation's designated cutoff time will settle on that date; otherwise the trade will be assigned a new settlement date which will be the next settlement day following the date the trade is recorded by the Corporation. Trades that are either (i) designated as Special Trades, (ii) in a security which is not CNS-eligible, or (iii) in a **CNS s**Security **that is** undergoing a corporate action, or **(iv) are is** scheduled to settle between a dividend **Xex**-date and record date, will be processed on a trade-for-trade basis.

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## PROCEDURE VII. CNS ACCOUNTING OPERATION

### A. Introduction

The CNS Accounting Operation processes transactions in CNS Securities. Subject to the provisions of Procedure XVI, and for the purposes of this Procedure VII, references to CNS Securities shall include Eligible ID Net Securities.

Transactions in CNS Securities which are reported as compared or recorded on the various report output issued through such time on Settlement Date, as the Corporation may determine, and those submitted by Special Representatives, are reported on Consolidated Trade Summaries. The netted obligations are then entered into the CNS Accounting Operation.

CNS is an on-going accounting system which nets today's Settling Trades with yesterday's Closing Positions, producing new short or long positions per security issue for each Member. The Corporation is always the contra side for all positions. The positions are then passed against the Member's Designated Depository **(as defined in Section C of this Procedure, below)** positions and available securities are allocated by book-entry. This allocation of securities is accomplished through an evening cycle followed by a day cycle. Positions which remain open after the evening cycle may be changed as a result of trades accepted for settlement that day. Members may **control/influence** the receipt and delivery of their securities through the use of Exemptions (for deliveries) or Priorities (for receipts).

Money settlement is not associated with the individual security movements but is the result of comparing the Closing Money Balance to the Closing Net Market Value of the Member's CNS account.

Dividends ~~and interest~~ are credited or charged to the Member's account according to the security positions that exist on record date. The record date positions are automatically updated for "As-Of" trades and appropriate due bill activity. **Interest is credited or charged to the Member's account according to the security position that exists on the day prior to the payable date; and stock splits are credited or charged on the Member's account according to the security position that exists on due bill redemption date, as described in Section G of this Procedure.**

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### C. Receipt and Delivery of Securities

#### 1. Stock Record Update

Each day, Settling Trades shown on the Consolidated Trade Summary are netted with the Closing Positions which have been carried forward from the previous day. The resulting net positions represent the quantity of each security due for settlement by the Member on Settlement Date. A long position represents the quantity owed to the Member by the Corporation (the Member's fail-to-

receive). A short position represents the quantity owed to the Corporation by the Member (the Member's fail-to-deliver). The Corporation is the contra side to all long and short positions. ~~Each long and short position contains an indicator identifying Exemptions, Priority Requests and Buy-Ins (see subsections D and E of this Section). These indicators do not alter positions or effect securities movement, but serve solely to control the settlement process.~~

2. Selection of Depository

Each Member must select a Qualified Securities Depository for purposes of CNS settlement (the Member's "Designated Depository"). All short positions must be satisfied by, and long positions allocated to, the Member's account at the Designated Depository.

3. Evening Cycle

After the procedures described in paragraph 1 have been completed, each Member's positions are passed to the Designated Depository. Subject to the limitations imposed by Exemptions (see subsection D) and Procedure XVI, securities are transferred from the Member's applicable Designated Depository account to satisfy its short positions. If the quantity on deposit is insufficient to settle the entire short position, a partial movement occurs. Securities received from Members in settlement of short positions are placed in the Corporation's applicable account at the Designated Depository. The Corporation then provides instructions to deliver those securities from its account at that depository to the Designated Depository accounts of those Members which have long positions.

The results of the evening allocation are recorded on the CNS Settlement Activity Statement distributed the following morning. All security movements in Designated Depositories are made on a "free" basis. Money settlement associated with such security movements is accounted for by the Corporation as a separate function. The Current Market Value of each entry is shown on the Settlement Activity Statement for informational purposes.

