

BSE Clearing Corporation Rules

RULE I MEMBERSHIP

Sec. 1. QUALIFICATIONS FOR MEMBERSHIP

(a) The Corporation shall act for those organizations, entities or persons accepted by the Corporation as Members under these Rules. A person, partnership, corporation or other organization or entity shall be qualified to become a Member if it is not subject to any statutory disqualification and it satisfies at least one of the following qualifications:

(i) it is a broker or dealer registered under the Securities Exchange Act of 1934;

(ii) it is a bank or trust company, including a trust company having limited power, which is a member of the Federal Reserve System or is supervised and examined by state or federal authorities having supervision over banks;

(iii) it is a Registered Clearing Agency;

(iv) it is an insurance company subject to supervision or regulation pursuant to the provisions of state insurance laws;

(v) it is an investment company registered under the Investment Company Act of 1940, as amended; or

(vi) it is one which demonstrates to the Corporation that its business and capabilities are such that it could reasonably expect material benefits from direct access to the Corporation's services.

Sec. 2. APPROVAL OF APPLICANTS

The Corporation shall approve on a nondiscriminatory basis the application to become a Member of any applicant meeting the qualifications of Section 1 upon a determination by the Corporation that the applicant meets the following additional standards for qualification:

(a) The applicant has sufficient financial ability to pay its anticipated contribution to the Clearing Fund and to meet its obligations to the Corporation on the basis of the value of the positions which the applicant proposes to maintain with, and the transactions which the applicant proposes to process through, the Corporation.

(b) The applicant has affirmatively shown that it has, and has undertaken to continue to maintain, adequate personnel, physical facilities, books and records, and

procedures to fulfill its anticipated commitments to the Corporation and to other Members.

(c) The applicant has demonstrated the ability to settle transactions via DTC including its institutional delivery System and, in the case of Broker/Dealers to clear transactions via NSCC.

(i) Broker/Dealers joining the Corporation who are also members of NSCC or who are clearing transactions through an NSCC Member, must sign a Regional Interface Operation ("RIO") Agreement with both NSCC and the Corporation.

(ii) Broker/Dealers joining the Corporation as Member-Specialists not financed by the Corporation must fulfill the requirements of Section 2(c) (i) for RIO Membership.

(iii) Broker/Dealers joining the Corporation as Member Specialists financed by the Corporation must:

(A) Agree to abide by all policies and procedures set forth and from time to time, amended by the Corporation that enables the Corporation to meet all necessary NSCC and DTC requirements.

(B) Sign a Member Specialist's "Consent to Loan of Securities."

(d) The Corporation has received no substantial information which would reasonably and adversely reflect on the applicant, any affiliate of the applicant (as that term is defined in Rule 12b-2 under the Securities Exchange Act of 1934), or any person associated with the applicant in a responsible capacity, to such an extent that the applicant should be denied access to the Corporation; provided, however, that no application shall be denied pursuant to this subsection (d) unless the Corporation shall have reasonable grounds to believe that the applicant or any such affiliate or associate:

(i) has been responsible for fraud, fraudulent acts, breach of fiduciary duty, or the willful violation of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, the Investment Advisers Act of 1940, or any rule or regulation adopted pursuant to any of said Acts;

(ii) has been convicted within ten years preceding the filing of the application or at any time thereafter of (A) any criminal offense involving the purchase, sale or delivery of any security, or the taking of a false oath, or the making of a fraudulent statement, or the making of a false report, or bribery, or perjury, or burglary, or conspiracy to commit any offense referred to in this clause (ii), (B) the larceny, theft, robbery, embezzlement, extortion, fraudulent conversion, fraudulent concealment, forgery or misappropriation of funds, securities or other property, (C) any violation of Section 152, 1341, 1342 or 1343 or Chapter 25 or 47 of Title 18,

United States Code, or (D) any other offense involving breach of fiduciary obligation, or arising out of the conduct of business as a broker, dealer, investment adviser, bank, trust company, fiduciary, insurance company or other financial institution;

(iii) has been permanently or temporarily enjoined or prohibited by order, judgment or decree of any court or other governmental authority of competent jurisdiction from acting as, or as a person associated with, a broker, dealer, investment adviser or underwriter, or as an affiliated person or employee of any investment company, bank, trust company, fiduciary, insurance company or other financial institution or from engaging in or continuing any conduct or practice in connection with any such activity, or in connection with the purchase, sale or delivery of any security;

(iv) has been suspended or expelled from a national securities exchange, a national or affiliated securities association, a clearing agency or a securities depository registered under the Securities Exchange Act of 1934, or has been barred or suspended from being associated with members of such an exchange, association, Clearing Agency or securities depository; or

(v) has made a misstatement of a material fact or has omitted to state a material fact to the Corporation in connection with its application or thereafter.

The Corporation may waive any standard as to any applicant, either unconditionally or on an appropriate temporary or other conditional basis, if the Corporation determines that said standard, as applied to such applicant, is unduly or disproportionately severe or that the conduct of said applicant has been such that it would not be against the best interest of the Corporation, its Members and the public to waive said standard.

(e) Notwithstanding the foregoing, the Corporation may decline to accept the application of any applicant upon a determination by the Corporation that the Corporation does not have adequate personnel, space, data processing capacity or other operational capabilities at that time to furnish service to additional Members without impairing its ability to provide services for its then existing Members, to effect the prompt and orderly settlement of securities transactions, to safeguard the funds and securities held for Members, or to otherwise carry out its functions; provided, however, that applicants whose applications are denied pursuant to this paragraph shall be approved as promptly as the capabilities of the Corporation permit.

(f) Any applicant aggrieved by action taken by the Corporation pursuant to the Rule shall be entitled to review in accordance with the provision of Rule XI.

Amended.

February 23, 2004

Sec. 3. AGREEMENTS OF MEMBERS

An applicant whose application to become a Member has been approved by the Corporation shall pay to the Corporation its original contribution to the Clearing Fund and shall sign and deliver to the Corporation an instrument in writing whereby it agrees:

(a) That the applicant while a Member will abide by the Rules and Procedures of the Corporation and shall be bound by all the provisions thereof, including the provisions prescribing the liens which the Corporation shall have upon stocks and securities which are the subject of transactions had for the applicant's account, and the Corporation shall have all the liens, rights, and remedies contemplated by the By-Laws and Rules of the Corporation.

