

EXHIBIT 5B



OCC Rules

Underlined text indicates new text

~~Strikethrough~~ text indicates deleted text

Double underlined text indicates new text pending in SR-OCC-2017-020 and SR-OCC-2017-809

~~Double strikethrough~~ text indicates deleted text pending in SR-OCC-2017-020 and SR-OCC-2017-809

Double underlined text indicates new text reflecting conforming changes to the rule text pending in SR-OCC-2017-020 and SR-OCC-2017-809

~~Double strikethrough~~ text indicates deleted text reflecting conforming changes to the rule text pending in SR-OCC-2017-020 and SR-OCC-2017-809

The table below indicates where existing provisions are being relocated. In each instance, the rule text in this Exhibit 5B is marked to show any changes from the existing provision. The existing provision reference is indicated in strikethrough text for ease of reference. Thus, for example, if text from Rule XYZ(a) is being relocated to Rule ABC(d); rather than show the text as all strikethrough for Rule XYZ(a) and all underlined in Rule ABC(d), only the differences in the two provisions, if any, are marked with strikethrough or underline, as appropriate.

Table A. Relocation from OCC By-Laws to OCC Rulebook

Existing Provision (Art. VIII, By-Laws)	New Provision (Rules)
Sec. 1(a)	Introduction, Chapter X
Sec. 1(a)	1006(a)
Sec. 1(b)	1006(i)
Sec.2(a)	1002(d)
Sec. 2(b)	1002(e)
Sec. 3(a)	1002(a)
Sec. 3(a)(i)	1002(a)(i)
Sec. 3(a)(ii)	1002(a)(ii)
Sec. 3(b)	1002(a)(iii)
Sec. 3(c)	1002(b)
Sec. 3, Interpretation and Policy .01	1002, Interpretation and Policy .01
Sec. 3, Interpretation and Policy .02	1006(j)
Sec. 3, Interpretation and Policy .04	1002, Interpretation and Policy .03
Sec. 4	1002(c)
Sec. 5(a)	1006(b)
Sec. 5(b)	1006(c)
Sec. 5(c)	1006(d)
Sec. 5(d)	1006(e)
Sec. 5(e)	1006(f)
Sec. 5(f)	1006(g)
Sec. 5(g)	1006(g)
Sec. 5, Interpretation and Policy .01*	1006, Interpretation and Policy .01
Sec. 5, Interpretation and Policy .02*	1006, Interpretation and Policy .01
Sec. 5, Interpretation and Policy .03	1006, Interpretation and Policy .02
Sec. 5, Interpretation and Policy .04	1006, Interpretation and Policy .03
Sec. 5, Interpretation and Policy .05	1006, Interpretation and Policy .04
Sec. 5, Interpretation and Policy .06*	Rule 1006(f)
Sec. 6	1006(h)
Sec. 7	1009
Sec. 8	1010

** Changes to existing provisions indicated with an asterisk are marked as entirely new text to improve readability as these provisions have been consolidated in a manner that is not conducive to marking; however, the substance of the rule is intended to remain the same.*

Table B. Relocation to Different Rule

Existing Rule	New Rule
1001(b)	1003(a), (b)
1001(b), (c)	1003(b)(i)
1001(c)	1003(b)(i)
1001(d)	1003(b)(ii)
1001(d), (e)	1003, Interpretation and Policy .02
1001(e)	1003(b)(iii)
1001(e)	1003, Interpretation and Policy .03
1001(f)	1002(f)
1001, Interpretation and Policy .01	1001(b)
1001, Interpretation and Policy .04	1003, Interpretation and Policy .01
1003	1005(b)
1004	1008

Chapter VI - Margins

* * *

RULE 601 - Margin Requirements

RULE 601(a)-(b) [no change]

(c) Margin Requirement Calculation -- Accounts Other Than Customers' Accounts and Firm Non-Lien Accounts.

The margin requirement for an account other than a customers' account, firm non-lien account or segregated futures account shall be the amount of margin assets, expressed in U.S. dollars, that must be held in the account such that the minimum expected liquidating value of the account after excluding positions covered by deposits in lieu of margin (the "minimum expected liquidating value"), measured at such confidence level as may be selected by the Corporation from time to time, will be not less than zero. To determine the minimum expected liquidating value of the account, the Corporation will revalue the assets and liabilities in the account under a large number of projected price scenarios created by large-scale Monte Carlo simulations that preserve both univariate and multivariate historical attributes of all included simulated input variables. Such revaluations may include an allowance for costs the Corporation might incur in liquidating all or portions of the account as a result of bid-ask spreads, illiquidity, or other factors. The Corporation will use pricing models to predict the impact of changes in values of underlying interests on positions in cleared contracts and, where applicable as indicated below, margin assets.

In calculating the minimum expected liquidating value of an account, the Corporation may either value margin assets as provided in Rule 604 or may include margin assets consisting of securities in the Monte Carlo simulations on the same basis as cleared contracts and underlying interests, thus recognizing any historical correlations among the values of margin assets, underlying assets and cleared contracts. The margin requirement will always be stated as a fixed amount of cash that would be required in the account to produce a minimum expected liquidating value of zero. However, if margin assets are deposited in the form of securities and are included in the Monte Carlo simulations on the same basis as underlying interests, the quantity of such assets required to satisfy the margin requirement will depend upon the identity of the securities deposited and the identity of the other positions and margin assets in the account.

The Corporation's methodology for calculating margin requirements incorporates measures designed to ensure that margin requirements are not lower than those that would be calculated using volatility estimated over a historical look-back period of at least 10 years.

Notwithstanding any other provision of this Rule 601, the Corporation may fix the margin requirement for any account or any class of cleared contracts at such amount as it deems

necessary or appropriate under the circumstances to protect the respective interests of Clearing Members, the Corporation, and the public.

(d) – (f) [no change]

..Interpretations and Policies:

.01 - .07 [no change]

* * *

RULE 609 - Intra-Day Margin

The Corporation may require the deposit of such additional margin (“intra-day margin”) by any Clearing Member in any account at any time during any business day, as such officer deems advisable to reflect changes in (i) the market price during such day of any series of options held in a short position in such account or of any underlying interest underlying any cleared ~~security contract~~ (including an exercised option) in such account or of any Loaned Stock that is the subject of a stock loan or borrow position in such account, (ii) the size of such Clearing Member’s positions in cleared ~~securities-contracts~~ or stock loan or borrow positions, (iii) the value of securities deposited by the Clearing Member as margin, ~~or~~ (iv) the financial position of the Clearing Member, or otherwise to protect the Corporation, other Clearing Members or the general public, or (v) stress test exposures such that a Sufficiency Stress Test (as defined in Rule 1001(a)) identifies an exposure that exceeds 75% of the current Clearing Fund requirement less deficits. ~~¶~~Additionally, the Corporation shall require the deposit of intra-day margin by a Clearing Member in the event that the Corporation, in its discretion, determines that the Clearing Member’s reasonably anticipated settlement obligations to the Corporation would exceed the liquidity resources available to satisfy such settlement obligations. A Clearing Member shall satisfy a required deposit of intra-day margin in immediately available funds within the time prescribed by such officer or, in the absence thereof, within one hour of the Corporation’s issuance of an instruction debiting the applicable bank account of the Clearing Member.