4. Day Cycle

Positions which remain open after the evening allocation, or become open as a result of subsequent activity, are recycled on the following day. As additional securities are made available in Members' Designated Depository accounts, additional receipts and deliveries are made against long and short positions. The daytime recycle functions essentially the same as the evening allocation except that the process is continual, ~~entries being effected every few minutes.~~

In order to notify Members of settlement activity as quickly as possible, Settlement Activity ~~tickets are output is~~ issued ~~periodically during throughout~~ the day. ~~These tickets are~~ This output is produced by the Designated Depository which actually made the entry to the Member's account, and ~~are is~~ made available to the Member shortly after the entry is made.

In addition, in order to notify Member of changes in their positions due to same day (including cash) settling trades or miscellaneous activity, the Corporation will make available information in respect of such activity and new net settling positions as a result thereof, in such form as the Corporation may determine.

At the end of the daytime recycle, all daytime activity is summarized on the CNS Settlement Activity Statement.

#### D. Controlling Deliveries to CNS

As noted in subsection C, the delivery of securities from a Member's Designated Depository account to satisfy short positions is an automatic process and requires no action on the part of the Member. Securities are removed from the Member's Designated Depository account to the extent that a sufficient quantity is on deposit.

In order for a Member to avoid segregation violations and to meet other delivery needs, a procedure is provided to control this automatic system. The first phase of this procedure provides the Member with its projected positions due for settlement the following day. The second phase involves the submission of instructions by the Member indicating which short positions it does not wish to settle. **Additionally, Members are required to provide instructions to exempt from delivery any** transactions compared or received on SD-1 or thereafter, including cash or next day transactions, which are processed for next day or same day settlement and which create or increase a short position ~~will automatically be exempted by the Corporation from the delivery~~. This exemption shall hereinafter be referred to as the "One Day Settling Exemption".

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## 2. Exemptions

Except as described below, each Member has the ability to elect to deliver all or part of any short position. It controls this process by Exemptions. By indicating a particular quantity as an Exemption, the Member directs the Corporation not to settle certain short positions or portions thereof. Exemptions govern short positions in the CNS Stock Record and not Designated Depository positions. All short positions or positions thereof for which no Exemption is indicated are settled automatically to the extent that the Member has made such securities available in the Member's Designated Depository account or they become available in its Designated Depository account through other depository activity. Notwithstanding the above, a Member may not exempt delivery of any securities available in an agency account established at a Qualified Securities Depository for the processing of transactions through the ID Net Service.

### (a) Types of Exemption

The CNS system provides for two levels of Exemption. By proper use of the Projection Report and Exemptions, Members can utilize current inventory as well

as securities received from other sources on settlement day in order to satisfy delivery requirements.

(i) Level 1 Exemption - By submitting a Level 1 Exemption, the Member indicates that the portion of the short position exempted should not be automatically settled against its current Designated Depository position or against any securities which may be received into its Designated Depository account as a result of other depository activity.

(ii) Level 2 Exemption - The submission of a Level 2 Exemption is an instruction by the Member that the portion of the short position exempted should not be automatically settled against its current depository position. Such a position may be satisfied, however, by certain types of "qualified" activity in its Designated Depository account.

(b) Qualified Activity

There are four types of qualified activity which allow short positions carrying Level 2 Exemptions to be settled:

(i) Coded Deposits - The Member deposits securities into its Designated Depository account in the normal manner, but by using a special deposit ticket which indicates that these securities are available for settling Level 2 Exemption quantities.

(ii) Coded Collateral Loan Releases - A Member may release securities from its Designated Depository collateral loan account and wish those securities to be used in settling a Level 2 Exemption quantity. In this case, the Member uses a special Collateral Loan Release form which authorizes such use.

(iii) Receipts from Banks - All securities received against payment from banks are eligible to settle Level 2 Exemption quantities. Settlement of such items is automatic and no special instruction by the Member is required.