(b) That the By-Laws and Rules of the Corporation shall be a part of the terms and conditions of every contract or transaction which the applicant while a Member may make or have with the Corporation.

Sec. 4. NON-MEMBER USE OF SERVICES

(a) Only Members shall be entitled to settle contracts through the Corporation. A Member who compares, settles or carries out through the Corporation any contract or transaction for a person who is not a Member shall, so far as the rights of the Corporation and all other Members are concerned, be liable as principal.

(b) Limited services of the Corporation shall be available to such persons, partnerships or corporations approved by it which are not members but which have entered into an agreement with the Corporation for the purpose of utilizing the Corporation's equipment and personnel for direct computer processing with DTC or NSCC.

Sec. 5. TERMINATION OF MEMBERSHIP

The Corporation may at any time cease to make its services available to a Member in accordance with Rule IX or X and the Member shall, upon receipt of notice thereof given by the Corporation as provided in Rule IX or X, cease to be a Member; provided, however, that if the Corporation notifies a Member that it has ceased to act for it with respect to a particular transaction or transactions, the Member will, in all other respects, continue to be a Member.

(b) A Member may voluntarily terminate its membership in the Corporation in accordance with the provisions of Rule IX.

(c) In the event that a Member shall cease to be a Member, the Corporation shall thereupon cease to make its services available to the Member except that the Corporation may perform services necessary to terminate the business of the Member, and the Member shall pay to the Corporation all fees and charges with respect to

services so provided by the Corporation. The Corporation shall immediately notify the Securities and Exchange Commission when it ceases to make its services available to a Member.

Sec. 6. MEMBER BOUND BY ACTION TAKEN

Each Member shall be bound by action of the Corporation taken pursuant to these Rules.

RULE II CLEARING FUND

Sec. 1. MAINTENANCE AND PURPOSE

The Corporation shall maintain a fund, known as the "Clearing Fund," to make good losses suffered by the Corporation incident to the operation of the clearance and settlement business of the Corporation. Each Member shall contribute to the Clearing Fund as provided in this Rule, except that Specialists shall be deemed to meet this requirement up to the amount specified by Section 2 of this Rule pursuant to their Minimum Equity Requirement under Chapter XXII, Section 2(f) of the Exchange Rules, and such portion of the Minimum Equity Requirement shall be deemed Clearing Fund for purposes of this Rule.

Rule II, Section 1 shall be suspended during any period in which the Corporation has suspended its operations and is in an inactive status. For the purposes of the Corporation's rules, policies and procedures, the Corporation is deemed inactive when it suspends clearing of security purchases or sales on the Exchange or other markets and the receipt, deliver and transfer of securities pursuant thereto and settlement money payment thereon; has provided written notice to its Members of the suspension of its operations; and does not hold any deposits in the Clearing Fund.

Amended Oct. 7, 1996; amended Feb. 23, 2004, amended Dec. 20, 2010 (SR-BSECC-2010-002).

Sec. 2. AMOUNT OF DEPOSIT

Each Member shall be required to make a deposit to the Clearing Fund in an amount fixed by the Corporation. The minimum contribution for each Member shall be \$6,000, ("Minimum Contribution") unless changed by the Board of Directors. The Board of Directors in its discretion may establish a formula and, from time to time, change the formula pursuant to which the contributions of Members are fixed; provided that any such formula for determining contributions in excess of the Minimum Contribution shall be based upon a Member's usage of the Corporation's services, and that notice of any such change shall be given to each Member at least 10 business days in advance of the effective date thereof.

Sec. 3. FORM OF DEPOSIT

(a) The Member's Minimum Contribution to the Clearing Fund shall be in manner and form of funds acceptable to the Corporation.

(b) The Corporation may permit all or part of Member's contribution to the Clearing Fund that is in excess of the Minimum Contribution to be evidenced by an open account indebtedness secured by unmatured debt obligations of the United States or instrumentalities of the United States, or unmatured bonds which are general obligations of, or obligations guaranteed as to principal and interest by a State or political subdivision thereof which are in the first or second ratings of any nationally known statistical service ("Qualifying Bonds"). Qualifying Bonds shall be valued at the lesser of the par value or 100% of the current market value thereof. Such Qualifying Bonds shall be pledged to the Corporation on such terms and conditions as it shall require. The Board of Directors may, ten (10) business days after giving written notice thereof to all Members, increase or decrease the amount of the Members' contributions required to be maintained in cash; provided that such requirement shall apply to all Members. In the discretion of the Corporation Qualifying Bonds shall be pledged to the Corporation's account at a Registered Clearing Agency as defined in Section 3(a)(23) of the Securities Exchange Act of 1934 or shall be held by the Corporation or for its account by a bank or trust company (other than the Member) designated by the Member and acceptable to the Corporation.

Sec. 4. INVESTMENT OF CONTRIBUTIONS

(a) In the discretion of its Board of Directors any cash contained in the Clearing Fund may be partially or wholly invested by the Corporation for its account in securities issued or guaranteed by the United States or its agencies or invested in certificates of deposit or similar deposits of FDIC insured banks; provided however that the Corporation shall invest no more in any one approved bank than an amount which will insure maximum FDIC insurance protection, and to the extent not so invested shall be deposited by the Corporation in its name in such FDIC insured banks as may be selected by the Corporation.

(b) Any interest paid by a depository on the Minimum Contributions of Members or earned on securities in which such Minimum Contributions may be invested by the Corporation shall belong to the Corporation. Each Member shall be entitled to any interest paid on Qualifying Bonds and to any interest earned by the Corporation on cash contributions in excess of the Minimum Contribution.

Sec. 5. USE AND APPLICATION OF CLEARING FUND

(a) Subject to the limitations contained in this Rule and the use of a Member's contribution to satisfy its obligations to the Corporation as provided herein, the use of the Clearing Fund shall be limited to satisfaction of losses or liabilities of the Corporation incident to the operation of the clearance and settlement business of the Corporation.

(b) The Clearing Fund may be used by the Corporation as security for loans made to the Corporation; provided that the proceeds of such loans are used for a purpose permissible under this Section. If such loans are made as a result of a loss or liability suffered by the Corporation, the Corporation will promptly, but in no event exceeding 30 days from the day the loan is made, repay the loan in full.

