

Article VII*Exchange Contracts*

Sec. 1. *Exchange Contracts.* All contracts of a member of the Exchange or a member organization with any member of the Exchange or with any member organization for the purchase, sale, borrowing, loaning or hypothecation of securities (other than option contracts issued or issuable by The Options Clearing Corporation), or for the borrowing, loaning or payment of money, whether occurring on the Exchange or elsewhere, shall be Exchange Contracts, unless made subject to the rules of another [E]xchange, or unless the parties thereto have expressly agreed that the same shall not be Exchange Contracts.

Sec. 2. *Constitution and Rules Part of Exchange Contracts.* The provisions of this Constitution and of the rules adopted pursuant hereto shall be a part of the terms and conditions of all Exchange Contracts and all such contracts shall be subject to the exercise by the Board of the powers with respect thereto vested in them by this Constitution and such rules.

Sec. 3. *Binding Nature of Floor Transactions.* Each contract entered into on the floor of the Exchange by any member who is associated as a member with any member organization shall be binding on such member organization in all respects and without limit and such member organization shall be fully responsible therefor. Each member organization shall execute and file with the Exchange such documentation as the Board by rule may require evidencing (a) the authority of any member who is an officer or employee of such member organization to transact business on the floor on behalf of such member organization, and (b) such member organization's responsibility and obligation with respect to any contract entered into on the floor by any such member.

Sec. 4. *Options Contracts.* All contracts for the purchase or sale or writing of options contracts issued or issuable by The Options Clearing Corporation, occurring on the Exchange, shall be made subject to the provisions of this Constitution and of the rules adopted pursuant hereto and of the by-laws and rules of The Options Clearing Corporation; and all such contracts shall be subject to the exercise by the Board and The Options Clearing Corporation of the powers with respect thereto vested in them by this Constitution and the rules adopted pursuant hereto and by the by-laws and rules of The Options Clearing Corporation.

Article VIII*Regulation*

Sec. 1. *Rulemaking.* The Board may, by the affirmative vote of a majority of the entire Board, adopt, amend or repeal such rules as it may deem necessary or proper, including rules with respect to (a) the making and settling of Exchange Contracts, (b) the access of members to and the conduct of members upon the floor of the Exchange and their use of floor facilities, (c) insolvency of members and member organizations, (d) the formation of member organizations, the continuance thereof and the interests of members, allied members and other persons therein, (e) the partners, officers, directors, stockholders and employees of members and member organizations, (f) the offices of members, allied members and member organizations, (g) the business conduct of members, allied members and member organizations, (h) the business connections of members, allied members and member organizations, and their association with or domination by or over corporations or other persons engaged in the securities business, (i) capital requirements for members and member organizations, (j) the procedure for arbitration, (k) transfers of memberships and disposition of the proceeds of such transfers, (l) types, terms, conditions and issuance of securities by member organizations and trading in such securities, (m) the conduct and procedure for disciplinary hearings and reviews therefrom, (n) the location and use on the floor of the Exchange of such facilities as may be approved by the Board to permit members to send orders from the floor to other markets and receive orders on the floor from other markets for the purchase or sale of securities traded on the Exchange, and (o) options trading rights and options trading right holders.

Sec. 2. *Supervision.* The Board shall have general supervision over members, allied members and member organizations and over approved persons in connection with their conduct of the business of member organizations. It may examine into the business conduct and financial condition of members, allied members, approved person and member organizations. It shall have supervision over partnership and corporate arrangements and over all offices of such members and organizations, whether foreign or domestic, and over all persons employed by such members and organizations, and may adopt such rules with respect to the employment, compensation and duties of such

employees as it may deem appropriate. [The Board may require that transactions in securities admitted to dealings on the Exchange shall be executed on the Exchange.] It shall have supervision over all matters relating to the collection, dissemination and use of quotations and of reports of prices on the Exchange. It shall have the power to approve or disapprove of any connection or means of communication with the floor and may require the discontinuance of any such connection or means of communication. It may disapprove of any member acting as a specialist or odd-lot dealer.

Sec. 3. *Listing of Securities.* The Board may approve applications for the listing of securities and the admission of securities, including securities on a "when issued" or "when distributed" basis, to dealings on the Exchange, and may suspend dealings in such securities and may remove the same from listing.

[Sec. 4. *Corners.* Whenever in the opinion of the Board a corner has been created in a security admitted to dealings on the Exchange, or a single interest or group has acquired such control of a security so admitted that the same cannot be obtained for delivery on existing contracts except at prices and on terms arbitrarily dictated by such interest or group, the Board may postpone the time for deliveries on Exchange Contracts therein, and may from time to time further postpone such time or may postpone deliveries until further action by the Board, and may at any time by resolution declare that if such security is not delivered on any contract calling for delivery thereof at or before the time to which delivery has been postponed or which has been fixed by the Board for such delivery, such contract shall be settled by the payment to the party entitled to receive such security or by the credit to such party of a fair settlement price as agreed by the parties to the contract, or if the parties to any contract which is to be settled on the basis of such fair settlement price do not agree with respect thereto, such fair settlement price and the date for the payment of the same may be fixed by the Board. The Board before fixing the same shall give the parties to the contract which is to be settled on the basis thereof an opportunity to be heard either before the Board or before a committee authorized for the purpose. Any such committee shall report the testimony together with its conclusions thereon to the Board which may act upon such report without further hearing or may accord the parties a further hearing before acting thereon.]