* * *

Chapter X - Clearing Fund Contributions

Introduction

SECTION 1. (a) The Corporation shall maintain a Clearing Fund to which each Clearing Member shall contribute, ~~as provided in this Article VIII,~~ to make good certain losses suffered by the Corporation. As provided in this Chapter X, the size of the Clearing Fund shall at all times be subject to minimum sizing requirements and generally be calculated on a monthly basis by the Corporation; however, the calculated size of the Clearing Fund may be determined by the Corporation more frequently than monthly under certain conditions specified herein.

RULE 1001 - Size of Clearing Fund ~~and Amount of Contribution~~

(a) Clearing Fund Size. The ~~total~~ size of the Clearing Fund shall be established ~~by the Corporation on a monthly basis~~ at an amount determined by the Corporation ~~(within the confidence levels selected by the Corporation)~~ to be sufficient to protect the Corporation against ~~loss under simulated default scenarios that include the default of the single Clearing Member Group whose default would be likely to result in the largest draw against the Clearing Fund as well as an event involving the near simultaneous default of two randomly selected Clearing Member Groups as modeled using “Monte Carlo” simulations similar to those referred to in Rule 601(c). Such calculations shall be made on a daily basis, and the size of the Clearing Fund shall be readjusted monthly to equal the peak five-day rolling average of such calculations observed over the preceding three calendar months plus a prudential margin of safety determined by the Corporation, but may be increased intra-month in accordance with the Corporation’s procedures~~ losses stemming from the default of the two Clearing Member Groups that would potentially cause the largest aggregate credit exposure for the Corporation under stress test scenarios that represent extreme but plausible market conditions (“Sizing Stress Tests”). Such Sizing Stress Tests shall be supplemented by additional historical or hypothetical stress test scenarios (“Sufficiency Stress Tests”) and, in the event Sufficiency Stress Tests call for a larger Clearing Fund size, the Clearing Fund shall be re-sized based on such Sufficiency Stress Test pursuant to paragraph (c) of this Rule 1001. The size of the Clearing Fund for a given month shall not decrease by more than five percent from the prior month.

(b) through (e) relocated to Rule 1003

(f) relocated to Rule 1002(f)

~~(g) Notwithstanding the foregoing, in the event that the calculation pursuant to this Rule 1001 of the clearing fund contribution of a recently admitted Clearing Member results in an amount that is less than the amount determined under Article VIII of the By-Laws, the amount determined under Article VIII shall apply.~~

~~---Interpretations and Policies:~~

~~.01~~ (b) Minimum Clearing Fund Size. Notwithstanding ~~the foregoing provisions of paragraph (a) of this~~ Rule 1001, in no event shall the ~~total~~ size of the ~~C~~clearing ~~F~~fund be ~~set at~~ less than \$3 billion ~~plus~~ 110% of the size of the committed liquidity facilities of the Corporation plus the Cash Clearing Fund Requirement (as defined in Rule 1002(a)) that are secured by the clearing fund on the date of the calculation.

~~.02~~ For purposes of determining the total size of the clearing fund, the Corporation shall not use confidence levels of less than 99%.

~~.03~~ The Corporation will phase in the weighting percentages that are identified in paragraph (b) by, not sooner than 180 calendar days from notice to Clearing Members, implementing temporary weighting percentages of 17.5% for total risk, 75% for open interest, and 7.5% for

~~volume, and not sooner than 360 calendar days, measured from the same date of notice, implementing the weighting percentages that are prescribed in paragraph (b).~~

~~.04~~ relocated to Rule 1003, Interpretations and Policies .01

(c) *Intra-Month Sizing Adjustments.* If at any time between the regular monthly calculations of the size of the Clearing Fund a Sufficiency Stress Test identifies a breach that exceeds 90% of the size of the Clearing Fund requirement (less any margin collected as a result of a Sufficiency Stress Test breach pursuant to Rule 609), the calculated size of the Clearing Fund shall be increased by the greater of \$1 billion or 125% of the difference between the relevant exposure and the then-current Clearing Fund size.

(d) *Temporary Increase to Clearing Fund Size.* The Risk Committee, or the Executive Chairman, Chief Administrative Officer, or Chief Operating Officer, upon notice to the Risk Committee, shall have the authority to increase the size of the Clearing Fund at any time for the protection of the Corporation, Clearing Members or the general public. Any determination by the Executive Chairman, Chief Administrative Officer, or Chief Operating Officer to implement a temporary increase in Clearing Fund size would (i) be based upon then-existing facts and circumstances, (ii) be in furtherance of the integrity of OCC and the stability of the financial system, and (iii) take into consideration the legitimate interests of Clearing Members and market participants. Any temporary increase in the Clearing Fund shall be reviewed by the Risk Committee as soon as practical and, if such temporary increase is still in effect, the Risk Committee shall determine whether (A) the increase in the cash Clearing Fund requirement is no longer required, or (B) OCC's rules should be modified to ensure that OCC continues to maintain sufficient prefunded financial resources.

RULE 1002 - Clearing Fund ~~Statement~~ Contributions

~~Within ten days after the close of each calendar month, the Corporation shall make available to each Clearing Member a Clearing Fund Statement that shall list the current amount and form of such Clearing Member's contribution to the Clearing Fund and the amount of the contribution required of such Clearing Member for the current calendar month. Any surplus over and above the amount required for the current calendar month will also be shown.~~

~~SECTION 3.~~(a) *Form and Method of Contributions.* Contributions to the Clearing Fund shall be in cash or in Government securities.