(c) No cash in the Clearing Fund and no proceeds of any loans made to the Corporation upon the pledge by the Corporation of Qualifying Bonds pledged by a Member to secure the Member's open account indebtedness, and no money payments received from Members and payable to others ("Cash Receipts") shall be used by the Corporation for any purpose other than

(i) the investment of any Clearing Fund Cash or Cash Receipts in securities issued or guaranteed as to principal and interest by the United States or its agencies, or invested in certificates of deposit or similar deposits of FDIC insured banks selected by the Corporation, or deposited by the Corporation in its name in a FDIC insured bank selected by the Corporation;

(ii) the payment of Cash Receipts to the persons entitled thereto for the purposes for which such Cash Receipts were received by the Corporation, including the allocation of fees, fines and other charges receivable by the Corporation to the Corporation's general account;

(iii) the application of Clearing Fund cash to satisfy any loss or liability of the Corporation to the extent permissible pursuant to this Rule or the return of the deposit of a Member pursuant to this Rule; or

(iv) the loan of Clearing Fund cash to the Corporation to permit the Corporation to meet its settlement obligations.

(d) If any Member shall fail to discharge any liability to the Corporation or the Exchange (if the Member is also a member of the Exchange), its contribution to the Clearing Fund, or so much thereof as is necessary, shall forthwith be applied toward the discharge of such liability; provided however that the rights, if any, of the Exchange shall be subordinated and junior to the rights of the Corporation or its Members and no application of a Member's Clearing Fund deposit shall be made to satisfy a Member's obligation to the Exchange until such time as all obligations to the Corporation or other Members arising hereunder have been satisfied. Such Member shall, upon demand, make good the deficiency in the amount of its contribution resulting from such application. Failure by a Member to do so shall constitute grounds for termination of such Member or other appropriate disciplinary action pursuant to these Rules.

(e) If the Corporation suffers loss or liability by reason of a Member's default, any loss or liability charged to the Clearing Fund shall be charged pro rata against the contributions of the nondefaulting Members, as such contributions were fixed at the

time the loss or liability is discovered. Notice shall be provided to the Members and the Securities and Exchange Commission of a charge against the Clearing Fund and shall state the amount of the charge and the reason therefore.

Amended.

February 23, 2004.

Sec. 6. PRO RATA CHARGES TO CLEARING FUND

(a) If a pro rata charge is made against a Member's contribution to the Clearing Fund, such Member shall immediately, upon demand, make good the deficiency in the amount of its contribution resulting from such pro rata charge. Failure by a Member to make good the deficiency on demand shall constitute grounds for termination or other appropriate disciplinary action pursuant to these Rules.

(b) Notwithstanding the foregoing, if, prior to or within ten (10) days after issuance of notice to it of a pro rata charge hereunder, a Member shall give written notice to the Corporation of its election that the Corporation shall definitively cease to act for it, such Member's aggregate liability to the Corporation in respect of such a pro rata charge, and all other pro rata charges made thereafter by reason of transactions occurring before it ceases to be a Member, shall not exceed an amount equal to double the amount of its total contribution to the Clearing Fund as fixed immediately prior to such pro rata charge. The amount of the Members' deposit in the Clearing Fund shall be credited against such aggregate liability.

Sec. 7. RECOVERY OF LOSS CHARGED PRO RATA

If a loss charged pro rata against the contributions of Members is afterwards recovered by the Corporation, in whole or in part, the net amount of such recovery shall be paid pro rata to the non-defaulting Members against whose contributions the loss was originally charged, whether or not they are still Members.

Sec. 8. NOTICE OF CHANGE IN CONTRIBUTIONS

(a) Any increase in a Member's contribution to the Clearing Fund shall not become effective until such Member is given not less than ten (10) days written notice thereof. If, prior to the time and date established in such notice for the effectiveness of such increase, the Member has given the Corporation written notice of its election that the Corporation shall definitively cease to act for it, it shall not be liable for such increased contribution.

(b) At least once each calendar quarter the Corporation shall determine whether the amount contributed by each Member to the Clearing Fund is equal to the required contribution. If the Corporation determines that any such excess exists, it shall promptly so notify the Member, specifying the amount thereof. At the Member's

written request, the Corporation shall cause to be returned to the Member such excess deposit as soon as all open transactions from which losses and payments chargeable to the Clearing Fund might result have been closed and after the amounts, if any, to be charged against the Member's contribution have been satisfied. In the event that the Corporation determines that there exists a deficiency in the amount of the Member's required contribution it shall cause said Member to make such additional deposits as necessary to cure such deficiency.

Sec. 9. CESSATION OF MEMBERSHIP

(a) Whenever a Member ceases to be such, for whatever reason, the amount of its contribution to the Clearing Fund shall be returned, but not until all transactions open at the time it ceases to be a Member, from which losses or payments chargeable to the Clearing Fund might result, have been closed and all amounts chargeable against its contribution have been satisfied.

(b) A former Member shall continue to be obligated for contributions for deficiencies or charges arising out of transactions occurring prior to its termination of membership. However, such former Members aggregate liability to the Corporation for charges against the Clearing Fund shall not exceed an amount equal to double the amount of its total obligation for contribution to the Clearing Fund as of the time of termination of Membership.

RULE III SERVICES

Sec. 1. RECORDS AND REPORTS

(a) All records provided the Members by the Corporation, NSCC and/or DTC will be forwarded to the Member in a manner specified in the Procedures of the Corporation.

(b) It is the responsibility of the Member to verify the accuracy of all reports received and immediately notify the Corporation of any discrepancies, irregularities or omissions.

Sec. 2. DUAL MEMBER BROKER/DEALER ACCOUNTS

(a) A Dual Member Broker/Dealer, in addition to being a Member of the Corporation, shall also be a direct member of National Securities Clearing Corporation (NSCC) or utilize the services of a direct member of NSCC for clearing and settling transactions.

(b) The Corporation will provide a Purchase and Sales Blotter for all trades executed on the floor of the Boston Stock Exchange by Members which are also

Members of the Boston Stock Exchange and transmit these transactions to the Member's NSCC account for clearance.

(c) The Corporation may perform additional NSCC and/or DTC functions on behalf of the Member upon request.

Amended.

February 23, 2004.

Sec. 3. SPECIALIST MEMBER

(a) A Specialist Member is a Member of the Corporation who acts as a Specialist on the floor of the Exchange.