(iv) Receipts from Member's Sub-Account - As a result of CNS sub-accounting (see subsection I of this Section), a Member may have a long position in a given security in one CNS account and a short position in the same security in another CNS account. Since both CNS accounts settle against a single Designated Depository Account, the Member may receive securities from itself. **~~If a Member is allocated securities from one CNS account, those securities will automatically override any Level 2 Exemption placed on the short position in its other CNS account.~~**

(c) Methods of Submitting Exemptions

Exemptions may be submitted by using such form or automated means as are acceptable to the Corporation from time to time. Exemptions must either indicate the quantity to be exempted, or indicate all, and designate that quantity as Level 1 or Level 2. A Member may submit daily Exemption instructions to the

Corporation. If a Member has no Exemptions on a given day, instructions may be submitted indicating no Exemptions for either Level 1 or Level 2.

A Member must submit standing Exemption instructions to the Corporation. Standing Exemption instructions will govern all of the Member's short positions for any day on which (i) specific daily Exemption instructions are not submitted to the Corporation, (ii) are not received by the Corporation, or (iii) are unable to be processed by the Corporation. ~~In the absence of such standing Exemption instructions or specific Exemption instructions for that day, the Corporation assigns a Level 1 Exemption to all short positions of that Member.~~

Exemptions may be submitted by Members through the facilities of service bureaus and other agencies provided that the service bureau or agency has been authorized by the Corporation to act on behalf of its Member.

Exemptions must be submitted for each CNS Sub-Account maintained by the Member (see subsection I of this Section).

(d) Exemption Override

With respect to one day and same day settling transactions, Members may select a standing Exemption override to permit all such short positions to be delivered. Additionally, during the daytime cycle, a Member may override the One Day Settling Exemption as well as other Exemptions entered by the Member the previous evening. To do so, the Member should prepare a Delivery Order (DO) and submit it to its Designated Depository in the normal manner. If the Designated Depository is DTC, the receiving Member must be designated as 888.

The securities designated to be delivered on the DO are first applied to any quantity covered by a Level 1 Exemption and the One Day Settling Exemption. Any remaining quantity (or if no Level 1 Exemption existed, the entire delivery) is applied to any quantity covered by a Level 2 Exemption. If there is still a remaining quantity, that quantity is not processed.

E. ~~Controlling-Influencing~~ Receipts from CNS

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F. Computation of CNS Money Settlement

The computation of the Net CNS Money Settlement Amount is based on the Accounting Summary and the Cash Reconciliation Statement. The Net CNS Money Settlement is then recorded in the Settlement Statement (described in Section VIII) and is netted with settlement obligations resulting from other services.

## 1. Accounting Summary

**The Accounting Summary constitutes the official record of all CNS activity, positions and settlements.** CNS accounting is completed with the issuance of an Accounting Summary at the end of the settlement day. This report is divided into two parts. The first part deals with CNS Stock Record security movements and positions; the second part summarizes money activity and balances. Security and money accounting are two distinct functions under CNS and are performed separately.

The part of the Accounting Summary which deals with security accounting shows the Member's Opening Position, Settling Trades, stock dividends and miscellaneous activity, receipts and deliveries, Closing Position, and Current Market Value of Closing Positions for each security in which it had a position or activity that day. The Current Market Value of closing long positions and closing short positions is totaled at the end of the report. The net of these two figures is the Net Market Value of the Member's account at the end of the day and represents the net value of securities which the Member owes to the Corporation or which the Corporation owes to the Member.

The last section of the Accounting Summary reflects the Member's Opening Money Balance, net money amounts for Settling Trades, cash dividends and interest, miscellaneous activity ~~which may include Clearing Fund calculations~~ and Closing Money Balance. The Closing Money Balance represents the net amount of money which the Member owes to the Corporation or which the Corporation owes to the Member.

The net CNS Money Settlement Amount is calculated by subtracting the Net Market Value from the Closing Money Balance. The effect of this calculation is to bring the Member's money balance into agreement with the market value of its Closing Positions.