~~SECTION 3~~(i) *Cash Clearing Fund Requirement.* Clearing Members shall collectively contribute \$3 billion in cash to the Clearing Fund ("Cash Clearing Fund Requirement"). Each Clearing Member's proportionate share of the Cash Clearing Fund Requirement shall be equal in percentage to its proportionate share of the Clearing Fund as determined by Rule ~~1003(a)(y)~~~~1004~~. The Executive Chairman, Chief Administrative Officer, or Chief Operating Officer, upon providing notice to the Risk Committee, shall have the authority to temporarily increase the amount of cash required to be maintained in the Clearing Fund, up to an amount that includes the size of the Clearing Fund as determined in accordance

with Rule 1001, for the protection of OCC, Clearing Members or the general public in accordance with the Corporation's policies and procedures. Any determination by the Executive Chairman, Chief Administrative Officer, or Chief Operating Officer to implement a temporary increase in the Cash Clearing Fund Requirement size would (i) be based upon then-existing facts and circumstances, (ii) be in furtherance of the integrity of OCC and the stability of the financial system, and (iii) take into consideration the legitimate interests of Clearing Members and market participants. Any temporary increase in the eCash Clearing Fund Requirement shall be reviewed by the Risk Committee as soon as practical (but in any event, such review must occur within 20 calendar days of such increase) and, if such temporary increase is still in effect, the Risk Committee shall determine whether (A) the increase in the eCash Clearing Fund Requirement is no longer required, or (B) OCC's rules should be modified to ensure that OCC continues to maintain sufficient liquidity resources.

SECTION 3(ii) Government Securities. For purposes of valuing Government securities for calculating contributions to the Clearing Fund. Government securities shall be valued at (1) 99.5% of the current market value for maturities less than one year; (2) 98% of the current market value for maturities between one and five years; (3) 96.5% of the current market value for maturities between five and ten years; and (4) 95% of the current market value for maturities in excess of ten years. For the purposes of this Section Rule, the current market value of Government securities shall be determined by the Corporation at such intervals as the Risk Committee shall from time to time prescribe, but not less often than monthly, on the basis of the quoted bid price therefor supplied by a source designated by the Corporation. Contributions of Government securities shall be deposited by the Clearing Member in an account of the Corporation in an approved custodian in the name of the Corporation or by such other method as the Corporation may from time to time approve.

SECTION 3(b)(iii) Assets Denominated in a Foreign Currency. Notwithstanding any other provision of this Rule 1002-Section 3 of Article VIII, in determining the U.S. dollar amount of clearing fund credit to be given to any foreign currency or asset denominated in a foreign currency, the Corporation may use such exchange rates and apply such "haircuts" as it deems appropriate for its protection.

SECTION 3.(e)-(b) Interest or Gains on Government Securities. Any interest or gain received or accrued on such Government securities included within a Clearing Fund contribution shall belong to the contributing Clearing Member, and any interest on, or proceeds from the maturity of, such securities received by the Corporation shall be credited by the Corporation to an account of the Clearing Member on the records of the Corporation.

SECTION 4.(a)-(c) Investment of Cash. Cash contributions to the Clearing Fund may from time to time be partially or wholly invested by the Corporation for its account in Government securities, and to the extent that such contributions are not so invested they shall be deposited by the Corporation in a separate account or accounts for Clearing Fund contributions in approved custodians, provided that such account or accounts may commingle the Clearing Fund contributions of different Clearing Members. Interest earned on cash deposits held at a Federal

Reserve Bank shall accrue to the benefit of Clearing Members (calculated daily based on each Clearing Member's pro rata share of Clearing Fund cash deposits), provided that each such Clearing Member has provided OCC with all tax documentation as OCC may from time to time require in order to effectuate such payment, and all other interest earned on investments will accrue to the benefit of the Corporation.

SECTION 2.(a)-(d) Initial Contribution. The initial contribution of each Clearing Member to the Clearing Fund shall be ~~\$500,000~~\$150,000 or such greater amount as may be fixed by the Risk Committee in its discretion at the time such Clearing Member's membership application is approved. Notwithstanding anything else to the contrary herein, the initial Clearing Fund contribution of a Futures-Only Affiliated Clearing Member may be fixed by the Risk Committee to be the amount calculated pursuant to clause (y) of Rule ~~1001(b)-1003~~ if the conditions set forth in Rule ~~1001(f)-1002(f)~~ are satisfied. The amount of such initial contribution shall remain in force until such time as determined by the Risk Committee (but in any event not later than the end of the first three calendar months commencing after the Clearing Member's admission to membership), after which time the amount of the Clearing Member's required contribution to the Clearing Fund shall be determined in accordance with ~~the Rules paragraph (e) of this Rule;~~ provided, however, that such contribution shall at all times remain subject to the minimum contribution requirement under Rule 1003 and to adjustments by the Corporation under Rule 1004.

SECTION 2.(b)-(e) Deficits Due to Amendments. ~~The formula for determining required Clearing Fund contributions may be altered from time to time by amendment of the Rules, but in no event shall the minimum required contribution to the Clearing Fund be less than \$150,000 except as provided in section 2(a) of this Article VIII with respect to a Futures-Only Affiliated Clearing Member.~~ If the contribution to the Clearing Fund to be made by a Clearing Member is increased as a result of an amendment of the Rules, the increase shall not become effective until the Clearing Member is given five-two business days prior written notice of the amendment. Unless a Clearing Member notifies the Corporation in writing that it wishes to terminate its clearing membership and closes out or transfers all of its open long and short positions before the effective date of such amendment, such Clearing Member shall be liable to make the increased contribution by 9:00 A.M. Central Time (10:00 A.M. Eastern Time) on the second business day following the day on which notice is provided by the Corporation.

RULE 1001-(f) Futures-Only Affiliated Clearing Members. A Futures-Only Affiliated Clearing Member shall be exempt from contributing the amount set forth in clause (x) of ~~paragraph (b) of this Rule 1003(a)~~ if its contribution is equal to the amount specified in clause (y) of ~~paragraph (b)-Rule 1003(a)~~ and the then existing contribution of its earlier-admitted member affiliate Clearing Member is no less than the amount specified in clause (x) of ~~paragraph (b)-Rule 1003(a).~~

... Interpretations and Policies:

SECTION 3, Interpretations and Policies .01 The Corporation will not accept the delivery of a depository receipt from an approved custodian if the approved custodian, a parent, or an affiliate has an equity interest in the amount of 20% or more of the contributing Clearing Member's total capital.

.02 The ability of a Clearing Member to terminate its clearing membership under Rule 1002(e) shall be separate from the ability of a Clearing Member to terminate its status as such under Rule 1006(h), in each case subject to the conditions specified therein.

~~SECTION 3, Interpretations and Policies .04~~ .03 For purposes of ~~paragraph (a)(i) of Section 3~~ Rule 1002(a)(i), a Clearing Member shall satisfy any increase in its required cash contribution pursuant to an increase in Cash Clearing Fund Requirement no later than one hour before the close of the Fedwire on the business day following the Corporation's issuance of an instruction to increase cash contributions.