(b) The Corporation will provide Purchase and Sales Blotters for all trades executed on the floor of the Boston Stock Exchange and transmit these transactions to the Corporation's NSCC Specialist Omnibus account for clearance.

(c) The Corporation will perform necessary functions for the usual clearance and settlement of transactions and provide daily records of such transaction.

(d) The Corporation may perform additional functions on behalf of the Member upon request.

(e) The Corporation will normally settle all Member's trades executed on the floor of the Boston Stock Exchange with NSCC. If such settlement requires that the Corporation pay more money than is held by it for the Member, the Corporation may, in its discretion, loan money to the Member and bill that Member at an appropriate rate of interest in the monthly billing in accordance with the provisions of Rule IV Section 4.

(f) The Corporation will provide safekeeping and settlement service for those securities held by the Member that are not eligible for DTC's book entry system and provide timely records of the performance of such services.

Amended.

February 23, 2004.

Sec. 4. INSTITUTIONAL MEMBER

(a) An Institutional Member is a bank, trust company, insurance company or investment company, as defined in Rule I, which is a Member of the Corporation whose membership in DTC, for the purpose of settling transactions, is sponsored by the Corporation.

(b) The Corporation will perform necessary functions for the usual settlement of transactions with NSCC and/or DTC on behalf of the Member.

(c) Daily settlement of the Member's net DTC obligation shall be paid by or to the Member in manner and form of funds acceptable to the Corporation.

(d) The Corporation may perform additional NSCC and/or DTC functions on behalf of the Member upon request.

(e) The Corporation will provide safekeeping and settlement service for those securities held by the Member that are not eligible for DTC's bookentry system and provide timely records of the performance of such services.

Amended.

February 23, 2004.

[Section 6 Deleted]

[Section 6 deleted effective July 1, 1993.]

RULE IV CONDUCT OF BUSINESS

Sec. 1. MEMBER REPRESENTATIVES

(a) Every Member shall have at least one representative, accessible to the Corporation, each business day between the hours of 9:30 A.M. and 4:30 P.M. Boston time, authorized in the name and on behalf of the Member, to sign all instruments, correct errors and perform such duties as may be required under these Rules and to transact all business in connection with the Member's business with the Corporation. If the Representative of a Member which is a partnership or a sole proprietorship is not a principal of said Member, such representative shall be authorized to act only by written power of attorney. In the case of a Member which is a corporation such representative shall be authorized to act by resolution of the Board of Directors of such corporation. Such power of attorney or resolution shall be in form approved by the Corporation.

(b) Every Member shall file with the Corporation the signature of each person who is authorized to act on behalf of the Member pursuant to Section 1(a) of this Rule together with the powers of attorney or resolutions bestowing such authority.

(c) A Member may appoint, with the written consent of the Corporation, another Member as its agent with respect to any or all of the appointing Member's business carried out with the Corporation. Such appointments shall be in such form as the Corporation may require.

(e) The Corporation may accept and rely upon any instruction given to the Corporation by a Member or its Agent including wire transmission, physical delivery, or by means of instructions recorded on magnetic tape or other media or of facsimile copies of instructions, in manner and form acceptable to the Corporation, which reasonably is understood by the Corporation to have been delivered by the Member, or agent. The Corporation shall have no responsibility or liability for any errors which may occur, without negligence on the Corporation's part, in the course of transmission or recording of any transmissions, or which may exist in any magnetic tape, document or other media so delivered to the Corporation.

(f) Any Member delivering instructions as provided above shall indemnify the Corporation, and its employees, officers, directors, shareholders, agents, and Members who may sustain any loss, liability or expense as a result of (i) any act done in reliance upon the authenticity of any instruction received by the Corporation, (ii) the inaccuracy of the information contained therein or (iii) effecting transactions in reliance upon such information or instruction so long as such transactions are effected in accordance with such information and instructions as given, and so long as the person asserting a right to indemnification shall not have knowledge of such inaccuracy or lack of authenticity at the time of the event or events giving rise to such loss, liability or expense.

(g) Notwithstanding the foregoing, the Corporation shall cease acting upon any non-written instruction commencing one business day after the Corporation receives written notice from the Member bearing an original signature of the Member, its representative or Agent, directing that the Corporation shall not accept such non-written instructions. A Member shall withdraw such notice in writing, bearing an original signature of the Member, its representative or Agent.

Sec. 2. ADMISSION TO PREMISES OF CORPORATION

(a) The Corporation shall issue credentials to representatives of Members approved by the Corporation. Such credentials must be shown on demand. Credentials may be revoked at any time by the Corporation in its discretion, and prompt notice of such revocation shall be given to the employer of the persons whose credentials have been so revoked.

(b) Every person to whom, as the representative of a Member, credentials have been or may hereafter be issued by the Corporation shall be deemed to have been authorized by such Member to receive and deliver securities or envelopes on behalf of such member.

(c) Unless revoked by the Corporation, all credentials, authorizations, and powers of attorney issued pursuant to this Rule or in connection with the work of the Corporation shall remain in full force and effect until the Corporation shall have received written notice from the Member of the revocation thereof and any credentials issued by the Corporation are delivered to the Corporation.

Sec. 3. BILLS RENDERED

(a) The Corporation will render bills to Members for all Clearing fees, floor commission charges and fines imposed during any month on or before the seventh calendar day of the next succeeding month.

(b) Payment of bills rendered in accordance with section 4(a), above, shall be due and payable on or before the sixteenth (16th) calendar day of the month in which rendered. Balances unpaid in accordance herewith shall be charged to the delinquent Member's settlement.

Amended.

February 23, 2004.

Sec. 4. NOTICES

Any notice from the Corporation to the Member under these Rules shall be sufficiently served on such Member if the notice is in writing, is delivered to the Member's distribution box, if any, maintained with the Corporation on its premises or, if no distribution box is maintained for the Member, is mailed to the Member's office address to the attention of such person if any, as the Member shall have designated in writing. Any notice from a Member to the Corporation shall be sufficiently served on the Corporation if the notice is in writing and is delivered to the address of the Corporation. Any notice to a Member, if mailed, shall be deemed to have been given when deposited in the United States Postal Service, with postage thereon prepaid, directed to the Member at its office address or such other address as it shall specify or, if delivered to the Member's distribution box, shall be deemed to have been given when deposited in the Member's distribution box. Any such notice to the Corporation shall be deemed to have been given when received by the Corporation at the address specified above.

Amended.

February 23, 2004.

