

under the rules of The Options Clearing Corporation) of contracts entered into in the ordinary course of business on the Exchange for the purchase, sale, borrowing or loaning of securities.

There shall not be allowed as entitled to priority in payment under this subsection any claim otherwise allowable under the foregoing paragraph, with respect to which the claimant, in the opinion of the Board, did not take promptly all other proper steps under this Constitution, the rules adopted pursuant hereto and practice of the Exchange to protect his or her rights and to enforce such claim when due.

No claim asserted under this subsection shall be considered by the Board nor shall any member or member organization asserting such a claim have any rights thereunder, unless a written statement of such claim shall have been filed with the Secretary of the Exchange prior to the transfer of the membership of the member against whom claim is being made.

If the proceeds of the transfer of a membership are insufficient to pay in full all claims allowed under this subsection, payment shall be made pro rata upon all such allowed claims.

Third. After provisions for the payment of sums payable under subsections First and Second hereof, there may, in the discretion of the Board, be deducted from the remaining proceeds, if any, and paid to the Exchange the amount of any unusual expenses incurred by the Exchange in connection with litigation involving the disposition of such proceeds, including counsel fees and disbursements and the cost of producing records pursuant to a court order or other legal process.

Fourth. The surplus, if any, of the proceeds of the transfer of a membership, after provision for the payment of sums payable under subsections First, Second and Third hereof, shall be paid directly to the person whose membership is transferred, or to his or her legal representative, upon the execution and delivery to the Exchange by him or her or such representative of a release or releases satisfactory to the Board, unless the Board, in its discretion, determines that such surplus should be paid to the member organization or former member organization with which such member is or was last associated as a member, in view of the fact that such member had expressly agreed, either in the partnership articles or in a writing filed with the Exchange, that such surplus shall be paid either directly by him or her or directly by the Exchange to such member organization. In the event the Board makes such determination, such

surplus shall be paid to such member organization, upon the execution and delivery to the Exchange by such member or such member organization, or both, of a release or releases satisfactory to the Board.

No payment of such surplus under the provisions of this subsection shall be made to a member organization or former member organization with which such member is or had previously been associated as a member if such member organization, in the opinion of the Board, did not take promptly all proper steps to protect and enforce its rights, or if the Board, in its sole discretion, shall determine that an unreasonable time has elapsed between the date when he or she ceased to be such a member in such member organization and the date of the transfer.

Except as otherwise specifically provided for by this Constitution, no recognition or effect shall be given by the Exchange to any agreement or to any instrument entered into or executed by a member or his or her legal representatives which purports to transfer or assign such member's interest in his or her membership, or in the proceeds or any part thereof, or which purports to create any lien or other right with respect thereto, or which purports in any manner to provide for the disposition of such proceeds to a creditor of such member; nor shall payment of such proceeds be made by the Exchange to any agent or attorney-in-fact of a member except as may be permitted by the rules adopted by the Board in those cases in which such agent or attorney-in-fact (a) is acting solely for and on behalf of such member and is neither directly nor indirectly acting in his or her own behalf or in behalf of any third person or (b) is a partner of the member firm or an officer in a member corporation with which such member is associated as a member.

If the amount of any sum payable under the provisions of this Section cannot for any reason be immediately ascertained and determined, the Board may, out of the proceeds of the membership, reserve and retain such amount as it may deem appropriate, pending determination of the amount so payable.

Sec. 12. *Disposition by Board.* When a regular member dies or is expelled, his or her membership may be disposed of by the Board.

Sec. 13. *Death of Sole Exchange Member.* If, upon the death of a regular member who, at the time of his or her death, was associated as a member with a member organization and was the only

member so associated, the following conditions exist:

(1) the member organization continues in business, and

(2) the deceased member shall have agreed in a writing filed with the Exchange that such continuing member organization, if permitted by the Board to have the status of a member organization, shall be entitled to have the use of his or her membership from the date of his or her death until the termination of such status of such continuing organization or until a member of the Exchange becomes associated with such organization as a member and that, subject to this Constitution and the rules of the Exchange, the proceeds of his or her membership shall be an asset of the continuing member organization during such period, and

(3) such continuing member organization shall be permitted by the Board to have the status of a member organization, then upon the transfer of the membership of such deceased member the proceeds thereof shall be applied to the same purposes and in the same order or priority as if such member had continued to be a member of the Exchange associated as such with such continuing member organization until the date of the termination of such status, or until a member of the Exchange becomes associated as a member with such continuing member organization, whichever event occurs first.

Sec. 14. *Rights Under Section 11.* The death, expulsion or suspension of a member or the transfer of his or her membership, or the suspension, retirement or dissolution of a member organization shall not affect the rights of creditors, or the rights of such member, his or her estate or such member organization under the provisions of Section 11 of this Article.

Article III

Meetings of Members

Sec. 1. *Annual Meeting.* A meeting of the members of the Exchange entitled to vote thereat shall be held annually for the election of directors and other elective positions, and for the transaction of any other proper business, at such time as the Board may select on the first Thursday in June in each year or, if the Exchange is not open for business on that day, on the next succeeding business day. At such annual election, there shall be elected by the membership by ballot:

[(a) A class of twelve directors to serve for a term of two years, six of