RULE 1003 - Clearing Fund Allocation Methodology

~~RULE 1001(b)(a) Allocated Contribution. Except as otherwise provided under paragraph (g) or as modified in accordance with paragraph (f) of this Rule, Unless determined pursuant to Rule 1002(d) or (f), the contribution to the Clearing Fund of each Clearing Member for each calendar month shall be the sum of (x) \$150,000-\$500,000 (such amount being the "fixed amount") and a separate amount equal to (y) such Clearing Member's proportionate share of an amount sufficient to cause the total amount of the Clearing Fund (after taking into account each Clearing Member's fixed amount) to be equal to the amount-Clearing Fund size determined pursuant to paragraph (a) of this Rule 1001(a) (such amount being the "variable amount"). In no event shall the contribution of a Clearing Member be less than the fixed amount. A Clearing Member's contribution shall at all times be subject to separate and additional adjustments by the Corporation pursuant to Rule 1004. A Clearing Member's proportionate share of the variable amount set forth in clause (y) of the preceding sentence shall be equal to a weighted average of the Clearing Member's proportionate share of total risk, open interest and volume, in all accounts (including paired X-M accounts) of the Clearing Member, as calculated in accordance with this Rule 1003 and the Corporation's policies and procedures.~~

(b) A Clearing Member's proportionate share of the variable amount of its Clearing Fund contribution shall be equal to a weighted average of the Clearing Member's proportionate share of total risk, open interest and volume. In calculating this average, total risk shall have a weighting of 35%-70%, open interest shall have a weighting of 50%-15%, and volume shall have a weighting of 15%.

(i) Total Risk. For purposes of this Rule ~~1001~~ 1003, "total risk" means the margin requirement calculated and reported by the Corporation with respect to all accounts of a Clearing Member ~~exclusive of less~~ the net asset value of the positions in such accounts aggregated across all such accounts. ~~RULE 1001(e)~~ A Clearing Member's proportionate share of total risk shall be equal to a fraction, the numerator of which shall be the daily average of the total risk applicable to all accounts of such Clearing Member for the preceding calendar month, and the denominator of which shall be the daily average of the total risk applicable to all accounts of all Clearing Members for the preceding calendar month.

RULE 1001(d) (ii) Open Interest. A Clearing Member's proportionate share of open interest shall be equal to a fraction, the numerator of which shall be the daily average number of open positions in cleared contracts ~~(with the number of OTC options contracts~~

~~adjusted as needed to ensure that the number of such OTC options contracts, as adjusted, is approximately equal to the number of option contracts other than OTC option contracts that would cover the same notional value or units of the same underlying interest) plus cleared-contract equivalent units attributable to open stock loan and borrow positions held by such Clearing Member with the Corporation and the denominator of which shall be the daily average number of open positions in cleared contracts (adjusted in the same manner as in the numerator) plus cleared-contract equivalent units attributable to open stock loan and borrow positions held by all Clearing Members during the preceding calendar month. The numerator and denominator shall each include the average daily number of contracts held in paired X-M accounts.~~

~~RULE 1001(e)-(iii) Volume. A Clearing Member's proportionate share of volume shall be equal to a fraction, the numerator of which shall be the daily average number of all cleared (or executed in the case of an Execution Only Clearing Member) contracts (with the number of OTC options contracts adjusted as needed to ensure that the number of such OTC options contracts, as adjusted, is approximately equal to the number of option contracts other than OTC option contracts that would cover the same notional value or units of the same underlying interest) and cleared-contract equivalent units attributable to stock loan and borrow positions cleared by such Clearing Member during the preceding calendar month a look-back period determined by the Corporation from time to time and the denominator of which shall be the daily average number of all cleared (or executed in the case of an Execution Only Clearing Member) contracts (adjusted in the same manner as in the numerator) and cleared-contract equivalent units attributable to stock loan and borrow positions cleared by all Clearing Members during the preceding calendar month. The numerator and denominator shall each include the average daily number of contracts cleared in paired X-M accounts.~~

... Interpretations and Policies:

~~RULE 1001, Interpretations and Policies .04-.01 Cleared contract equivalent units attributable to a stock loan and borrow position for purposes of the calculations in paragraphs (d) and (e) Rule 1003(b)(ii) and (iii) will be calculated by dividing the number of shares of Eligible Stock underlying such position by a divisor that the Corporation determines, in its sole discretion, to be fair to the affected Clearing Members.~~

~~RULE 1001(d).02 For purposes of Rule 1003(b)(ii) and (iii), the numerator and denominator of the relevant fractions shall include OTC options contracts and A Clearing Member's proportionate share of open interest shall be equal to a fraction, the numerator of which shall be the daily average number of open positions in cleared contracts (with the number of such OTC options contracts shall be adjusted as needed to ensure that the number of such OTC options contracts, as adjusted, is approximately equal to the number of options contracts other than OTC options contracts that would cover the same notional value or units of the same underlying interest) plus cleared-contract equivalent units attributable to open stock loan and borrow positions held by such Clearing Member with the Corporation and the denominator of which shall be the daily average number of open positions in cleared contracts (adjusted in the same manner as in the numerator) plus cleared-contract equivalent units attributable to open stock loan and borrow positions held by all Clearing Members during the preceding calendar month. The~~

~~numerator and denominator shall each include the average daily number of contracts held in paired X-M accounts.~~

~~.03 The allocation methodology in this Rule 1003 shall be phased in over a three month period after implementation by adjusting 35% of the weighting to total risk from open interest by 10% in the first month, 10% in the second month, and 15% in the third month.~~

RULE 1004 - Adjustments to Clearing Fund Contributions

~~*Adjusted Contribution.* The required Clearing Fund contribution of a Clearing Member may be adjusted by the Corporation due to mergers, consolidations, position transfers, business expansions, membership approval or other similar events in connection with the calculations made in respect of a particular calendar month or at any other time. The Corporation shall provide notice to affected Clearing Members, by means of the reports described in Rule 1007, as soon as practicable after any such adjustment is determined. Any deficit resulting from the adjusted contribution shall be satisfied by the Clearing Member as provided in Rule 1005(a); provided, however that a deficit that would otherwise be required to be satisfied on the first business day of a calendar month may be satisfied on the second business day if the deficit coincides with a deficit due to regular monthly sizing of the Clearing Fund as provided for in Rule 1005(b). All individual adjustments as of a particular date, taken together, may result in a corresponding increase in the amount of the Clearing Fund but shall not be deemed to be a change in the calculated Clearing Fund size as that may be determined under Rule 1001. Any adjusted contribution resulting from any adjustment shall be in effect until the earlier of the next adjustment of the calculated size of the Clearing Fund under Rule 1001, or the next adjustment of the Clearing Member's required contribution pursuant to this paragraph.~~

RULE 1005 - Deficits and Increased Contributions

RULE 1003—Time of Deposits

~~(a) *Deficits Generally.* Except as otherwise provided in this Chapter X, including but not limited to paragraph (b) below and Rule 1002(e), or as the Corporation may otherwise agree from time to time in writing, whenever a report for a Clearing Member described in Rule 1007 shows a deficit, including but not limited to a deficit caused by a decrease in the value of the Clearing Member's contribution or an adjusted contribution pursuant to Rule 1004, such Clearing Member shall satisfy the deficit by a deposit in a form approved by the Corporation no later than one hour after being notified by the Corporation of such deficit.~~