Sec. 5. BUSINESS DAYS

The Corporation shall be open for business on every day that the Federal Reserve Bank of Boston, NSCC and/or DTC is open except as the Board of Directors may from time to time specify. The Corporation shall not be required to be open for business on any day solely because it is a business day in one or more locations where Members engage in business. Any deliveries which the Corporation is required to make, and any transactions which the Corporation is instructed to effect on days on which the Corporation is not open for business will be accepted, made or effected on the next day on which the Corporation is open for business.

Amended.

February 23, 2004.

Sec. 6. ACCESS TO BOOKS AND RECORDS OF MEMBERS

The books and records of a Member, to the extent that they relate to the Member's dealings with the Corporation, shall at all times be open to the inspection of the duly authorized representatives of the Corporation. The Corporation shall be furnished with all such information, in respect to the Member's business and transactions as it may require, provided that (A) the aforesaid rights of the Corporation shall be subject to any applicable laws or rules or regulations of regulatory bodies having jurisdiction over the Member which relate to the confidentiality of records, and (B) if the Member shall cease to be a Member, the Corporation shall have no right to inspect the Member's books and records or to require information relating to transactions wholly subsequent to the time when the Member ceases to be a Member.

Amended.

February 23, 2004.

Sec. 7. MEMBER ACCOUNTS

The Member shall maintain its accounts with the Corporation in compliance with all applicable laws, all rules and regulations thereunder, and all provisions of the Member's contracts with its customers. The maintenance of any account by the Member with the Corporation shall constitute such Member's representation to the Corporation as to such compliance.

Amended.

February 23, 2004.

RULE V CHARGES FOR SERVICES

Sec. 1. SCHEDULE OF CHARGES

(a) The Board of Directors shall adopt, and may from time to time amend, a non-discriminatory schedule of charges for the services rendered.

(b) A Member may be charged for any unusual expenses caused directly or indirectly by such Member including but without limitation, the cost of producing records pursuant to a court order or other legal process in any litigation or other legal proceeding whether or not such Member is a party to such litigation or proceeding.

Sec. 2. PAYMENT OF CHARGES

The Corporation will bill each Member and receive payment as described in Rule IV Section 4.

RULE VI AUDITS AND FINANCIAL REPORTS

Sec. 1. ANNUAL AUDIT

The annual financial statements of the Corporation shall be audited by a firm of independent public accountants selected by the Board of Directors of the Corporation. Such audit shall be conducted in accordance with generally accepted auditing standards.

Rule VI, Section 1 shall be suspended during any period in which the Corporation has suspended its operations and is in an inactive status. The Corporation shall, however, provide a review of business operations in lieu of an audit during the year in which all clearing funds were returned to the members.

Amended Dec. 20, 2010 (SR-BSECC-2010-002).

Sec. 2. REVIEW OF INTERNAL ACCOUNTING CONTROLS

A study and evaluation of the system of internal accounting controls pertaining to participants' security positions and related money balances shall be conducted annually by independent public accountants. Such study and evaluation shall be conducted in accordance with standards established by the American Institute of Certified Public Accountants.

Rule VI, Section 2 shall be suspended during any period in which the Corporation has suspended its operations and is in an inactive status. This suspension is also in effect during the year in which all clearing funds were returned to the members.

Amended Dec. 20, 2010 (SR-BSECC-2010-002).

Sec. 3. FINANCIAL REPORTS

(a) Within 90 days after the end of each fiscal year of the Corporation, the Corporation shall provide to each Member financial statements of the Corporation audited by independent public accountants for such fiscal year.

(b) Within 30 days after the close of any fiscal quarter, the Corporation shall provide to any Member upon request, unaudited quarterly financial statements of the Corporation.

Rule VI, Section 3 shall be suspended during any period in which the Corporation has suspended its operations and is in an inactive status.

Amended Dec. 20, 2010 (SR-BSECC-2010-002).

RULE VII [RESERVED FOR FUTURE USE]

RULE VIII [RESERVED FOR FUTURE USE]

RULE IX TERMINATION AND SUSPENSION OF MEMBERSHIP

Sec. 1. VOLUNTARY TERMINATION

(a) Any Member may, upon not less than 30 days prior written notice to the Corporation, terminate its membership.

(b) Membership in NSCC and/or DTC as a Boston Representative Account will cease upon termination of membership in the Corporation.

(c) After a Member ceases to be such, the amount of its Clearing fund contribution will be returned, but not until all obligations to the Corporation have been fulfilled and all transactions contracted during Membership are settled in accordance with Rule II, Section 9.

Sec. 2. TERMINATION FOR CAUSE

(a) Based upon its judgment that adequate cause exists to do so, the Corporation may at any time cease to act for a Member either with respect to a particular transaction or to transactions generally. Adequate cause for ceasing to act shall be deemed to exist if:

(i) The Member has failed to make full contribution to the Clearing Fund as required by these Rules for a period of 10 business days after demand;

(ii) The Member has failed to pay any fine, fee or other charge provided for in these Rules on the payment date therefor;

(iii) The Member has failed to pay any amounts owing in respect of securities delivered to it by the time required or reasonable grounds exist for a determination by the Corporation that the Member will not make such timely payment;

(iv) The Member is in such financial or operating condition that the Corporation determines that continuation as a Member would jeopardize the interests of other Members or the Corporation;

(v) The Member does not continue to meet the qualifications and requirements for membership set forth in Rule I of these Rules.

(b) Notwithstanding the foregoing, the Corporation may discipline any Member for violation of any provision of these Rules by expulsion, suspension, limitation of activities, functions and operations, fine or censure, or any other fitting sanction permitted by the Securities Exchange Act of 1934 or the Rules and Regulations adopted thereunder, including the right summarily to suspend a Member for the reasons specified in the Securities Exchange Act of 1934.

(c) The Corporation may determine that adequate cause for ceasing to act does not exist, if the Corporation determines that any standard specified in this Rule, as applied to a Member is unduly or disproportionately severe and that to continue to act for such member is not contrary to the interest of the Corporation, other Members or the public.