The Accounting Summary is the final report produced by the CNS system for each Settlement Date. Members are required to reconcile all security and money balances shown thereon by comparing the Accounting Summary to their own records and promptly reporting any difference to the Corporation for reconciliation.

## 2. Cash Reconciliation Statement

~~**Although the Accounting Summary constitutes the official record of all CNS activity, positions and settlements, it is produced too late in the afternoon to be used by the Member to determine its money settlement obligations. In order for members to effect a timely settlement, Members are also provided with**~~ a separate report known as the Cash Reconciliation Statement ~~**is used for money calculation.**~~

Although the Cash Reconciliation Statement is a different method of computing the settlement amount arrived at on the Accounting Summary, it relies on the same concepts in that the value of Closing Positions is compared to the money balance for that day, the difference being the Member's money settlement amount. In the case of the Cash Reconciliation Statement, the money settlement is computed in the early morning and is continuously updated throughout the day cycle to reflect activity which takes place during the day. The Corporation will make such updated information available to Members throughout the day cycle in such manner as it may from time to time determine.

The results of the daytime delivery cycle are summarized on a Settlement Activity Statement issued on the afternoon of Settlement Date. Each entry is valued at the Current Market Price with totals at the end of the report. These totals must be posted by the Member to the Cash Reconciliation Statement. When these totals are netted with the preliminary figure shown on the report, the result will be the final Net CNS Money Settlement Amount.

A final Cash Reconciliation Statement is issued on the afternoon of each settlement day, and shows all information shown on the Preliminary Cash Reconciliation Statement updated for daytime activity to arrive at a final settlement amount.

#### G. CNS Dividend Accounting

Dividend Accounting within the CNS system is based primarily on the Member's Closing Position on the record date for the dividend, distribution, etc. Cash dividends, stock dividends, spinoffs, etc. are calculated and reported to the Member on the morning after record date. On payable date, the appropriate debit or credit is applied to the Member's CNS account. In the case of a non-U.S. sourced dividend or other income distribution, such debit or credit may be adjusted for any applicable non-U.S. withholding taxes at a rate to be determined by the Corporation in its sole discretion.

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#### K. Instruments with Exercise Privileges

~~A Member with a short position or a short Settling Trade position in a security to which an exercise privilege attaches will be advised of its potential liability based on its short position or short Settling Trade position on its CNS Projection Report starting on T+1.~~

~~A Member with a long position or a long Settling Trade position in a security to which an exercise privilege attaches may submit to the Corporation a Notice of Intention to Exercise ("Exercise Notice") specifying a quantity of securities not exceeding such long position or long Settling Trade position, excluding one day settling positions, which it intends to exercise ("Exercise Position") by the time~~

~~and in a manner established by the Corporation. (Hereinafter such Member is referred to as the "originator".) For the purpose of this subsection, the day the Exercise Notice is submitted is referred to as N, and N+1 refers to the succeeding day. Each day commences in the evening and includes an evening allocation of securities and a daytime allocation.~~

~~If an Exercise Position remains unfilled after the daytime allocation on N, the Corporation will remove this position from CNS and will remove a corresponding short position or positions representing those short Members with the oldest position(s) in an aggregate quantity at least equal to the Exercise Position. Age is defined as the number of consecutive days during which the position has been short, irrespective of quantity. If the Members in an age group needed to satisfy the Exercise Position have a greater quantity of short positions than is needed, positions will be removed on a random basis. The Corporation will issue and make available CNS receive and deliver instructions on the morning of N+1 naming a failing to deliver Member and the originator. The failing to deliver Member shall be liable to the originator for any damages that result from the originator's inability to exercise the security. All claims for such damages shall be made promptly. Liability of the failing to deliver Member shall continue even though exercises of the security may be temporarily suspended. Notwithstanding the foregoing, if the failing to deliver Member is able to deliver the security in sufficient time to allow timely delivery of the security to the tender agent, the liability may be satisfied by delivery of the Exercise Position.~~