~~(b) *Deficits Due to Intra-Month and Regular Monthly Sizing.* Whenever a Clearing Member's Clearing Fund Statement shows a deficit, Whenever a report described in Rule 1007 is made available in connection with regular monthly or intra-month determination of the calculated size of the Clearing Fund under Rule 1001 and the report shows a deficit for any Clearing Member, such Clearing Member shall satisfy the deficit by a deposit in a form approved by the By-Laws within five business days of the date of issuance of such Clearing Fund Statement Corporation by 9:00 A.M. Central Time (10:00 A.M. Eastern Time) on the second business day following the day on which notice is provided by the Corporation.~~

(c) Debit Authority of the Corporation. Whenever a Clearing Member fails to timely satisfy any deficit shown on a report as described in Rule 1007, including but not limited to a deficit caused by the sizing determination pursuant to Rule 1001, a making good of a proportionate charge pursuant to Rule 1006(h), or a deficit caused for any other reason, the Corporation shall be authorized to withdraw from the Clearing Member's bank account established in respect of any firm account, at a time specified by the Corporation (which in the case of a deficit resulting from the regular monthly determination of the calculated size of the Clearing Fund may be different from the time specified in connection with deficits caused for other reasons), an amount equal to such deficit, and any amount withdrawn by the Corporation will be treated as a cash contribution to the Clearing Fund. If the Corporation is unable to withdraw an amount equal to the deficit, any such failure may subject the Clearing Member to suspension and disciplinary proceedings as provided for in the By-Laws and Rules, including under Chapters XI and XII.

RULE 1006 - Purpose and Use of Clearing Fund

~~SECTION 1.(a)-(a) Conditions for Clearing Fund Use.~~ The Corporation shall maintain a Clearing Fund ~~to which each Clearing Member shall contribute, as provided in this Article VIII, may be used~~ to make good losses or expenses suffered by the Corporation, or losses suffered by the Clearing Fund resulting from borrowings pursuant to the authority in ~~Section 5(e) of this Article~~ Rule 1006(f), (i) as a result of the failure of any Clearing Member to discharge duly any obligation on or arising from any confirmed trade accepted by the Corporation, (ii) as a result of the failure of any Clearing Member (including any Appointed Clearing Member) or of CDS to perform its obligations (including its obligations to the correspondent clearing corporation) under or arising from any exercised or assigned option contract or matured future or any other contract or obligation issued, undertaken, or guaranteed by the Corporation or in respect of which the Corporation is otherwise liable, (iii) as a result of the failure of any Clearing Member to perform any of its obligations to the Corporation in respect of the stock loan and borrow positions of such Clearing Member, (iv) in connection with any liquidation of a Clearing Member's open positions, (v) in connection with protective transactions effected for the account of the Corporation pursuant to Chapter XI of the Rules, (vi) as a result of the failure of any Clearing Member to make any other required payment or render any other required performance, (vii) as a result of the failure of any bank or securities or commodities clearing organization to perform its obligations to the Corporation for reasons specified in ~~Section 5 of this Article paragraph (c) of this Rule 1006~~, or (viii) as a result of a borrowing by the Corporation for liquidity needs for same day settlement pursuant to the authority in ~~Section 5(e) of this Article~~ Rule 1006(f).

Notwithstanding the foregoing, in the event that the Corporation performs a Voluntary Tear-Up or a Partial Tear-Up pursuant to Rule 1111, the Clearing Fund may be used to provide compensation to non-defaulting Clearing Members and their customers as a means of re-allocating the losses, costs and fees imposed upon them as a result of such Voluntary Tear-Up or Partial Tear-Up, but only to the extent that such losses, costs and fees can be reasonably determined by the Corporation.

~~SECTION 5.(a)-(b) Clearing Member Failures.~~ If (i) any Clearing Member shall fail to discharge duly any obligation on or arising from any confirmed trade accepted by the Corporation, (ii) any Clearing Member, (including any Appointed Clearing Member) or of CDS shall fail to perform any obligations (including its obligations to the correspondent clearing

~~corporation) under or arising from any exercised or assigned option contract or any other contract or obligation issued or guaranteed by the Corporation or in respect of which the Corporation is otherwise liable, (iii) any Clearing Member shall fail to perform any obligation to the Corporation in respect of the stock loan and borrow positions of such Clearing Member, (iv) the Corporation shall suffer any loss or expense upon any liquidation of a Clearing Member's open positions, (v) the Corporation shall suffer any loss or expense in connection with protective transactions effected for the account of the Corporation pursuant to Chapter XI of the Rules, or (vi) any Clearing Member shall fail to make any other payment or render any other performance required under the By Laws or the Rules, then~~ Upon occurrence of any of the events described in clauses (i) through (vi) of paragraph (a) of this Rule, the Corporation shall (after appropriate application of other funds in the accounts of the Clearing Member) apply the Clearing Member's Clearing Fund contribution to the discharge of ~~such~~the obligation, the reimbursement of such loss or expense, or the making of such payment or the funding of ~~such~~the performance, as applicable. If the sum of all such obligations, losses or expenses, and payments exceeds the sum of the amount of the Clearing Member's total Clearing Fund contribution and the amount of the other funds of the Clearing Member available to the Corporation, and if the Clearing Member fails to pay the Corporation the amount of any such deficiency on demand, the amount of the deficiency shall be paid out of the Clearing Fund and charged on a proportionate basis against all other Clearing Members' required contributions as ~~fixed~~calculated at the time, but the Clearing Member who failed to pay the deficiency shall remain liable to the Corporation for the full amount of such deficiency until repayment thereof by such Clearing Member.

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~~(vii) If the Corporation performs a Voluntary Tear-Up or a Partial Tear-Up pursuant to Rule 1111, then, the Corporation may elect to proportionately charge the Clearing Fund in the amount(s) the Corporation reasonably determines necessary to compensate non-defaulting Clearing Members and their customers for the losses, costs or fees imposed upon them as a directly result of such Voluntary Tear-Up or Partial Tear-Up, but only to the extent that such losses, costs and fees can be reasonably determined by the Corporation.~~

For purposes of this Rule 1006(b), a Clearing Member's proportionate share of any loss to be charged against such Clearing Member's contribution to the Clearing Fund shall be determined in accordance with the formula prescribed in Interpretation and Policy .01 below.