Sec. 3. SUMMARY SUSPENSION

The Corporation, by its Chairman, President or any Executive Vice President, may summarily suspend and close the accounts of a member who (i) has been and is expelled or suspended from any self-regulatory organization, (ii) is in default of any delivery of funds or securities to the Corporation, or (iii) is in such financial or operating difficulty that the Corporation determines and so notifies the appropriate regulatory agency for such participant that such suspension and closing of accounts are necessary for the protection of the Corporation, its members, creditors, or investors. A member so summarily suspended shall be promptly afforded an opportunity for a hearing by the Corporation in accordance with provisions of this rule. The suspended Member may, pending such hearing, appeal such suspension to the Securities and Exchange Commission.

Sec. 4. POST TERMINATION PROCEDURE

(a) When the Corporation ceases to act for a Member, it shall promptly file a written report of the reasons for such action with the Corporation's records, notify such Member, the SEC and such other Members as it deems proper. The notice that it has ceased to act for a Member given by the Corporation shall state in general terms how pending transactions will be affected.

(b) After the Corporation has ceased to act for a Member generally, it shall decline to accept instructions from other Members with respect to any transfer of deposited securities or funds to such Member and shall decline to accept instructions from such Member with respect to the transfer of deposited securities to other Members except as provided by the Board of Directors in any particular case.

(c) After the Corporation has ceased to act for a Member, either in respect to a particular transaction or transactions generally, the Corporation shall nevertheless have the same rights and remedies in respect to any debit balance due from such Member or any liability incurred on the Member's behalf as though it had not ceased to act for the Member.

(d) As security for any and all liabilities existing, or arising, of a Member to the Corporation, the Corporation shall maintain a lien on all property placed by a Member in its possession, including but not limited to, securities and cash in the process of clearance or on deposit with, or pledged to the Corporation in satisfaction of a Member's Clearing Fund deposit. Notwithstanding the foregoing, the Corporation shall have no lien in respect of, nor any right to pledge or hypothecate, any Securities carried by a Member for the account of its customer in respect of which full payment shall have been made to the Corporation. With respect to securities held on behalf of the Corporation at a Correspondent Depository, unless the rules of the Correspondent Depository have been filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, the Corporation shall not be authorized to grant to such depository any lien reserved by the Corporation pursuant to these Rules.

Nothing in these Rules shall be deemed to require the Corporation, or any Correspondent Depository, nominee or other custodian of any Securities held by or for the Corporation, to deliver any Securities or other property in contravention of any notice of levy, seizure or similar notice, or order or judgement, issued or directed by a governmental agency or court, or officer thereof, having jurisdiction over the Corporation or such Correspondent Depository nominee or other custodian, which on its face affects such Securities or other property.

(e) The provisions of this Rule shall not apply in a case where a Member is insolvent, as defined in Rule X and in such cases the provisions of such Rule X shall govern.

Amended.

February 23, 2004.

RULE X INSOLVENCY

Sec. 1. NOTICE OF INSOLVENCY

A Member which fails to perform its contracts or obligations or determines that it is unable to do so shall immediately inform the Corporation orally and in writing of such fact.

Sec. 2. PROCEDURE UPON INSOLVENCY

(a) As used in this Rule, the phrase "Time of Insolvency" shall mean the time when the Corporation determines to its reasonable satisfaction that the Member has failed to perform its contracts or obligations or is unable to do so.

(b) From and after the Time of Insolvency of a Member the Corporation shall cease to act for it, except as hereinafter provided in this Rule or as determined by the Board of Directors in any particular case. The Corporation shall, as soon as possible after the Time of Insolvency notify the insolvent Member and other Members of action taken pursuant to the provisions of this Rule and such notice shall state in general terms, how pending matters will be affected and what steps are to be taken in connection therewith.

(c) From and after the Time of Insolvency the Corporation shall decline to accept instructions from other Members with respect to any transfer of Securities to the insolvent Member and shall decline to accept instructions from the insolvent Member with respect to the transfer of Securities to other Members, except as provided by the Board of Directors in any particular case.

(d) All open long and short positions in the account of an insolvent Member may be closed by off-setting transactions on the Exchange or on any other exchange, or in the over-the-counter market, or by private sale, where necessary. Any such closing of positions shall be subject to the directions of any authorized officer of the Exchange or of the Corporation. Following such closing of positions, the insolvent Member, or any trustee or receiver that has been appointed to act for it, will be notified as to the position closed-out and the prices at which such transactions were effected. Such notice may take the form of confirmation of the trades that are effected in conducting such closing of positions. The Corporation shall be entitled promptly to recover from the insolvent Member all amounts payable in such Member's account with the Corporation, including all amounts payable as a result of the foregoing transactions, together with all of the Corporation's expenses in connection therewith.

(e) As security for any and all liabilities of a Member to the Corporation, the Corporation shall maintain a lien on all property placed by a Member in its possession, including but not limited to, securities and cash in the process of clearance or on deposit with, or pledged to, the Corporation in satisfaction and/or in excess of a Member's Clearing Fund deposit provided, however, that in no event shall the Corporation have any lien on securities carried by a Member for the account of its customers where such lien would be prohibited under Commission Rules 8c-1 and 15c2-1.

Amended.

February 23, 2004.

RULE XI DISCIPLINE AND DENIAL OF ACCESS

Sec. 1. SANCTIONS

The Corporation may censure, suspend, expel or limit the activities, functions or operations of any Member for any violation of the Rules or its agreements with the Corporation. The Corporation may, in addition to or in lieu of such sanctions, impose a fine on any Member for any violation of the Rules or procedures of, or its agreements with, the Corporation or for any neglect or refusal by such person to comply with any applicable order or direction of the Corporation or for any error, delay or other conduct embarrassing the operations of the Corporation.

Sec. 2. FINES

(a) The Corporation (in the person of the Chairman of the Board, the President, any Executive Vice President, any Vice President or the Secretary of the Corporation) may impose a fine on a Member for a violation of these Rules or agreements with the Corporation; or for errors, delays or other conduct detrimental to the Corporation; or for any neglect or refusal by such Member to comply with any applicable order or direction of the Corporation, provided however, that no fine imposed under this Section 2 for any given offense shall exceed the sum of \$5,000.00.

(b) A Member may appeal the imposition of a fine imposed pursuant to this section by submitting a written request for review to the Secretary of the Corporation within ten (10) days of receipt of written notice of the Fine. Such review shall be conducted by the Board of Directors of the Corporation and payment of any fine levied hereunder shall be stayed pending a decision.

(c) If a Member fails to request a hearing within ten (10) days of receipt of written notice, any such fine levied hereunder shall become final and nonappealable.

Amended.

February 23, 2004.

Sec. 3. NOTICE

(a) Before any sanction is imposed or any fine is levied other than as provided in Section 2 of this Rule, or if levied as provided in Section 2, results in fines during any six preceding months exceeding \$30,000.00, or if the Corporation denies membership to an applicant, the Corporation shall

(i) Give the notices required by Section 17A(b) (5) of the Securities Exchange Act of 1934 as amended, by certified mail, return receipt requested, addressed to the Member or person to receive such notice at such Member's or person's address as appearing on the records of the Corporation. Such notice shall (a) contain the specific charges against, or specific grounds for denial, bar, prohibition or limitation of such Member or person (the "respondent"), and (b)

advise such respondent of the right to file an answer or request a hearing regarding any such denial.

(b) Notice of specific disciplinary charges as required by (i) above shall be in the form of a written statement ("charge memorandum") and shall be signed by an authorized officer of the Corporation. The charge memorandum shall set forth the specific facts upon which the charges are based, the specific provisions of By laws, Rules, procedures or agreements alleged to have been violated, and the persons or organization alleged to have committed each of the violations.

(c) A respondent shall have twenty-five (25) days from the date of receipt of the notice referred to in this Rule to file an answer to said charge or request a hearing concerning such denial with the Secretary of the Corporation. Any such answer or request shall be in writing, signed by or on behalf of the respondent. The answer to a charge memorandum shall admit or deny each of the specific allegations set forth in the charge memorandum and contain, in reasonable detail, any affirmative defense or explanatory material which the respondent wishes to set forth. Any allegation in the charge memorandum not specifically denied in the answer may, for all purposes, be deemed admitted. Failure to file an answer within the specified time or such other extended time period as may be approved by the Hearing Officer may be deemed an admission of any facts and charges asserted in the charge memorandum.

(d) The Secretary of the Corporation shall forward copies of the charges, denial of membership, and any answer or request for hearing received to the Chief Hearing Officer.

Amended.

February 23, 2004.

Sec. 4. HEARING PANELS

(a) Hearing with respect to disciplinary charges or denials of membership shall be held before a Hearing Panel consisting of at least three persons: A Hearing Officer who shall be the Chairman of the Panel and at least two Members of the Hearing Committee.

(b) The Chairman of the Board shall, from time to time, subject to the approval of the Board of Directors, appoint members of the Board of Directors as Members of the Hearing Committee as the Chairman may deem necessary. Subject to the approval of the Board, the Chairman shall appoint a Chairman of the Hearing Committee who shall also serve as the Chief Hearing Officer.

(c) Prior to a hearing, the Chief Hearing Officer shall select at least two prospective Panelists from the Hearing Committee to serve on the Hearing Panel. Such prospective Panelists may not have any direct or indirect interest in the outcome of the

matter to be heard or any knowledge, opinions or relationship which would make their service on the Panel inappropriate. In the event that the Chief Hearing Officer is disqualified from serving on a Panel said Chief Hearing Officer shall appoint a member of the Hearing Committee to serve as Hearing Officer for the hearing.

Sec. 5. HEARINGS

Hearings shall be conducted in accordance with the following procedures:

(a) Parties to the hearing (the respondent and an authorized officer of the Corporation) shall be sent a list of prospective Panelists and the name of the Hearing Officer. Following such notification, the parties may, within ten days, file with the Hearing Officer objections for cause as to any or all of the prospective Panelists, or as to the Hearing Officer. The parties are prohibited from contacting, directly or indirectly, the prospective Members of the Hearing Panel. The Hearing Officer shall rule on all such objections and shall serve on the Hearing Panel. In the event that the Chief Hearing Officer, or other Hearing Officer is thus disqualified, the Chief Hearing Officer shall appoint another Member of the Hearing Committee to serve as the Hearing Officer.

(b) Notice of the time and place for any such hearing and the Members of the Panel shall be set by the Hearing Officer.

(c) Either party, prior to the hearing, may apply to the Chief Hearing Officer to resolve procedural matters relating to the case. After the hearing has begun such application should be made to the Hearing Officer assigned to the Hearing. Such applications must be made with notice to all parties. Ex parte communications with any Panelist or Hearing Officer are forbidden. The Chief Hearing Officer or a Hearing Officer designated shall, upon request, permit a respondent or the Corporation to inspect and copy documents or records in possession of either party which are material to the proceedings. This does not authorize the discovery or inspection of reports, memoranda or other internal Corporation documents prepared by the Corporation or respondent in preparation for the proceedings. A Hearing Officer may require a pre-hearing conference on any case. Appeal of any procedural determinations of the Hearing Officer may be made only after a Panel has issued its final decision on the charges. The Corporation and any member or person shall be entitled to be represented by counsel at any hearing held hereunder. The Hearing Panel may assist in attempting to obtain at the Hearing the presence of witnesses whose testimony is relevant and necessary.

Sec. 6. CONDUCT OF HEARINGS

(a) The Hearing Officer shall determine all questions concerning the admissibility of evidence and shall otherwise regulate the conduct of the Hearing. Formal rules of evidence shall not apply. The charges shall be presented by a representative of the Corporation who, along with respondent may present evidence

and produce witnesses. Witnesses shall testify under oath, shall be subject to cross examination and to questioning by the Hearing Panel. The Hearing Panel may, on its own motion, request the production of documentary evidence and witnesses. A transcript of the hearing shall be made and shall become a part of the record and a copy shall be made available to each party, upon request.

(b) In lieu of the procedures set forth in paragraph (a) above, a Hearing Panel, at a Hearing called for that purpose, shall also conduct disciplinary hearings on the basis of a written Stipulation of Consent entered into between the respondent and the Corporation. Any such Stipulation and Consent shall contain a stipulation with respect to the facts, or the basis for findings of fact by the Hearing Panel; a consent to findings of fact by the Hearing Panel, including a finding that a specified offense had been committed; and a consent to the imposition of a specified penalty. Neither of the parties will be permitted to offer any argument which is inconsistent with the stipulated facts or to ask for the imposition of any penalty other than that agreed upon in the stipulation. In any such Hearing, if the Hearing Panel determines that the respondent has committed an offense, it may impose the agreed upon penalty set forth in such Stipulation and Consent or any penalty which is less severe than the stipulated penalty, as it deems appropriate. In addition, a Hearing Panel may reject such Stipulation and Consent. Such rejection shall not preclude the parties to the proceeding from entering into a modified Stipulation and Consent which shall be presented to a Hearing Panel in accordance with the provisions of this section nor shall such rejection preclude the Corporation from bringing or presenting the same or different charges to a Hearing Panel in accordance with the provisions of this Rule.