~~SECTION 5.(b)-(c) Bank or Clearing Organization.~~ (i) If any bank or securities or commodities clearing organization shall fail to perform any obligation to the Corporation when due because of its bankruptcy, insolvency, receivership, suspension of operations, or ~~because of~~ any similar event, and the Corporation shall sustain a loss (whether directly or as a trustee, custodian, or secured party) by reason thereof that is not recoverable out of the Clearing Fund pursuant to paragraph ~~(ab)~~, the Corporation may, in its discretion, reimburse itself for such loss out of the Clearing Fund pursuant to this paragraph ~~(c)-(b)(i)~~, and the amount of any such reimbursement shall be charged proportionately against all Clearing Members' ~~computed~~required contributions to the Clearing Fund as ~~fixed~~calculated at the time.

(ii) With respect to any borrowing by the Corporation for liquidity needs for same day settlement pursuant to the authority in paragraph (e) of this ~~Section 5~~Rule, if such borrowing remains outstanding for a period of less than thirty days, the Corporation may, in its discretion, consider

such amount an actual loss to the Clearing Fund and the amount of any such loss shall be charged proportionately against all Clearing Members' ~~computed~~required contributions to the Clearing Fund as ~~fixed~~calculated at the time, provided however, that if such borrowing remains outstanding on the thirtieth day, the Corporation shall consider such amount an actual loss to the Clearing Fund and the amount of any such loss shall be charged proportionately against all Clearing Members' ~~computed~~required contributions to the Clearing Fund as ~~fixed~~calculated at the time.

For purposes of this Rule 1006(c), a Clearing Member's proportionate share of any loss to be charged against such Clearing Member's contribution to the Clearing Fund shall be determined in accordance with the formula prescribed in Interpretation and Policy .01 below. To the extent that a loss resulting from any of the events referred to in this paragraph (~~b~~) is recoverable out of the Clearing Fund pursuant to paragraph (~~a~~b), the provisions of paragraph (~~a~~b) shall control, and this paragraph (~~b~~c) shall be inapplicable.

SECTION 5.(e)-(d) Notice of Charges. Whenever any proportionate charge is made against Clearing Members' ~~computed~~ contributions to the Clearing Fund, the Corporation shall promptly notify all Clearing Members of the amount of the charge and the reasons therefor. For the purposes of paragraphs (~~a~~b) through (~~e~~d), the amount of any loss sustained by the Corporation shall be determined without reference to the possibility of any subsequent recovery in respect thereof, through insolvency proceedings or otherwise, but the net amount of any such recovery shall be applied in accordance with ~~Section 8 of this Article~~paragraph (h).

SECTION 5.(d)-(e) Retained Earnings. Notwithstanding the provisions of paragraphs (~~a~~b) through (~~e~~d), in lieu of charging a loss or deficiency proportionately to the Clearing Fund ~~computed~~required contributions of non-defaulting Clearing Members pursuant thereto, the Corporation may, in its discretion, subject to the unanimous approval of the holders of Class A Common Stock and Class B Common Stock, elect to charge such loss or deficiency in whole or in part against the Corporation's current earnings or retained earnings. If such charge is made against current earnings, such charge shall be deemed a refund of clearing fees to the non-defaulting Clearing Members to whose Clearing Fund contributions the loss or deficiency would otherwise have been charged, and in that case the Corporation shall notify each such Clearing Member of the aggregate amount of the charge against current earnings, the reasons therefor, and the amount deemed to have been refunded to such Clearing Member. As used herein, the term "current earnings" shall mean the Corporation's net income before taxes for the period from the beginning of the fiscal year in which a loss or deficiency occurs to the close of the calendar month immediately preceding the occurrence of such loss or deficiency, less an amount equal to the aggregate of all refunds of clearing fees made or authorized to be made or deemed to have been made for such fiscal year. If the Corporation elects to charge a deficiency in a Clearing Member's Clearing Fund contribution ~~to~~against the Corporation's current earnings or retained earnings, the Clearing Member shall remain liable to the Corporation for the full amount of such deficiency until repayment thereof by such Clearing Member.

SECTION 5.(e)-(f) Borrowings. If (i) the Corporation deems it necessary or advisable to borrow or otherwise obtain funds from third parties in order to meet obligations arising out of the default or suspension, or in anticipation of the potential default or suspension, of a Clearing Member or any action taken by the Corporation in connection therewith pursuant to Chapter XI of the Rules

or otherwise; or (ii) the Corporation sustains a loss reimbursable out of the Clearing Fund pursuant to paragraph (bc) but elects to borrow or otherwise obtain funds from third parties in lieu of immediately charging such loss to the Clearing Fund; or (iii) the Corporation reasonably believes it necessary to borrow to meet its liquidity needs for same-day settlement as a result of the failure of any bank or securities or commodities clearing organization to achieve daily settlement, and in any case the Corporation determines that it will be unable to borrow or otherwise obtain such funds on acceptable terms on an unsecured basis; then the Corporation may take possession of cash or securities deposited by Clearing Members as contributions to the Clearing Fund and securities in which cash contributions to the Clearing Fund have been invested by the Corporation and use such assets to borrow or otherwise obtain funds through any means determined to be reasonable by the Executive Chairman, Chief Operating Officer or the Chief Administrative Officer of the Corporation in his discretion (including, without limitation, pledging such assets as security for loans and/or using such assets to effect repurchase, securities lending or other transactions); provided, in the case of any transaction effected under the circumstances specified in clause (i) or clause (iii) above, that the funds obtained through such transaction will be used solely for the purposes described in clause (i) or clause (iii), as applicable. The funds obtained by the Corporation pursuant to this paragraph (ef), irrespective of how such funds are applied, shall not be deemed to be charges against the Clearing Fund for a period not to exceed thirty days, and, during said period, shall not affect the amount or timing of any charges otherwise required to be made against the Clearing Fund pursuant to this ~~Section~~Chapter X. If all or a part of any transaction effected by the Corporation pursuant to this paragraph (ef) remains outstanding after thirty days, the Corporation, at the close of business of the thirtieth day (or on the first Business Day thereafter), shall consider the amount of Clearing Fund assets used to support the Corporation's obligations under the outstanding transaction as an actual loss to the Clearing Fund and immediately allocate such loss in accordance with this ~~Section~~Chapter X.

~~SECTION 5.(f)-(g)~~ Cross Guaranty Parties. If the Corporation is obligated to make a payment to a Cross-Guaranty Party pursuant to a Limited Cross-Guaranty Agreement in respect of a suspended Clearing Member, the Corporation shall (after appropriate application of other funds in the accounts of the Clearing Member) apply the Clearing Member's Clearing Fund contribution to make such payment, or to reimburse itself for such payment. ~~SECTION 5.(g)~~ If the Corporation receives any funds in respect of a suspended Clearing Member from a Cross-Guaranty Party pursuant to a Limited Cross-Guaranty Agreement in circumstances in which the Corporation must still make a charge on a proportionate basis against other Clearing Members' ~~computed~~required contributions to the Clearing Fund even after application of such funds, or in circumstances in which the Corporation has already made a charge on a proportionate basis against other Clearing Members' ~~computed~~required contributions to the Clearing Fund, such funds shall be credited to the Clearing Fund.