Sec. 7. DECISION

After a hearing the Panel shall:

(a) In the case of disciplinary hearings not resulting from a Stipulation and Consent, determine by majority vote of all members of the Panel whether the respondent is guilty or not guilty with respect to each specific charge. If the Panel determines that the respondent is guilty with respect to one or more charges, the Panel shall announce its decision either orally or in writing and state whether it was by majority or unanimous vote. The parties shall be given an opportunity to present to the Panel their recommendation as to the appropriate penalty. The Panel shall then, by majority vote of all Members of the Panel, determine the penalty to be imposed.

(b) In the case of a disciplinary hearing to consider a Stipulation and Consent, determine by majority vote whether to accept the Stipulation and Consent, reduce the penalty or reject it.

(c) In the case of denial hearings, determine by majority vote of all members of the Panel whether or not such denial should be upheld or modified.

(d) In all cases the Panel shall accompany its determination with the appropriate statement required pursuant to Section 17A(b) Securities Exchange Act of 1934, as amended. Statements and written decisions of the Panel shall be promptly served on the parties to the Hearing.

Sec. 8. REQUEST FOR REVIEW

Except for decisions made by the Board of Governors, which shall become final when made, any determination made pursuant to this Rule shall become final within twenty (20) days after its filing with the Secretary of the Corporation unless a request for review thereof by the Board of Directors is filed with the Secretary prior to the end of such period. Such requests may be filed either by or on behalf of any party to the proceedings. Upon such request the Secretary shall make the record of the proceedings available to the Board of Directors.

Sec. 9. REVIEW

Upon review, either summarily or after notice and opportunity for hearing (which may consist solely of written or oral argument), the Board of Directors may, by majority vote, sustain, reverse or modify such determination or return the matter to the Panel for further findings. The decision of the Board shall be final and conclusive.

Sec. 10. NOTICE OF FINAL DECISION

The Secretary of the Corporation shall file notice of any final decision hereunder with the Securities and Exchange Commission 19(d)(2) and shall give the notice required by Section 19(d)(2) of the Securities Exchange Act of 1934, as amended.

Amended.

February 23, 2004.

RULE XII MISCELLANEOUS

Sec. 1. DELEGATION

Except where action by the Board of Directors is specifically required by the Rules, the Corporation may act by the Chairman of the Board, the President, any Executive Vice President or any Vice President or by such other person or persons, whether or not employed by the Corporation, as may be designated by the Board of Directors from time to time.

Sec. 2. PROCEDURES

The Board of Directors shall, pursuant to these Rules prescribe Procedures and other regulations in respect of the business of the Corporation. The Board of Directors may by resolution delegate to the Chairman of the Board, the President, any Executive Vice President or any Vice President of the Corporation the power to prescribe procedures and regulations and any amendment thereto.

Sec. 3. AMENDMENTS TO BY-LAWS, RULES OR PROCEDURES

(a) The By-Laws, Rules and Procedures of the Corporation may be amended by the Board of Directors to the shareholders of the Corporation. The Corporation shall give written notice to all Members when it shall have filed a proposed rules change with the Securities and Exchange Commission pursuant to the provisions of Rule 19b-4 of the Securities Exchange Act of 1934. The requirements of this Rule shall be deemed to have been satisfied if Members are notified that a proposed rules change has been filed and that copies thereof are available at all designated offices of the Corporation for inspection by interested Members. This Rule shall not require the Corporation to give notice of any modification that is made in a proposed rules change after the Corporation has given notice of such proposed rules change, although to the maximum extent practicable, the Corporation shall also give notice of such modifications. The failure of the Corporation to comply with this Rule in any respect shall not affect the validity, force or effect of any rules change or of any action taken by the Corporation pursuant thereto.

(b) Each Member shall be bound by any amendment to the By-Laws, Rules or Procedures of the Corporation with respect to any transaction occurring subsequent to the time such amendment takes effect as fully as though such amendment were a part of the By-Laws, Rules or Procedures of the Corporation at the time application is made, provided, however that no such amendment shall affect the applicant's right to cease to be a Member unless before such amendment becomes effective the applicant is given an opportunity to give written notice to the corporation of its election that the Corporation shall definitively cease to act for it.

Sec. 4. SUSPENSION OF RULES OR PROCEDURES

(a) The time fixed by these Rules and the Procedures for the doing of any act or acts may be extended or the doing of any act or acts required by these Rules may be waived or any provision of these Rules may be suspended by the Board of Directors, by the President or any Executive Vice President whenever, in the judgement of the Corporation, such extension, waiver or suspension is deemed a necessary expedient.

(b) A written report of any such extension, waiver or suspension, stating the pertinent facts, the identity of the person or persons who authorized such extension, waiver or suspension, and the reason such extension waiver or suspension was deemed necessary or expedient, shall be promptly made and filed with the Corporation's records and shall be available for inspection by any Member during regular business hours on business days, provided, however, that no such written report need be made

in connection with any extension of time for a period not in excess of eight (8) hours. Any such extension or waiver may continue in effect after the event or events giving rise thereto but shall not continue in effect for more than sixty (60) calendar days after the date thereof unless it shall be approved by the Board of Directors within such period of sixty (60) calendar days.

Sec. 5. CAPTIONS

Captions to any Rules are for information and guidance only, are not part of any Rule and are to be given no consideration in applying or construing any Rules.

Sec. 6. INDEMNIFICATION

Members shall indemnify and hold harmless the Corporation and the Exchange against any loss, liability or expense sustained, including (i) assessments, (ii) losses, liabilities and expenses arising from claims of third parties and from taxes or other government charges, and (iii) related expenses in respect to any security; provided, however, Members shall not be liable for any such losses, cost, expenses, damages and liabilities that may arise by reason of the negligent, fraudulent or criminal acts of the Corporation or its respective officers, employees or agents. Each Member acknowledges that it shall remain solely responsible and liable for its transactions. Except as provided in this Rule, the provision of such services described herein by the Corporation shall not be deemed as an assumption by the Corporation or the Exchange of any responsibility or liability.

Amended.

February 23, 2004.