~~SECTION 6.(h)~~ Making Good of Charges to the Clearing Fund.

~~(A) (a) Making Good of Charges to the Clearing Fund~~ Replenishment. Whenever an amount is paid out of the Clearing Fund contribution of a Clearing Member, whether by proportionate charge or otherwise, such Clearing Member shall be liable to promptly ~~to~~ make good the deficiency in its required contribution resulting from such payment by replenishment of the Clearing Fund. ~~Notwithstanding the foregoing and except as provided for below, if the payment is made as a result of a proportionate charge, a Clearing Member~~

~~will not be liable to make good more than an additional 100% of the amount of its then required contribution if (i) within five business days following such proportionate charge the Clearing Member notifies the Corporation in writing that it is terminating its status as a Clearing Member, (ii) no opening purchase transaction or opening writing transaction is submitted for clearance through any of the Clearing Member's accounts and (if the Clearing Member is a Market Loan Clearing Member or a Hedge Clearing Member) no Stock Loan is initiated through any of the Clearing Member's accounts after the giving of such notice, and (iii) the Clearing Member closes out or transfers all of its open positions with the Corporation, in each case as promptly as practicable after the giving of such notice; provided that a Clearing Member which so terminates its status as a Clearing Member shall be ineligible to be readmitted to such membership unless the Clearing Member agrees to such reimbursement of the persons who were Clearing Members at the time of such termination as the Board of Directors deems fair and equitable in the circumstances. In the event a Clearing Member notifies the Corporation of its intent to terminate its status as a Clearing Member in accordance with the preceding sentence, and such Clearing Member's computed contribution is less than its minimum required contribution, then the Clearing Member shall also make good 100% of the amount equal to its minimum required contribution less its computed contribution to the Clearing Fund. Each Clearing Member shall have and shall at all times maintain the ability to ~~make good~~replenish any deficiency described in this ~~Section 6~~Rule 1006(h) by 9:00 A.M. Central Time (10:00 A.M. Eastern Time) on the first business day following the day on which the Corporation notifies the Clearing Member of such deficiency.~~

~~(B) (b) Cooling-Off Period; Assessments.~~ Notwithstanding anything in ~~Section 6~~this Rule 1006(h) and except as provided for below, if an amount is paid out of the Clearing Fund as a result of a proportionate charge ~~under Rule 1006(b)~~ resulting from any of the events described in clauses (i) through (iv) of ~~Section 5(a)~~Rule 1006(a), then starting on the date of such proportionate charge there shall automatically commence a cooling-off period during which a Clearing Member will not be liable to make good more than an additional 200% of the amount of its then required contribution (for definitional purposes, amounts in excess of a Clearing Member's then required contribution shall be "assessments"). The cooling-off period shall be fifteen consecutive calendar days from the date of such proportionate charge; provided however, that if one or more subsequent events described in clauses (i) through (iv) of ~~Section 5(a)~~Rule 1006(a) occur during the fifteen-day period and result in one or more proportionate charges against the Clearing Fund, the cooling-off period shall be extended through (i) the fifteenth calendar day from the date of the most recent proportionate charge resulting from the subsequent event, or (ii) the twentieth calendar day from the date of the initial proportionate charge, whichever is sooner. After the cooling-off period ends, Clearing Members shall not be liable for any deficiency arising from losses or expenses suffered by the Corporation as a result of any event described in clauses (i) through (iv) of ~~Section 5(a)~~Rule 1006(a) that occurred during the cooling-off period. Each Clearing Member shall have and shall at all times maintain the ability to make good any deficiency described in this ~~Section 6(b)~~Rule 1006(h) by 9:00 A.M. Central Time (10:00 A.M. Eastern Time) on the first business day following the day on which the Corporation notifies the Clearing Member of such deficiency.

~~(C) (e) Termination During Cooling-Off Period.~~ After the expiration of the cooling-off period, a Clearing Member will not be liable for replenishment of the Clearing Fund as

required by ~~Section 6(e)~~ paragraph (A) of this Rule 1006(h) or assessments as contemplated by ~~Section 6(b)~~ paragraph (B) of this Rule 1006(h), if (i) not later than the last day of the cooling-off period the Clearing Member notifies the Secretary of the Corporation in writing that it is terminating its status as a Clearing Member, (ii) after giving such notice no opening purchase transaction or opening writing transaction is submitted for clearance through any of the Clearing Member's accounts and (if the Clearing Member is a Market Loan Clearing Member or a Hedge Clearing Member) no Stock Loan is initiated through any of the Clearing Member's accounts after the giving of such notice, and (iii) the Clearing Member closes out or transfers all of its open positions with the Corporation, in each case not later than the last day of the cooling off period. A Clearing Member that so terminates its status as a Clearing Member shall be ineligible to be readmitted to such membership unless the Clearing Member agrees to such reimbursement of the persons who were Clearing Members at the time of such termination as the Board of Directors deems fair and equitable in the circumstances. In the event a Clearing Member notifies the Corporation of its intent to terminate its status as a Clearing Member in accordance with ~~this Section 6(e)~~ paragraph (C) of this Rule 1006(h), and such Clearing Member's computed contribution is less than its minimum required contribution, then the Clearing Member shall also make good 100% of the amount equal to its minimum required contribution less its computed contribution to the Clearing Fund.

SECTION 1.(b)-(i) General Lien. Without limiting any other rights granted herein, each Clearing Member grants to the Corporation a general lien on all cash, Government securities and other property of the Clearing Member contributed to the Clearing Fund (and any proceeds thereof) as security for any obligation of the Clearing Member to the Corporation including, without limitation, any obligation to satisfy a proportionate charge pursuant to ~~Section 5 of this Article VIII~~this Rule 1006.

SECTION 3, Interpretations and Policies .02-(j) Securities Intermediary. Securities deposited in an account of the Corporation in an approved custodian in the name of the Corporation shall be credited to the Clearing Member's "clearing fund account," which shall be a securities account maintained on the records of the Corporation in the name of such Clearing Member, and the Corporation shall be the Clearing Member's securities intermediary with respect to such securities for purposes of Articles 8 and 9 of the Uniform Commercial Code. So long as any such securities and any proceeds thereof are so credited to the Clearing Member's clearing fund account, the Corporation shall have a general lien on and perfected security interest in and "control" over such securities and proceeds for purposes of Articles 8 and 9 of the Uniform Commercial Code.

... Interpretations & Policies:

.01 For purposes of paragraphs (b) and (c) of this Rule 1006, the share of any deficiency to be borne by each Clearing Member (other than the suspended Clearing Member(s)) shall be a fraction, the numerator of which shall be the sum of the fixed amount and variable amount calculated pursuant to Rule 1003 for such Clearing Member (or its initial contribution if applicable) and the denominator of which shall be the sum of the fixed amounts, variable

amounts and any initial contributions across all Clearing Members (other than the suspended Clearing Member(s)).

SECTION 5, Interpretations and Policies .03.02 If the Corporation has a deficiency after the application of all of the funds of a suspended Clearing Member that are available to the Corporation (including the Clearing Fund contributions of the Clearing Member), and the Clearing Member is a Common Member but the Corporation cannot, in its discretion, determine whether or in what amount it will be entitled to receive funds from a Cross-Guaranty Party pursuant to a Limited Cross-Guaranty Agreement in respect of the Clearing Member, or when it will receive such funds, the Corporation may, in its discretion, make a charge against other Clearing Members' contributions to the Clearing Fund in accordance with the provisions of paragraph (ab). If the Corporation receives funds from a Cross-Guaranty Party in respect of the Clearing Member after making such a charge, the Corporation will ~~allocate~~credit such funds to the Clearing Fund in accordance with the provisions of ~~paragraph (g)~~Rule 1010.

SECTION 5, Interpretations and Policies .04.03 If the Corporation has a deficiency after the application of all of the funds of a suspended Clearing Member that are available to the Corporation (including the Clearing Fund contribution of the Clearing Member), and the Clearing Member is a Common Member and the Corporation determines in its discretion that it is likely to receive funds from a Cross-Guaranty Party pursuant to a Limited Cross-Guaranty Agreement in respect of the Clearing Member, the Corporation may, in its discretion and in anticipation of receipt of such funds from the Cross-Guaranty Party, forego making a charge, or make a reduced charge, against other Clearing Members' contributions to the Clearing Fund in accordance with the provisions of paragraph (ab). If the Corporation thereafter does not receive or determines that it is not likely to receive the anticipated funds from the Cross-Guaranty Party, or receives funds in a smaller amount than anticipated, the Corporation may, in its discretion, make a charge, or an additional charge, against other Clearing Members' contributions to the Clearing Fund in accordance with the provisions of paragraph (ab).

SECTION 5, Interpretations and Policies .05.04 If the Corporation receives funds from a Cross-Guaranty Party pursuant to a Limited Cross-Guaranty Agreement in respect of a suspended Clearing Member, and is thereafter required for any reason whatsoever to refund such funds to the Cross-Guaranty Party, the Corporation may, in its discretion, make a charge, or an additional charge, against other Clearing Members' contributions to the Clearing Fund in accordance with the provisions of paragraph (ab) (based on the other Clearing Members' ~~computed~~ contributions as fixed at the time of the refund), to make itself whole for the funds refunded to the Cross-Guaranty Party.

RULE 1007 – Reports

At least once each business day, the Corporation shall make available to each Clearing Member certain reports listing the current amount and form of such Clearing Member's contribution to the Clearing Fund, the current amount of the contribution required of such Clearing Member, including the Clearing Member's required cash contribution to the Clearing Fund, and any deficit in the Clearing Member's contribution or surplus over and above the required amount, as applicable. The Corporation shall also issue a report whenever the calculated size of the Clearing

Fund has changed, whether as the result of regular monthly sizing of the Clearing Fund or otherwise.

RULE 10041008 – Withdrawals of Excess Clearing Fund

In the event that the Clearing Fund ~~Statement report~~ of a Clearing Member shows a surplus, such surplus may be withdrawn by the Clearing Member ~~on the business day following issuance of the Statement~~ by submitting a Clearing Fund withdrawal request to the Corporation in such form as the Corporation shall prescribe. Thereupon, the Corporation shall authorize withdrawal of the excess contribution.

RULE 1009 – Contribution Refunds

~~SECTION 7.~~ Whenever a Clearing Member definitively ceases to be such, the amount of its contribution to the Clearing Fund shall be returned to it, but not until all confirmed trades and open positions of the Clearing Member from which losses or payments chargeable to the Clearing Fund might result have been fulfilled or closed, or, with the approval of the Corporation, another Clearing Member has been substituted thereon. All amounts chargeable against a Clearing Member’s contribution to the Clearing Fund on account of transactions that occurred while it was a Clearing Member, including proportionate charges and unpaid fees, shall be deducted from the amount returned. For purposes of this ~~Section 7~~**Rule 1009**, a Clearing Member will be deemed to have definitively ceased to be a Clearing Member at such time as it has fulfilled all requirements of Sub-~~S~~sections (i) through (iii) of ~~Section 6 of this Article~~**Rule 1006(h)** and has met all outstanding obligations to the Corporation.

RULE 1010 – Recovery of Losses

~~SECTION 8.~~ If a loss charged proportionately against the contributions of Clearing Members is afterward recovered by the Corporation, in whole or in part, the net amount of such recovery shall be paid to the Clearing Members against whose contributions the loss was charged in proportion to the amounts charged against their respective contributions, whether or not they are still Clearing Members.

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Chapter XI - Suspension of a Clearing Member

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RULE 1106 - Open Positions

(a) – (d) [No change]

(e) *Exceptions.*

(1) – (2) [No change]

(A) – (B) [No change]

(C) If the liquidation of the suspended Clearing Member's business with the Corporation pursuant to this Chapter XI results in a deficiency that would result in a proportionate charge against the Clearing Fund contributions of all other Clearing Members pursuant to ~~Article VIII, Section 5 of the By-Laws~~ Rule 1006, then each Participant that failed to purchase or assume a percentage of the auction portfolio at least equal to its minimum participation level shall be subject to a priority charge ("Priority Charge") against such Participant's Clearing Fund contribution. The amount of the Priority Charge shall be determined in accordance with a formula set forth in the OTC Options Auction Procedures; provided that the Priority Charge shall not exceed the amount of the Clearing Member's required Clearing Fund contribution at the time the Priority Charge is made. If a deficiency remains after application of such Priority Charges, the Corporation shall then make a proportionate charge against the Clearing Fund contributions of all Clearing Members, including Participants, pursuant to ~~Article VIII, Section 5 of the By-Laws~~ Rule 1006; provided, however, that if a Participant notifies the Corporation within the specified time following such proportionate charge that it will terminate its status as a Clearing Member as permitted, and in satisfaction of the conditions imposed, under ~~Article VIII, Section 6 of the By-Laws~~ Rule 1006(h), then the amount of any Priority Charge to which such Participant was subject shall be treated as if it had been a part of the proportionate charge and shall not be construed to increase the maximum liability of the Participant to make additional contributions to the Clearing Fund pursuant to ~~such Section 6~~ Rule 1006(h).

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